

TRC Capital Plan Meeting - County, ACC and ABSS 4-28-20

Meeting Minutes:

Attendance: Bryan Hagood, Dr. Algie Gatewood, Dr. Todd Thorpe, Jimmy Russell, Tom Hartman, Susan Evans, Matt Banko, Josh Fernandez, Andrea Rollins, Ted Cole, Mimi Clemens

General Business

Updated capital plan document needs updated CIP information from both ACC and ABSS in order to present a draft to the Board of Commissioners on June 1, 2020.

Both ACC and ABSS need time to refine their plans.

Alamance-Burlington School System Project Updates:

Summertime projects have started early in light of the school closings through the end of the academic year. Painters are in the buildings. Safety Projects are on target to upgrade ADA access, changes locks, and improve video/camera oversight. Auditorium seating projects are still on-target.

EM Holt roofing project - construction materials are on-site and work is expected to start this week.

Bond Projects:

- South Mebane – ABSS requested that capital reserves collected in FY19-20 be used to pay for this project since documents for a construction bid are being prepared.
- ABSS has met with Samet and Moseley Architects regarding the High School. An old fuel tank was discovered on site and samples take to determine any significant problems. Final approval for a land purchase will be needed from the Board of Education in early June 2020.
- Initial design is being developed for Western High School renovations.
- Cummings and Graham architects are working on design with renderings forthcoming.

ACC Project Updates:

CIP projects are moving forward.

- Print-center completed last month.
- Engineering for air handler replacement moving forward.

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ACC Bond Projects:

Center of Excellence - Thanks to work between Clark Nexsin and Christman, the Center for Excellence project is moving forward as planned and on-schedule. All design work is being done digitally. Next design stage is scheduled to be done by early June and will be forwarded to State Construction by mid June. Survey work is complete at the site.

Safety Center – ACC Samet and Moseley talked yesterday with Board Attorney and Bond Counsel and are getting closer on a lease agreement. The challenge is to assure the public that bond funds are spent appropriately and to meet the needs of Martin Marietta, a company with an understandable interest in protecting its stockholders. No design contract or construction management review can be started until lease situation is settled.

Timeline – 30 days behind where they hoped to be due to the lease situation. They hoped to start design in April.

Student Services Center – Progress as planned. There were 22 design proposals received and the Building and Grounds Committee interviewed top candidates on May 5 in order to make a recommendation for top 3 choices to the Board of Trustees at their May 11th meeting.

Nothing on other projects at this point.

County Updates

CIP was substantially done. Elevator project will be done over summer.

3 projects in mind for next year – mostly HVAC.

2.2M borrowing to be made in June for projects started under reimbursement resolution with the rest of the projects temporarily on hold. Major project at HSC on hold now, but that will be another \$3,000,000 loan, likely in the late fall 2020.

Construction contract – all bids received and evaluated for Petree Building. The staff recommendation will go to board of commissioners soon. Once approved, a 9- 12 month construction timeline will complete the project for a target date of March 2021.

Economic Discussion

General discussion about whether the economic impact of coronavirus impact our capital plan.

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Property tax and sales tax are being watched over the next few months, as will happen with lottery funds. Property tax collection rates are likely to go down a bit each year of a recession. Before March 2020, we had expectations for strong valuation growth and collections.

Sales tax is more volatile – 5-50% decrease from FY19 collection possible. We're monitoring all available sources to narrow that margin. Information from local government professional groups and School of Government is being monitored. At this time, advice from the Local Government Commission is to budget conservatively.

It was clearly communicated that County operations cannot backstop capital plan.

As currently communicated, our Capital Plan can accommodate small recessionary fluctuations. For example, the plan could accommodate a 10% reduction in sales tax receipts and stagnant lottery growth. However, note that an 11% sales tax decrease means that the plan does not work as published.

For County operations, there are several ways to control spending in the middle of a budget year, if needed. For capital planning, there are not many ways to cut spending if the projected revenues are not collected. Two ways to control capital costs include determining when to issue debt, and how much PAYGO funds are approved for each entity. Those decisions will be part of the County's FY20-21 budgetary discussions.

To inform those discussions, the group considered what are feasible options available for CIP funding and timing of bond issuance? What happens if we need to reduce pay-go funding for CIP projects? What happens if, we delayed some of the debt issuance past March 2021?

All ABSS capital projects are scheduled to make sure high school renovations are completed to align with the opening of a new High School. Everything has been planned to come online in 2023 with very little leeway in scheduling. Note that completion of Graham and Cummings HS is integral to meet redistricting plan per the Board of Education.

ABSS needs a reimbursement resolution for another \$4,000,000 to for South Mebane Project. The existing \$7 million resolution will cover other project costs, including the land purchase, until the March 2021 debt issuance.

ACC – State construction will halt projects if debt issuance is not likely to happen. ACC will have concern about other projects on campus if our debt issuance timeline cannot be met. One project has to be completed before another starts based on small area of campus. Although they may have some grant funds or reserve funds, those can only be a short term solutions.

In preparation for a Spring 2021 bond issuance, the work with bond rating agencies will likely start in December. No board decisions about debt issuance are needed until the sale date per Ted Cole.