

Oversight Committee Meeting

Thursday, January 27, 2022

2 PM

Impact Alamance

Present: John Paisley (Alamance County), Steve Carter (Alamance County), General Blake Williams (ACC), Senator Anthony Foriest (ACC), Sandy Ellington-Graves (ABSS), Patsy Simpson (ABSS), Dr. Jim Merrill (ABSS), Dr. Todd Thorpe (ABSS), Jeremy Teetor (ABSS), Misty Brown (ABSS), Dr. Algie Gatewood (ACC), Tom Hartman (ACC), CD Crepps (ACC), Bryan Hagood (Alamance County), Sherry Hook (Alamance County), Andrea Rollins (Alamance County), Susan Evans (Alamance County), Josh Fernandez (Alamance County), Ted Cole (Davenport & Co.).

Bryan Hagood provided an update from TRC.

ABSS funding – The capital financing plan involves higher than anticipated sales tax revenue, even since the onset of the pandemic, which is good news for ABSS. The plan relies on \$6.7 million at a minimum in restricted sales taxes to make the plan work for debt service and Pay-Go CIP funding. In the current fiscal year, there is a potential to receive \$3.2 million additional beyond the \$6.7 million needed for the plan. At this time, \$12,718,754 of capital reserves is available to ABSS above and beyond what is required by the plan even if the unissued bond debt is utilized. This meeting is an opportunity to hear from ABSS about their currently unfunded projects. There is a consensus among the commissioners to not issue above the \$150 million in cash for capital projects. Projects above and beyond bonds should be discussed today.

ACC funding – ACC is facing issues related to inflation costs around materials and labor. At the time of the last meeting, the Public Safety Training Center project had about a \$2.5 million shortfall. ACC looked at the possibility of training officers in a different way. They consulted with the training standards office, and found that it would be essentially impossible to get the standards changed to allow for non-live training. In short, simulation training will not happen. The County looked into drug forfeiture funds as a possible capital funding source, but those funds are neither reliable nor sufficient enough for this use. There are strict guidelines, including the inability to budget the funds before they are received. These funds cannot be committed, because there is no guarantee they will be received. Less than \$10,000 in federal forfeitures have been realized this year. There is also an expectation that the County would need a more involved status in the project and some level of ownership over the facility in order to use those funds.

Originally, ACC had an allowance of \$39.6 million in bonds. The County Commission is not supportive of issuing more than \$39.6 million in cash for ACC projects. The Student Services Center and Biotechnology Center of Excellence projects are far along with amended budgets, taking up \$26 million of the \$39.6 total approved bond issuance. If \$12.9 million is approved for the Public Safety Training Center, that only leaves about \$500,000 for any other bond projects. Some of that is already committed to design costs for Main/Powell/Gee Renovation project. That and the Satellite Campus projects would likely not be funded within the \$39.6 million. However, of the \$3.9 million in ACC capital reserves, up to \$3.1 million could be used to shore up any

projects while still maintaining the amounts needed to pay debt service and annual CIP per the Capital Plan. Also there are sufficient funds in the plan to service debt on the unissued bonds for ACC. Another option for the use of capital reserve funds is an increase to annual Pay-Go funding. ACC expressed an interest in allocating no more than \$2.4 million in capital reserves and prefers for any additional needed funds to come from more bond issuance. Nursing would be sacrificed in the Main/Powell/Gee Building project if they need to take from that project to fund the Public Safety Training Center. There is a scheduled bond issuance right now for September 2022, and it is unclear if it will be another premium market at that time. Decisions need to come soon because of where the project is at in the design phase. ACC will plan to ask the Board of Commissioners meeting on February 7 about the possibility of funding the Public Safety Training Center shortfall.

A new capital plan budget was shared with the group. ACC will need to have construction bids in-hand with plenty of time to get on the LGC calendar for approving the bond issuance. In late April, the County Commissioners will schedule hearing times for budget requests from ABSS and ACC.

ABSS gave a presentation sharing current pictures of capital projects.

Bonds - All projects are currently on time and within budget.

Cummings HS – The auditorium is the main focus, along with adding lobby area and installing a new HVAC system. In addition, some classrooms are being converted for fine arts.

