

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
THURSDAY, MARCH 15, 2018 – 8:30 A.M.
JUDGE E. MAURICE BRASWELL CUMBERLAND COUNTY COURTHOUSE
117 DICK STREET, 5TH FLOOR, ROOM 564
SPECIAL MEETING MINUTES

PRESENT: Commissioner Jeannette Council, Vice Chair
Commissioner Glenn Adams
Commissioner Charles Evans
Commissioner Marshall Faircloth
Commissioner Jimmy Keefe
Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Duane Holder, Assistant County Manager
Rick Moorefield, County Attorney
Brenda Jackson, Social Services Director
Jeffrey Brown, Engineering and Infrastructure Director
Vicki Evans, Finance Director
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Bob Tucker, Accounting Supervisor
Ivonne Mendez, Accounting Supervisor
Doug Carter, President DEC Associates, Inc.
Jeremy Carter, DEC Associates, Inc.
Andrew Carter, Vice President DEC Associates, Inc.
Candice White, Clerk to the Board
Press

ABSENT: Commissioner Michael Boose
Commissioner Larry Lancaster, Chairman

Vice Chair Council called the meeting to order and welcomed everyone in attendance.

Amy Cannon, County Manager, stated this process began in FY15 with the development of the Capital Investment Fund and the Capital Planning Model to be discussed in this meeting is one of the next major steps. Ms. Cannon introduced the County's financial advisors Doug Carter, Jeremy Carter and Andrew Carter of DEC Associates, Inc.

1. Presentation Concerning 2018 Long Term Capital Investment Planning Providing for Future Capital Needs

Mr. Carter stated how a county plans and provides for both operating needs and capital needs is a worthwhile conversation in a growing urban regional county. Mr. Carter stated Cumberland County has a high credit rating in the middle of a unique economy in the state and has done a good job in controlling what it can. Mr. Carter stated the Capital Investment Fund is the next step in controlling the County's financial future and providing needed assets. Mr. Carter stated this meeting is the starting of a model that takes resources and allocates them in multiple ways to the capital program. Mr. Carter stated he will provide an illustrative list of projects and costs to start the model, but the County Commissioners will make the ultimate decision on the priority of capital.

Mr. Carter provided the following introduction and background information.

Urban county capital and operating needs and unique elements of N.C. counties:

- North Carolina has been forever known as the "Good Management" State. Long tradition of sound financial management has undergirded the ability to manage well.
- The role of the N.C. Local Government Commission (LGC) has further aided in sound financial management.
- Credit rating agencies, and attendant high credit ratings for many counties, have recognized the emergence of urban growth and change in N.C. and the importance of regional urban counties like Cumberland.

- As growth has occurred the need to balance operating resources and needs together with capital resources and needs has become more important and one of the most recognized areas for LGC and rating agency review.

Mr. Carter stated in the 1990s and 2000s, Cumberland County made significant investments in capital with a lot of school and general government investments and from a capital investment standpoint, that was when the County really began to invest and recognize itself as a major urban regional force. Mr. Carter stated this provided the capacity for the County to redeploy assets and revenues now. Mr. Carter continued his presentation.

Cumberland County movement toward investment in operating and capital needs:

- County actions have been material, the recent Capital Investment Fund (CIF) process is a good example of defining capital needs.
- Major county capital investments in the 90s and early 2000s established the emergence of larger capital needs that occur with growth and change in the economy.
- County Management and Finance Officer requested our firm conduct an in-depth review of how similar urban counties are meeting both needs and planning for future needs and challenges.
- Discussions with the County Commission have produced an approach to allocate permanent resources to capital investment while maintaining the majority of resources for operating.

Mr. Carter then provided information about allocating county resources.

N.C. counties have generally included in their general fund operating cost, debt service and pay-go capital expenditures:

- Differences in funded pay-go amounts from year to year and debt service reductions have created some difficulty in retaining consistent allocations between operating cost and capital/debt service related cost.
- As a result, a number of urban counties have altered their allocation methods and created a separate fund to account for and fund capital priorities.
- This new method has been well received by county policy makers.
- Rating agencies and LGC have encouraged this method.

