

**MINUTES OF BOARD OF COUNTY COMMISSIONERS
OF GUILFORD COUNTY
WORK SESSION**

Greensboro, North Carolina
October 4, 2018

The Board of County Commissioners met in a duly noticed Work Session at 3:00 P.M. in the Blue Room, Old County Courthouse, 301 W. Market Street, Greensboro, NC.

Present: Chairman Alan Branson, Commissioners Jeff Phillips, Hank Henning, J. Carlvena Foster, Carolyn Q. Colman, Alan Perdue, Melvin “Skip” Alston, Katie “Kay” Cashion

Absent: None.

Also Present: County Manager Marty Lawing, County Attorney Mark Payne, Clerk to the Board Robin Keller, Deputy County Manager Clarence Grier, Deputy County Clerk Scott Baillargeon, members of staff, the community, and the media.

I. CALL TO ORDER

Chairman Branson called the work session to order at 3:15 P.M.

II. LAW ENFORCEMENT CENTER RENOVATION (LEC)

County Manager Marty Lawing introduced the item. Lawing stated that the Law Enforcement Center (LEC) design has been moving faster than expected. He reviewed that the County went out for construction bids two times and is prepared to offer the contract at this time. Lawing shared that the construction contract bids came in much higher than anticipated for the project.

Dan Durham, Facilities Director, presented the bid results and emphasized the differences among costs. He stated that to build a new building would have cost the County \$26M and a renovation came to \$17M. He outlined the bid alternatives including a brief description of each alternate option. He stated that Alternate #1 option was the most expensive at \$1,274,000 to upfit the building’s levels of 3, 4, and 5. He shared the value and age (1963) of the Edgeworth Building. He discussed Alternate #5 the pros and cons of the option but did not offer his recommendation for the option. Durham provided two options to the Board that were the most effective options available and explained them both in depth. He reviewed the M/WBE Participation which increased to 9.45% through

his collaboration with the Purchasing Department. He reviewed the extensive construction administration services that would be required to cover the entire construction period to early 2020. He recommended awarding the contract to option 1 for approval of \$16,988,300 in appropriation for the LEC capital project. And Approve to prepare and award the construction contract to J.M. Thompson Company in the amount of \$16,955,200 (option 1). Approve to have Walter Robbs Callahan & Pierce Architects provide construction administration services at cost of \$158,400.

Commissioner Alston asked about the total cost between the \$26M to build a new building in contrast to spending \$17M, a \$9M difference, to renovate.

Lawing shared that the renovation would encompass all aspects of the construction.

Commissioner Henning asked about the number that was originally discussed, the original budget, and what the original scope of the project consisted of. He asked that both Lawing and Durham provide a thorough summary of the scope of work from the original discussion.

Lawing reviewed the currently issued 2/3rds bonds and how those funds were allocated across all the high priority projects. He noted that they had overshot the cost estimates on each of the projects due to the steady and rapid rise in construction costs and that the initial estimates were not based on actual design work. Lowing noted that an additional consideration added to the project was to relocate Probation and Parole services from the Edgeworth Center into the renovation project for the LEC.

Commissioner Coleman inquired about the structural damage to the Edgeworth property and stated that she would like an estimate for the costs to fix the problems, to assess if it was more cost effective to Probation and Parole where they were or to move them into the LEC.

Clark Pierce, project architect with Walter, Robbs, Callahan & Pierce, provided details of structural problems including cracked concrete in the foundation of the LEC property. However, shared that the structural engineer did not deem the damage too bad. He shared that much of the utilities within the building will either be replaced or patched. He spoke to the demolition of the jail cells as piecemeal work. He elaborated on the minutiae of removing the concrete cells and inability to utilize the elevators in the building due to the weight of the construction debris. He emphasized the difficulty of transporting the concrete down the exterior of the building without damaging the tunnel located on the ground floor.

Lawing shared additional details regarding demolition of the Otto-Zenke Building and the addition of the parking lot. He shared that these additional projects were not included

in the LEC construction bid. And would still need to be addressed prior to the completion of the LEC renovations.

Commissioner Henning asked if staff would be returning to seek additional money to fund this two projects.