Eastern HS – On Monday at the joint meeting, there will be more picture design and progress. The building is beginning to take shape.

Graham HS – This project involves lab renovation (CTE lab), restroom renovation, HVAC renovation, and building new storage for a fire truck for the firefighting academy.

Southern HS – This cafeteria expansion is dried-in and will be cut through over the summer. A new vocational building is going in as well, along with a brand-new expansion.

Western HS – This project involves construction of a new building adjacent to a road and existing building.

Williams HS – This project involves auditorium renovation and new restrooms installed in the cafeteria area.

South Mebane – This project involves a 12-classroom expansion, and a cafeteria expansion, which is likely to be open later in the spring. There are some supply issues related to this project, but likely not enough to impact final completion dates.

New High School – Concrete walls are going up, and the buildings are starting to take shape, including classrooms, offices, gyms, etc.

Top 10 Unfunded Projects

ABSS shared a top 10 unfunded projects list inclusive of currently inflated prices. Right now, masonry and asphalt inflation is up about 15% and roofing costs are about 25% up. ABSS is confident they have the capacity in terms of workload to address some of these projects, hoping to use some of the additional funding available. As soon as February 21, the County Commissioners could begin considering appropriating capital reserves funds to take care of some of the unfunded projects.

ACC

Bonds

Biotechnology Center of Excellence – Steel arrived at the beginning of January, allowing for a lot of progress at this time. They are hanging steel as we speak. ACC shared a time lapse of the project. That time lapse will be shown in main lobby as well. Next 30 days will involve electric and water utilities. 1st and 3rd floor slab will be prepped and poured in the next 30 days.

Student Services Center – ACC shared a flyby photo. 90% of retaining wall has been poured. The rear concreted foundation wall has also been poured. The main issue right now is the arrival of steel. The project site will be ready for steel in later part of February or early March, but steel will not arrive until April. ACC is working on preparation for tying in sanitary sewer.

Public Safety Training Center – The project is in schematic design at this point to include components driving pad, firing range, fire training tower, classroom and admin building. ACC is finalizing boundaries on the training site and preparing to record two new parcels (training, search & rescue), and will be asking for conditional use approvals from the Town of Green Level in March. Samet is preparing a bid package for perimeter fencing as required by lease. The design team is completing schematic design.

Main/Powell/Gee – Small working groups and the design team are working on scope refinement for this project. The project is on-track for construction to begin in December 2022 or January 2023. Nursing will occupy space vacated by biotech in Powell Bldg.

CIP

Bid opening will happen on February 7th for drainage headwall upgrades.

Supply chain delays impacting the Main Building generator replacement.

ACC is coordinating work and installation for Scott Collection generator (previously unfunded).

Concrete stabilization at F Building is complete.

Federal HEERF Funded Projects:

Rooftop units at Literacy Building and Dillingham to be complete during spring break.

VAV box replacement at Main Building.

Alamance County

Petree Building – Open Door Clinic and Friendship Adult Day have moved in and DSS will be able to move in at the end of March when furniture is delivered. The Open Door Clinic may be able to have visitors in by next week.

Detention Center Wall and Floor Crack – delayed due to Covid.

HVAC Replacement at HSC – A pre-construction meeting was held to discuss time frame and phasing. Anticipated to start in early April pending delivery of equipment.

Hwy 62 Backup Generator – The transfer switch was installed on 11-19-21. Generator delivery is expected in late March or early April.

Court Administration Building – Pre-design space planning is underway. Anticipated three months for completion of planning. This will help determine size of new building and cost of construction and renovation.

HVAC Controls for County Office – Likely to start in February when equipment and supplies come in.

Dental Clinic Renovation – Work will begin when Dental Clinic moves into space vacated by the Open Door Clinic. The project will likely begin in late February and will take 3 months.

HSC Parking Lot – The County has received a proposal for design and engineering. Investigating funding source.

Board of Elections – In due diligence period. On February 7, the Board of Commissioners will hear a better idea of numbers around repair, renovation, and purchase, etc.

Conclusion

A new capital finance report was shared with the group for review, and information about restoration of the capital plan website, which is now essentially complete.