Mr. Carter stated in FY15 and before, Cumberland County recognized there needed to be a way to keep operating sources on the operating side and capital resources on the capital side. Mr. Carter stated operational observations are one to three years compared to capital observations that extend for decades, and the longer focus on the capital side can best be accomplished by the set aside that Cumberland County has already done in the CIF. Mr. Carter stated rating agencies and the LGC have a strong preference for the CIF method. In response to a question from Commissioner Adams, Mr. Carter stated the CIF makes it easier for them to figure out the County's future direction and capacities and eliminates their having to dissect the general fund. Mr. Carter stated Cumberland County, by establishing the CIF, has joined the group of highest quality financial planners that allocate resources between operating and capital.

Mr. Carter continued his presentation by highlighting what needs to happen next to further implement the CIF and keep the process going.

- Adoption of a policy by County Commission that sets operating parameters of the fund.
- Adopt the CIF as part of FY2019 Budget that prioritizes capital needs and establishes timing of the projects based upon capital investment capacity created by the CIF.

Mr. Carter stated the CIF would be a "living" document, would be updated as needed and reviewed at least annually as part of the annual budget. Mr. Carter stated the CIF would blend both pay-go capital expenditures and future debt issuances and would constitute the total "picture" for capital investments by the County.

Mr. Carter stated CIF financial policies would be adopted as part of the FY2019 budget and would include the following categories, give direction to staff and inform the public of what the County wants to do from a policy perspective.

- Description and purpose of the CIF.
- Define resources/revenues to be dedicated to the CIF and potential for addition of future new sources.
- Establish budget process to set capital project priorities, including cost and timing of the projects.

- Define minimum fund balance to be maintained by the CIF so there is no need to go back to the general fund to balance the CIF (the CIF self-balances).
- Define ranges for amount to be funded by pay-go and by debt issuance.
- Other

Mr. Carter stated the CIF would receive funds moved/appropriated annually from the general fund. Mr. Carter highlighted the following and stated the CIF would contain all the major capital expenditures of the County together, pay-go and debt funding.

- General Fund Revenues \$18,676,356*
 - 2018 budgeted debt service amount \$15,731,356*
 - 2018 budgeted general fund pay-go \$1,000,000*
 - 2018 budgeted community college pay-go \$945,000*
 - 2018 budgeted information technology pay-go \$1,000,000*
- Sales tax allocated for school purposes (art. 40 & 42) \$10,393,000**
- Lottery funds/school dedicated \$3,592,000**
- Total 2018 budget amount moved annually of \$32,661,356

(*Fixed amount from general fund each year into the CIF fund / **Budgeted numbers that will fluctuate year to year based on actual collections)

Mr. Carter stated CIF dedicated annual resources (projected with growth) would produce the following approximate capital amount totals for 2019-2030 using current illustrative assumptions. Mr. Carter stated it is important to balance pay-go and debt issuance.

Total pay-go amounts through 2030 of:

- Schools \$89,665,296
- General government maintenance and repairs \$12,000,000
- General government CIP projects \$26,968,171
- FTCC \$14,695,000
- Information Technology \$ 18,500,000

Approximate capital amounts continued:

Future school capital fund – accumulate to total \$39,256,754

- Excess funds produced by lottery and sales tax upon payoff of school debt and pay-go
- Cash flow amounts (detail to follow) could provide debt service on bond issues of \$60 to \$80 million from 2022 to 2030
- Other potential capital \$s from state-wide bond referendum

Debt funded amounts of:

- General government \$118,900,000
- Other - Water \$48,000,000

Mr. Carter stated the total approximate capital investment through 2030 would be about \$367,985,221 in new assets. Mr. Carter stated when factoring in the schools' \$80 million, this figure would be well over \$400 million in terms of the impact of what has been put into the fund and what can be produced out of the fund.

Mr. Carter displayed images of how the CIF should operate and how to create additional debt capacity. Mr. Carter stated debt service would be paid first, then pay-go and then out comes new capacity. Mr. Carter stated additional debt capacity can be created when projects move slower than projected, actual debt costs are lower than projections, actual revenues are higher than projections and there is rapid debt reduction.