Commissioner Phillips shared his concern for the previous money allocated to this project and expressed concern for the additional costs required to complete the project in its entirety. He wished to entertain other alternatives rather than to give more money to this project.

Pierce shared the difficulties redesigning a new building to accommodate every foreseeable need.

Discussion ensued among the Board concerning various alternatives that would need to be considered.

Vice Chairman Conrad inquired about the tunnel used for prisoner transport and sought areas that would be impacted by construction.

Pierce stated that the tunnel that exists under the building connecting the jail to the courthouse for prisoner transport, would be lost in a new design if the County were to opt implode the building at present.

Commissioner Cashion asked the manager what the cost would be to demolish the Otto-Zenke Building versus renovating and utilizing the building.

Lawing differed the question to Pierce.

Pierce stated that he did not know and could only speculate the processes, but that he anticipated the property at Otto Zenke was a full tear down.

Discussion ensued concerning the structural integrity of the Otto Zenke building.

Commissioner Phillips clarified his statement that the Board had previously approved a \$14M budget to expedite the construction of the Law Enforcement Center and noted that the time had come to rethink the renovation of older buildings.

Commissioner Alston asked if there had been a feasibility study completed that would study would identify alternate options.

Lawing shared that no study had been conducted.

Commissioner Coleman asked about the Edgeworth building as an alternative option to demolishing the Otto-Zenke Building to conserve its historic value.

Lawing shared that there has not been any interest in selling the Zenke building or renovating the space for more efficient use.

Chairman Branson spoke about the tax value in contrast to the market value against the cost of demolishing the building.

Commissioner Coleman asked for an estimate to renovate the building. She emphasized the value of the property and the need that government will grow in the future.

Commissioner Foster echoed Commissioner Alston's consideration to move forward with a feasibility study to identify alternatives.

Commissioner Perdue emphasized the difficulty to preserve the tunnel for prisoner transport if the building is torn down and new construction is considered. He cautioned that the costs of new construction would far outweigh the costs of renovation.

Chairman Branson emphasized that the Board needed to locate a resolve for this challenge and move forward quickly. He asked the Board to consider all options and identified value in providing a feasibility study. He expressed concern for spending money unnecessarily.

Vice Chairman Conrad would like to see all projects be held to the same standard of value engineering and cost containment and the Board needs to be consistent and fair with all the projects.

Commissioner Phillips stated that he would like to see the County Manager and the Facilities Director identify some solutions to move forward with the design and plans.

Lawing provided a summary overview of the projects the County was in the process of completing at present.

Commissioner Alston noted a previous discussion to purchase the land adjacent the jail.

County Attorney Mark Payne emphasized the previous discussion and provided clarity concerning the land surrounding the Otto-Zenke Building.

Commissioner Phillips said to Commissioner Alston's point, what feasibility there was to tear down the Otto-Zenke Building to build new, in the same location. He noted the square footage differences. He asked if EMS would find \$11M enough.

Jim Albright, EMS Director, provided additional background to the overview of the EMS building designs. He ensured that the design currently slated to move forward was a meager one and he had done all that he could to reduce the costs of the overall project.

Lawing stated the complications to such an endeavor.

Michael Halford, Budget Director, shared funding considerations for all of the identified high priority projects. He noted additional projects not yet on the priority list such as the new Mental Health Facility and the Joint School Construction study that had yet to be addressed which would impact the FY 2018-19 budget. He noted that as the projects evolve, the costs will evolve as well. He shared that totaled, the seven projects come to \$75-81M.

Commissioner Alston asked about demolition costs and if those estimates were included.

Halford stated in the affirmative that estimates were included, as best could be determined. He stated the deficit of \$42M was still needed to complete all the identified projects. Halford provided details concerning what money was available to complete the projects. He emphasized that toward the end of the fiscal year, the County needs to brace to sell the remaining 2/3rds bonds.

Commissioner Cashion asked the difference in debt service between the first and second year. She asked how often the funds can be issued to account for the school.

Halford provided information concerning the differences and emphasized that the first year would provide a greater challenge to pay off. He also noted that other projects are in the tank where funds can be diverted from those projects to fund the priority projects. Halford noted a sales tax that could bring in more money. He noted that a property tax increase to obtain \$17M.

Chairman Branson shared that he was waiting to hear back from the school board concerning the cost of their renovations.

