

Oversight Committee
Monday, December 9, 2019
9 AM

Present: County Commissioner Chair Amy Scott Galey, County Commissioner Tim Sutton, Board of Education Chair Allison Gant, Board Trustee General Blake Williams, Board of Education Steve Van Pelt, Bryan Hagood, Dr. Bruce Benson, Jeremy Teeter, Tom Hartman, Matthew Banko, Dr. Todd Thorpe, Misty Brown, Susan Evans, Andrea Rollins, Josh Fernandez, and Michelle Mills.

Introduction and Welcome

The purpose of the Oversight Committee was to allow an opportunity for the Technical Review Committee to bring project and status updates to Board Members of all three institutions – Alamance County, Alamance-Burlington School System, and Alamance Community College. All presentation materials and minutes from the meeting will be available on the County website www.alamancecapitalprojects.com.

Education Bond Process One Year Summary

Since November 2018, the following has been accomplished:

- Monthly TRC Meetings are conducted for capital planning.
- Alamance County created a capital project website at www.alamancecapitalprojects.com to provide real time, updated information about the projects.
- Alamance County adopted a Capital Plan for bond projects and annual CIP projects for the County, ABSS, and ACC. Funding included a 7.04 cent property tax increase.
- A Capital Plan Oversight Committee is established.
- ABSS and ACC hired Architect and CMR firms for their first three bond projects. Both agencies have project managers.
- Land acquisition is in progress for the new High School and ACC Training Center.
- ABSS and ACC have held preliminary stakeholder meetings for their first projects.
- Reimbursement Resolutions and Capital Project Ordinances have been approved to make sure funding is available for upfront costs of the bond project design process.
- An inter-local agreement between ABSS and the County was finalized regarding the use of Lottery funds.
- A Sales Tax Referendum is scheduled for March 2020.

ABSS Project Updates – Todd Thorpe

Pay-Go CIP Projects of \$3,300,000 are being spent for: Flooring projects, minor renovations at several schools, roofing replacements, fire alarm upgrades, mulch for playgrounds, paving, furniture replacements, and vehicle purchases. The largest projects include painting and

safety/security projects at several schools which are planned for Summer 2020. Contingency funds included in the \$3,300,000 will likely be needed for track repairs or improvements.

A powerpoint presentation was reviewed which showed preliminary plans and budget information for the South Mebane Elementary Project. In addition to renovating the entry for ADA accessibility and expanding the cafeteria space, a new wing with 12 new classrooms will be constructed. The classroom additions were designed to incorporate the needs and concerns communicated by faculty and staff at the school. At least one mobile unit will be removed, parking added and drop off routes improved. Four additional classroom spaces are potentially available for construction as well, pending stakeholder input and cost feasibility. These initial plans have been presented to the ABSS Board.

Site selection information for the New High School was also presented. Once purchase negotiations have been finalized, the Board of Education may be asked to authorize an agreement in Jan 2020 so that the land can be tested and assessed. The site under consideration has 100 acres, which provides enough room for the new high school and potentially space for a new middle or elementary school if needed to meet future growth. Mosely Architects are working with ABSS through the schematic design phase of the project. Additionally, ABSS is in communication with Samet Construction Company about pending Construction Manager at Risk contracts.

The estimated bond project cost for the New High School includes not only construction costs, but also the costs for furnishings and equipment needed to upfit the new building.

For the Southern High School project, the NC Department of Transportation is reviewing proposed changes to parking and vehicle access to improve traffic patterns.

For all other bond projects, design firms are gathering preliminary information to be ready to begin design work.

ABSS has conducted several stakeholder meetings with at least one more event scheduled with high school students from all current high schools.

Since the proposed State of NC budget includes over \$18 Million in future capital funds for ABSS, the Oversight Committee generally discussed possible uses. Since there are approximately 50 mobile units being used by ABSS at various locations, Todd Thorpe suggested that state funds could be used to eliminate or replace these classroom units. It was also suggested that acquiring land for future schools be considered. Also, the committee recognized that existing Middle Schools and other Elementary Schools may need some funding.

ACC Project Updates – Tom Hartman

Pay-Go CIP projects of \$870,000 are listed on the website. Three of these projects have received approval by the Board of Trustees which is the first step toward completion. These projects include a Print Center renovation project, an HVAC project and a roof project.

A powerpoint presentation was reviewed which showed preliminary plans for the Center for Excellence. They are nearing the end of the Advanced Planning stage. ACC restated its intention to place the Center of Excellence in a visually prominent position to be seen from Interstate 40/85. The next step for this project is to obtain approval from the NC State Office of Construction regarding the advanced planning documents. The Schematic Design phase is scheduled to begin in January.

For the Public Safety Training Center, an RFP for the architect has been released with responses due back in early January. An RFP for the Construction Manager at Risk firm will be released later in December with responses expected back in February. Approval for the chosen CMR is expected to come at the March Board meeting.

Alamance County Installment Projects

County Manager Bryan Hagood updated the committee on the County's pay-go capital improvement projects which included the \$5 million building renovation projects to be completed spring of 2020. These include:

- HSC Elevators and HVAC System
- Court Buildings roof projects, HVAC system and foundation
- EMS Bldg-roof project
- Family Justice Center roof project
- Detention Center HVAC system, renovations, and foundation repair

In addition to the \$5 million loan, the County will also be financing \$1.2 million dollars for new Board of Election equipment.

Current 2019-20 county capital projects statuses included on the \$250,000 Project List are found at <https://www.alamancecapitalprojects.com/county-capital-projects-in-progress/>.

Project Financing – Bryan Hagood

A powerpoint presentation was reviewed which included information about how Alamance County's long term financing plan is implemented through annual budgets. With the consulting services of Davenport & Co., the financing plan predicted the costs of debt service for bond projects and other installment loans as well as the costs of pay-go CIP projects for the County, ABSS, and ACC.

In addition to determining the timing and amount of these costs, the financing plan also identified the amounts and sources of revenues, and identified the amount of property tax increase needed to fund the plan. Since the Board of Commissioners approved an up-front property tax increase, the plan also identifies how much of the annual revenues should be saved in capital reserves each year.

In FY19-20 the Capital Reserves for ABSS projects, ACC projects, and the County projects are all projected to be funded per the plan and since revenues are slightly higher than predicted by the financing plan, we expect to have some excess capital reserves available this year.

The financing plan used conservative estimates for property based valuations and estimates for sales tax. In our current economy, sales tax collections have been higher than estimated and the Alamance County property tax valuations have seen growth higher than the 1% estimated for the plan. Idle cash in the capital reserve funds have also collected interest, which is revenue not included in the original financing plan that adds to the reserve balances.

Bond Issuance Updates

The County has taken steps necessary to be ready to issue bond debt including, submission of the annual audit to the LGC in November, a compliance review of our fiscal policies, and investigation and consideration of rating agency guidelines. We anticipate a site visit by rating agencies to give them the best information about the growth and strength of our local economy with the hope of obtaining the highest rating possible. A higher rating usually translates to a better interest rate for bond debt.

The County's bond counsel will review the potential lease agreement with Martin Marietta to ensure legality and compliance with bond requirements.

Projects that have approved reimbursement resolutions may begin spending on design costs, land acquisition and other preliminary steps with County money, which will be reimbursed with bond funds.

Closing

In closing, Chair Galey noted that the next Oversight Committee meetings are to be held quarterly, with the next meetings tentatively scheduled for 9 AM on the mornings of February 27 2020, and June 4, 2020.