Mr. Carter provided highlights of the model below and stated estimated capacities represent the five major projects in the general government side of the model. Ms. Cannon stated the projects are aligned with the goals the Board established in January 2018. Mr. Carter stated user fees have not been projected in the model which, if they become available, could go to pay debt service in the future. In response to a question from Commissioner Keefe, Ms. Cannon stated the Gray's Creek Water Project figure of \$48 million is an estimate with inflation from the prior study. Ms. Cannon also stated the \$35 million estimate for the Administration Building & Courthouse Renovation came from another county. Mr. Carter stated for every major performing arts theatre he has seen in the state, there has been a large effort to privately fund raise.

County of Cumberland
Current Capital Investment Fund Projects included in model

Project	Projected Funding Need	Estimated Timing	Funding or Timing Change
<u>County 911/Emergency Operations Center</u> <ul style="list-style-type: none">MCP 2016 study for consolidated centerCedar Creek Business Center identified as good locationNeed architectural design authorized to move forward with project	\$793,191 – Design Contract \$15,000,000 – Construction	Authorization for next budget Issued January 2020	
<u>Civil War Museum Resolution</u> <ul style="list-style-type: none">Resolution passed in January 2017One-time commitment needed from CountyCommitment sunsets if construction has not started by 12/31/2020	\$7,500,000 – Construction	Issued January 2020	
<u>Gray's Creek Water Project</u> <ul style="list-style-type: none">GenX contamination discovered in FY18Environmental & engineering study started in FY18	\$48,000,000 – Construction	Issued January 2020	
<u>Administration Building & Courthouse Renovation</u> <ul style="list-style-type: none">Need feasibility study/design authorized to move forward with project	\$500,000 – Feasibility Study \$35,000,000 – Construction	Authorization for next budget Issued January 2021	
<u>Crown Theatre/PAC</u> <ul style="list-style-type: none">Renovate or demo/rebuild existing theatreNeed feasibility study to assess impact of baseball, location and existing Crown facilities	\$100,000 – Feasibility Study \$50,000,000 – Construction	Authorization for FY19-20 budget Issued January 2023	

Mr. Carter continued his presentation on reconciliation of resources that are dedicated specifically to schools and how the beginning fund balance was created for the CIF. Mr. Carter stated there appears to be a significant amount of capacity in school dedicated money and planning for school capital needs should be done between the schools and the County so there is a partnership of school and County resources.

County of Cumberland

School Capital Fund Revenue & Expenses Projections										
Fiscal Year	School Lottery Revenue	School Sales Tax Revenue	Federal Subsidy & Sinking Fund Earnings	Total School Revenue	Total Current School D/S	Total School Pay-go*	Total School Expense	Surplus/Deficit	School Capital Fund Balance*	
2018	\$ 3,592,000	\$ 10,393,000	\$ 914,070	\$ 14,899,070	\$ 12,673,198	\$ 8,424,000	\$ 21,097,198	\$ (6,198,128)		
2019	\$ 3,592,000	\$ 10,496,930	\$ 943,953	\$ 15,032,883	\$ 12,262,325	\$ 7,070,000	\$ 19,332,325	\$ (4,299,442)		
2020	\$ 3,592,000	\$ 10,601,899	\$ 972,212	\$ 15,166,111	\$ 8,247,102	\$ 7,140,700	\$ 15,387,802	\$ (221,691)		
2021	\$ 3,592,000	\$ 10,707,918	\$ 1,001,116	\$ 15,301,034	\$ 7,887,711	\$ 7,212,107	\$ 15,099,818	\$ 201,216	\$	201,216
2022	\$ 3,592,000	\$ 10,814,997	\$ 1,025,573	\$ 15,432,570	\$ 5,952,480	\$ 7,284,228	\$ 13,236,708	\$ 2,195,862	\$	2,397,078
2023	\$ 3,592,000	\$ 10,923,147	\$ 1,052,110	\$ 15,567,257	\$ 5,567,691	\$ 7,357,070	\$ 12,924,761	\$ 2,642,496	\$	5,039,574
2024	\$ 3,592,000	\$ 11,032,379	\$ 1,122,634	\$ 15,747,012	\$ 5,312,423	\$ 7,430,641	\$ 12,743,064	\$ 3,003,949	\$	8,043,522
2025	\$ 3,592,000	\$ 11,142,703	\$ 1,148,453	\$ 15,883,156	\$ 5,223,474	\$ 7,504,947	\$ 12,728,421	\$ 3,154,735	\$	11,198,258
2026	\$ 3,592,000	\$ 11,254,130	\$ 769,885	\$ 15,616,015	\$ 4,583,336	\$ 7,579,997	\$ 12,163,333	\$ 3,452,681	\$	14,650,939
2027	\$ 3,592,000	\$ 11,366,671		\$ 14,958,671	\$ 1,958,900	\$ 7,655,797	\$ 9,614,697	\$ 5,343,974	\$	19,994,913
2028	\$ 3,592,000	\$ 11,480,338		\$ 15,072,338	\$ 1,868,544	\$ 7,732,355	\$ 9,600,899	\$ 5,471,439	\$	25,466,352
2029	\$ 3,592,000	\$ 11,595,141		\$ 15,187,141	\$ 1,002,378	\$ 7,809,678	\$ 8,812,056	\$ 6,375,085	\$	31,841,437
2030	\$ 3,592,000	\$ 11,711,093		\$ 15,303,093	\$ -	\$ 7,887,775	\$ 7,887,775	\$ 7,415,317	\$	39,256,754