Commissioner Henning asked about the schools and their access to the study and why the County does not have access to the study. He emphasized that the County was equal partners with the schools, and the Board should be able to access the study. He emphasized that even the initial raw data needed to be shared.

County Attorney Payne noted that he had spoke with the School Board's attorney and the data has not yet been made public.

Commissioner Cashion echoed Henning's comments and requested that staff reach out to the school board for a copy of the raw data.

Chairman Branson shared that the data was supposed to be presented to the Board on September 1, 2018.

Lawing stated that the data that he had seen was voluminous mountains of digital data that needed to be parsed through.

Commissioner Henning emphasized that the information needed to be shared, as this Board held an equal share of the cost of the study.

Halford presented the debt service and total debt repayment comparisons. He spoke to a strategy to target pay back. He shared that they have been trying to increase the annual capital without much success. He recommended cash instead of debt financing. He provided a break out of the existing debt repayment.

Commissioner Coleman asked about the land that the County recently sold and about where it would go to accrue interest over time. She suggested letting it sit in the bank.

Discussion ensued among the Board.

Halford discussed the impact on tax rates to accommodate the growing debt repayment. He shared that a penny tax increase would be needed to accommodate the debt; however, noted the ways the tax rate could be implemented especially reducing the cost of spending.

Commissioner Cashion asked if he had anticipated any increase in revenue.

Halford outlined the intricacies of revenue collection in the County. He shared that an increase in recurring health challenges. He shared that the County has not returned to 2006 jobs levels. He shared that 1 of 5 of the 67 largest US labor markets to have not recovered. He discussed the changes among population and the current costs of Medicaid. More than 1 and 4 (26.2%) people in the County enrolled in Medicaid during 2018. He provided the percent changes in the total NC taxable retail sales 2007-08 through 2016-17. He shared that he did not foresee substantial growth.

Commissioner Cashion asked about the projected job market to return, and when would a tax increase need to be implemented.

Halford stated that to repay debt service, a 1 percent property tax increase would need to be implemented next year.

Commissioner Alston asked about the fund balance, and how much over the threshold of the County's fund balance. He asked if funds had been removed for regular operations and debt services.

Halford confirmed that funds had been deducted from the fund balance to pay for those things.

Commissioner Alston asked about the \$7M for Election Machines.

Payne elaborated on the status of the machines and the legislative mandate.

Commissioner Phillips asked about the intervals of where the County fared as it went along concerning revenues and expenditures. He asked about the reserves, encumbered in contrast to cumbered.

Harley Will, Finance Director, shared the real dollar values of the current rates.

Commissioner Alston asked for the amount of the unassigned fund balance.

Lawing shared the number with the Board.

Halford expressed concern that utilizing the Fund Balance would result in a downgrade to the County's bond rating and the minimum levels required by the LGC.

Discussion ensued among the Board concerning a property tax increase.

Lawing spoke to the next projects emphasizing the EMS project and bid prices would need to be collected to identify the actual costs. He shared the County's opportunities.

Commissioner Coleman asked about the cost of the project.

Vice Chairman Conrad asked about the increase in the cost of the project had increased from \$11M to \$14M.

Discussion ensued concerning increases in construction costs; the estimates of the \$11M were achieved; the labor market associated to construction and the market; the materials cost; and the variability of the labor market.

Vice Chair Conrad stated that if the architect under-bid the cost by 30% of the project and stated that the architect be fired.

Commissioner Purdue spoke to the increase of materials and volatility of the market.

Commissioner Alston noted the differences in bid costs in relation to actual costs.

Commissioner Henning voiced his concern for spending the additional money on another EMS building.

Discussion ensued among the Board concerning the bid process.

Motion was made by Carolyn Q. Coleman, and seconded by Melvin "Skip" Alston to direct staff to move forward with the EMS Facility Project Construction Contract bids.

VOTE: Motion carried 6 – 3

AYES: Alan Perdue, Carolyn Q. Coleman, Justin Conrad, Kay Cashion, Melvin "Skip" Alston, Jeff Phillips

NOES: Alan Branson, J. Carlvena Foster, Hank Henning

III. ADJOURN

The Board adjourned by unanimous consent at 5:20 P.M.

Chairman

Clerk