*School Capital Fund balance at 6/30/17 is \$14,886,966. (not included in the \$39,256,754 calculated in 2030)

Calculation of Dedicated Capital Investment Fund Starting Fund Balance	
Estimated Budget vs Actual surplus/deficit:	\$ 122,790
Estimated FY18 CIF fund balance:	\$ 1,324,938
Renovations & maintenance assigned fund balance:	\$ 1,250,000
Technology upgrades assigned fund balance:	\$ 1,500,000
Water & Sewer industrial expansion:	\$ 4,527,610
Total:	\$ 8,725,338

Mr. Carter stated the table below outlines the five places this fund would dedicate money for pay-go and essentially has presumed there would be a \$1 million contributed every year through 2030 that would be available for the County to appropriate through its budget process towards these projects. Mr. Carter stated as a living document, if amounts need to be changed up or down, they can be addressed. Mr. Carter stated the total of pay-go for 2019-2030 is nearly \$162 million.

County of Cumberland, North Carolina
County Pay-go Funding

	GG					
FY Ending	Maintenance & Repairs	Community College	Schools	IT Projects	GG Capital Projects	Grand Total
June-18	\$ 1,000,000	\$ 945,000	\$ 8,424,000	\$ 1,000,000		\$ 11,369,000
June-19	\$ 1,000,000	\$ 945,000	\$ 7,070,000	\$ 1,000,000	\$ 2,783,923	\$ 12,798,923
June-20	\$ 1,000,000	\$ 1,000,000	\$ 7,140,700	\$ 1,250,000	\$ 2,603,800	\$ 12,994,500
June-21	\$ 1,000,000	\$ 1,050,000	\$ 7,212,107	\$ 1,250,000	\$ 1,720,814	\$ 12,232,921
June-22	\$ 1,000,000	\$ 1,100,000	\$ 7,284,228	\$ 1,250,000	\$ 3,907,926	\$ 14,542,154
June-23	\$ 1,000,000	\$ 1,150,000	\$ 7,357,070	\$ 1,500,000	\$ 1,951,708	\$ 12,958,778
June-24	\$ 1,000,000	\$ 1,200,000	\$ 7,430,641	\$ 1,500,000	\$ 2,000,000	\$ 13,130,641
June-25	\$ 1,000,000	\$ 1,250,000	\$ 7,504,947	\$ 1,500,000	\$ 2,000,000	\$ 13,254,947
June-26	\$ 1,000,000	\$ 1,300,000	\$ 7,579,997	\$ 1,750,000	\$ 2,000,000	\$ 13,629,997
June-27	\$ 1,000,000	\$ 1,350,000	\$ 7,655,797	\$ 1,750,000	\$ 2,000,000	\$ 13,755,797
June-28	\$ 1,000,000	\$ 1,400,000	\$ 7,732,355	\$ 1,750,000	\$ 2,000,000	\$ 13,882,355
June-29	\$ 1,000,000	\$ 1,450,000	\$ 7,809,678	\$ 2,000,000	\$ 2,000,000	\$ 14,259,678
June-30	\$ 1,000,000	\$ 1,500,000	\$ 7,887,775	\$ 2,000,000	\$ 2,000,000	\$ 14,387,775

Mr. Carter stated the table below shows how the initial \$32 million increases as the sales tax number increases. Mr. Carter also stated the \$18.6 million is a static number that is contributed every year and the lottery number is flat with no growth but if it grows, it helps the model. Mr. Carter stated these reflect the general recurring revenues.

FY Ending	General Fund	Education Lottery	Schools Sales Tax	Total Recurring Revenues	Revenue Offset*	Federal Subsidy	Earnings in Sinking Fund	Total Non-Recurring Revenues	Grand Total
June-18	\$18,676,356	\$ 3,592,000	\$10,393,000	\$32,661,356	\$ 27,597	\$ 759,150	\$ 154,920	\$ 941,667	\$33,603,023
June-19	\$18,676,356	\$ 3,592,000	\$10,496,930	\$32,765,286		\$ 763,214	\$ 180,739	\$ 943,953	\$33,709,239
June-20	\$18,676,356	\$ 3,592,000	\$10,601,899	\$32,870,255		\$ 765,652	\$ 206,559	\$ 972,212	\$33,842,467
June-21	\$18,676,356	\$ 3,592,000	\$10,707,918	\$32,976,274		\$ 768,091	\$ 233,025	\$ 1,001,116	\$33,977,390
June-22	\$18,676,356	\$ 3,592,000	\$10,814,997	\$33,083,353		\$ 768,091	\$ 257,482	\$ 1,025,573	\$34,108,926
June-23	\$18,676,356	\$ 3,592,000	\$10,923,147	\$33,191,503		\$ 768,091	\$ 284,019	\$ 1,052,110	\$34,243,613
June-24	\$18,676,356	\$ 3,592,000	\$11,032,379	\$33,300,735		\$ 812,795	\$ 309,839	\$ 1,122,634	\$34,423,368
June-25	\$18,676,356	\$ 3,592,000	\$11,142,703	\$33,411,059		\$ 812,795	\$ 335,659	\$ 1,148,453	\$34,559,512
June-26	\$18,676,356	\$ 3,592,000	\$11,254,130	\$33,522,486		\$ 406,398	\$ 363,487	\$ 769,885	\$34,292,371
June-27	\$18,676,356	\$ 3,592,000	\$11,366,671	\$33,635,027				\$ -	\$33,635,027
June-28	\$18,676,356	\$ 3,592,000	\$11,480,338	\$33,748,694				\$ -	\$33,748,694
June-29	\$18,676,356	\$ 3,592,000	\$11,595,141	\$33,863,497				\$ -	\$33,863,497
June-30	\$18,676,356	\$ 3,592,000	\$11,711,093	\$33,979,449				\$ -	\$33,979,449

*=Portion of 2004 IFC (Energy Saving Contract) paid by Drown Enterprise Fund – This revenue offsets the full debt service payment.

Mr. Carter demonstrated how the base model works with a review of the table below and stated the model creates the County’s ability to keep some constancy in its tax levy. Mr. Carter stated the green row is the issuance and the numbers below are the debt service. Mr. Carter stated the far-left column reflects the value of a penny and what happens if that penny goes up 1% each year, the next two columns reflect total revenues and then the columns reflect expenditures with currently issued debt service being paid first. Mr. Carter stated currently issued debt service that drops off after the third year creates additional capacity for new within the model. Mr. Carter explained how future bond issuance can be added.

(Base Model – Initial Projects)

		Revenues			Expenditures											
FY Ending	Value of 1¢ (\$)	Debt Service Resources	Total Revenue	Currently Issued Debt Service	\$11.4M Takeout of 2017 CIP Projects	\$22.5M 2020 Various Projects	\$48M 2020 Grays Creek USDA	\$35M 2021 Admin & Courthouse	\$50M 2023 Performing Arts	Excess School Lottery & Sales Tax	Pay-Go Projects	Total Debt Service & Pay-Go (\$)	Total Debt Service (¢)	Dedicated Capital Investment Fund (\$)	Capital Fund Used (\$)	
June-18	\$ 2,232,571	\$ 33,603,023	\$ 33,603,023	\$ 22,111,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,369,000	\$ 33,480,232	\$ 0.150	\$ 8,725,338	\$ -	
June-19	\$ 2,254,897	\$ 33,709,239	\$ 33,709,239	\$ 18,397,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,798,923	\$ 31,196,880	\$ 0.138	\$ 11,237,698	\$ -	
June-20	\$ 2,277,446	\$ 33,842,467	\$ 33,842,467	\$ 13,633,693	\$ 211,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,994,500	\$ 26,839,908	\$ 0.118	\$ 18,240,257	\$ -	
June-21	\$ 2,300,220	\$ 33,977,390	\$ 33,977,390	\$ 12,379,044	\$ 2,052,001	\$ 2,250,000	\$ 3,120,000	\$ -	\$ -	\$ 201,216	\$ 12,232,921	\$ 32,235,182	\$ 0.140	\$ 19,982,465	\$ -	
June-22	\$ 2,323,222	\$ 34,108,926	\$ 34,108,926	\$ 10,244,946	\$ 1,986,858	\$ 2,193,750	\$ 3,072,000	\$ 3,500,000	\$ -	\$ 2,195,862	\$ 14,542,154	\$ 37,735,570	\$ 0.162	\$ 16,355,822	\$ 3,626,643	
June-23	\$ 2,346,455	\$ 34,243,613	\$ 34,243,613	\$ 9,631,729	\$ 1,921,715	\$ 2,137,500	\$ 3,024,000	\$ 3,412,500	\$ -	\$ 2,642,496	\$ 12,958,778	\$ 35,728,718	\$ 0.152	\$ 14,870,718	\$ 1,485,104	
June-24	\$ 2,369,919	\$ 34,423,368	\$ 34,423,368	\$ 9,188,612	\$ 1,856,571	\$ 2,081,250	\$ 2,976,000	\$ 3,325,000	\$ 5,000,000	\$ 3,003,949	\$ 13,130,641	\$ 40,562,022	\$ 0.171	\$ 8,732,064	\$ 6,138,654	
June-25	\$ 2,393,618	\$ 34,559,512	\$ 34,559,512	\$ 6,899,455	\$ 1,791,428	\$ 2,025,000	\$ 2,928,000	\$ 3,237,500	\$ 4,875,000	\$ 3,154,735	\$ 13,254,947	\$ 38,166,066	\$ 0.159	\$ 5,125,510	\$ 3,606,553	
June-26	\$ 2,417,554	\$ 34,292,371	\$ 34,292,371	\$ 6,191,428	\$ 1,726,285	\$ 1,968,750	\$ 2,880,000	\$ 3,150,000	\$ 4,750,000	\$ 3,452,681	\$ 13,629,997	\$ 37,749,142	\$ 0.156	\$ 1,668,739	\$ 3,456,771	
June-27	\$ 2,441,730	\$ 33,635,027	\$ 33,635,027	\$ 3,495,375	\$ 1,661,142	\$ 1,912,500	\$ 2,832,000	\$ 3,062,500	\$ 4,625,000	\$ 5,343,974	\$ 13,755,797	\$ 36,688,288	\$ 0.150	\$ (1,384,522)	\$ 3,053,261	
June-28	\$ 2,466,147	\$ 33,748,694	\$ 33,748,694	\$ 3,336,125	\$ -	\$ 1,856,250	\$ 2,784,000	\$ 2,975,000	\$ 4,500,000	\$ 5,471,439	\$ 13,882,355	\$ 34,805,169	\$ 0.141	\$ (1,056,475)	\$ 1,056,475	
June-29	\$ 2,490,809	\$ 33,863,497	\$ 33,863,497	\$ 1,465,750	\$ -	\$ 1,800,000	\$ 2,736,000	\$ 2,887,500	\$ 4,375,000	\$ 6,375,085	\$ 14,259,678	\$ 33,899,013	\$ 0.136	\$ (35,516)	\$ 35,516	
June-30	\$ 2,515,717	\$ 33,979,449	\$ 33,979,449	\$ -	\$ -	\$ 1,743,750	\$ 2,688,000	\$ 2,800,000	\$ 4,250,000	\$ 7,415,317	\$ 14,387,775	\$ 33,284,843	\$ 0.132	\$ 694,606	\$ -	

School Capital Fund

\$ -
\$ -
\$ -
\$ 201,216
\$ 2,397,078
\$ 5,039,574
\$ 8,043,522
\$ 11,198,258
\$ 14,650,939
\$ 19,994,913
\$ 25,466,352
\$ 31,841,437
\$ 39,256,754

Questions and discussion followed about the January 2017 resolution for the Civil War Museum and funding for the same. Mr. Carter continued his review of the base model with initial projects.

Discussion turned to Gray’s Creek Water project, county-wide water and partnerships on water and other projects. Mr. Carter confirmed there are no partnerships reflected in the base model numbers and stated the model attempts to demonstrate projects that can be funded in the time

periods within the existing dedicated resources with the County taking 100% responsibility. Ms. Cannon stated although the base model has the County built in paying 100%, that has not relieved the County from seeking assistance from other parties. Mr. Carter stated the far-right column of the model shows the dedicated investment fund starting with the \$8.6 million and the fund balance building.

Mr. Carter noted the minor negative fund balances reflected in the model and stated between now and the next month or two, work will be needed to bring the fund balance back in to the policy level. Mr. Carter stated for the 2018 year, the total pay-go and debt service was the equivalent of 15 pennies on the tax rate. Mr. Carter stated it goes down as new capacity is created out of the pay off of debt and goes back up again as new debt service is issued. Mr. Carter explained the point is that if there was no dedicated fund established, the tax rate would be moving all around because there would be no fund balance to fill in the gaps. Mr. Carter stated the beauty of the model is that once resources are dedicated and project priorities are established, there is basically no need to back to the general fund for money.

Ms. Cannon asked the Board to consider whether it is willing to freeze what is already dedicated to debt service today so building the model can begin, which relates to building the FY2019 budget. In response to a question from Commissioner Keefe, Ms. Cannon stated what is being requested of the Board is to commit to move what is now being spent on pay-go and debt service out of the operating fund and into the CIF, and to do that annually even as debt is paid off. Ms. Cannon stated this will freeze that amount, so a fund balance can be built for other future projects. Ms. Cannon stated no additional amount is being requested, only a separation. Ms. Cannon stated included in the request is to move the \$1.5 million assignment for technology to the CIF for a total of \$8,725,338.

MOTION: Commissioner Keefe moved to accept the recommendation.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (5-0)

Commissioner Keefe stated as partnerships are established, and as additional revenue sources are identified, that money should be filtered into the CIF to pay for some of the projects. Mr. Carter stated that will all be part of the policy and demonstrates that as partnerships arise, it improves the County's capacity for other essential services and is not a bump to the general fund budget. Ms. Cannon stated based on the Board's action, staff will begin building the CIF by making the transfer. Ms. Cannon stated prior to the budget process, she would like to have another work session in April to lay out a policy document for the CIF. Consensus was for April 26 at 1:00 p.m. to review a recommended policy and take a further look at the projects. Questions and a brief discussion followed.

Mr. Carter provided highlights on moving forward and the next steps as outlined below.

Full implementation of CIF includes the following steps:

- Development of CIF financial policies.
- Develop capital project priorities, ranking them and setting preferred timing for each.
- Update the CIF financial model to reflect the project priorities.
- Develop the final CIF, reflecting County Commission priorities, within capacity provided by the CIF model projections.
- Adopt the CIF as part of 2019 budget.
- Perform periodic CIF model review and repeat this process annually.

Mr. Carter stated this new method, when implemented, will provide on-going information to county staff and County Commissioners and will be part of the annual budget capital planning.

There being no further business, the meeting adjourned at 10:45 a.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board