

CUMBERLAND COUNTY FINANCE COMMITTEE
FEBRUARY 4, 1999, 8:30 AM

Members

Present: Chairman H. Mac Tyson II
Commissioner Ed Melvin
Commissioner Billy King

Others: Commissioner Breeden Blackwell
Cliff Strassenburg, County Manager
James Martin, Deputy County Manager
Juanita Pilgrim, Asst. County Manager
Grainger Barrett, Senior Staff Attorney
Tom Miriello, Director, Mental Health
Hank Debnam, Mental Health
Don Herrera, Mental Health
Architects from the Shuller, Ferris, Johnson
& Lindstrom Firm
Tom Cooney, County Engineering
Department
Marsha Fogle, Clerk to the Board
Press

Chairman Tyson called the meeting to order and called on Commissioner Melvin to deliver the Invocation. Included in the Invocation was a prayer for Commissioner Warren's mother who is in the hospital. Chairman Tyson then welcomed Commissioner Breeden Blackwell to the meeting.

1. Approval of Minutes:

MOTION: Commissioner Melvin moved to approve.

SECOND: Commissioner King

VOTE: UNANIMOUS

2. Consideration of a Resolution Concerning Intent Regarding Winding Creek Capital Construction Project & Authorization for Reimbursement of Preliminary Expenditures (Requested by the County Manager's Office)

Mr. Johnson of the Shuller, Ferris, Johnson, Lindstrom Architectural Firm reviewed briefly the project. He stated we are currently in the second phase. They will take bids on the project the middle of March and will be able to start construction by the first of May. He said it would take 12 months to complete the project.

Ms. Pilgrim, Asst. County Manager, told the Committee that as a result of an inspection by the architects, problems have been noted concerning the windows and the skin of the building. It was originally decided that renovations to the interior would be completed and exterior renovations would be done at a later date. However, because of the disruption it would cause to the facility to do the exterior renovations and the cost factor, the Project Committee decided all of the

renovations should be done at the same time. Ms. Pilgrim noted that the total project cost will be 6 million dollars. Three million will be funded by COPS. She also noted there is a 5% contingency in the project. The COPS for this building will be tied into the package for the detention center (jail). Mental Health will provide the funding for this project. In addition to considering approval of the Reimbursement Resolution, she asked the Committee to approve amendment of the Architect's contract in the amount of \$225,340.

Commissioner King asked what would happen if the Mental Health Department could not make the debt service payments. The response was it would fall back on the County. It was noted Mental Health will make the payments from their fees. Commissioner King pointed out that it is only the County that can use the COPS. He asked if there was an understanding agreement with Mental Health about the payment of these COPS. Mr. Tom Miriello, Director Mental Health Department, noted the Mental Health Board had approved the financing of the building on January 6, 1999. The pay back is over a ten year period.

Commissioner Melvin stated that at the onset of this project the purchase of the building was \$2.8 million, now it's \$6 million. Ms. Pilgrim noted that Mental Health was aware that some renovations would need to be made to the building; however it was thought at that time it could be phased in over a period of time. Commissioner Melvin stated he would not have voted for the purchase had he realized it would cost this much. He asked why did the committee not know about all of the problems with this building. It was noted that the county was aware that the walls had to come out and there had to be more than one staircase. The appraisal on the building done by Tom Keith noted the building was in good shape considering the age of the building. Only after the architects got involved did we recognize that codes had not been met for the building. Since the building was occupied the County believed it was up to code. Commissioner Melvin asked who inspected the building to say it was all right. Mr. Strassenburg, County Manager, said it was inspected by our Inspections Department, Engineering Department and appropriate other county people. Problems noted during the County's inspection of the building were shared with the County Attorney. Mr. Yarborough reviewed the issues and determined the problems were in keeping with the age of the building. The final negotiations for the building were handled through the County's Legal Department. Mr. Strassenburg reiterated that the County had no reason to believe at the onset that the building was not up to code. It was believed that the window problems could be addressed at a later time. Once the architects looked at the building and pointed out the other problems, the Project Team determined that it would be more cost effective to do all of the renovations at one time. He said it makes sense to tie the project in with the jail COPS because jails are considered essential, there is very little default on the loan, and the interest rate is extremely attractive. All of these renovations will extend the life of the building and the location is excellent.

Commissioner Melvin expressed concern about whether we really know if \$6 million is the bottom line. Mr. Johnson, Architect, said it is the best estimate at this time. He also noted that on projects of this type, the change orders are generally no higher than 1% of the total construction cost. Commissioner Melvin noted there was an initial walk-through on February 13, 1997. He asked why it took so long for this information to get here. He noted mental health officials did not learn of the problems until January, 1998. Mr. Melvin asked Mr. Miriello how the Mental Health Board felt about taking on this additional debt. Mr. Miriello said it certainly adds more of a

burden but he did not think there were too many other options. Mr. Melvin noted it will cost more to renovate the building than it cost to buy it and the land. Mr. Strassenburg said if we had known it would cost this much, staff would not have brought it to the table for consideration.

Gordon Johnson, Architect, noted this is an unusual situation and that staff would not have recognized the problems turned up by the Architect's inspection of the building. He said this is an unfortunate situation, but it was not a mistake due to oversight.

Chairman Tyson noted that he had urged staff to take a close look at this building at the onset. He also noted there does not appear to be a contract for purchase signed by the county, but rather there is an executed option.

Commissioner Blackwell noted some of his concerns with this project. He noted there were no plans for the building so we had to pay for new plans. In addition, he said it appeared from his information that Mental Health had been left out of the loop. He also noted that at least four months before the purchase of the building the county was aware of some of the problems. He said the Mental Health Board was not notified of the problems until January 21, 1998. He said a mental health memo indicated there would be some modifications and minimal renovations. A letter from the architect dated November 1997, eluded to some extensive work that needed to be done. He said a professional told him yesterday that if we are going to do a shell we had better have a large contingency fund available. He said he was concerned there was not a full disclosure about the building. In addition he pointed out that another building looked at by Mental Health, the Omni, was as far as he knew, ready for occupancy. He also stated that just because this is Mental Health money does not make it any easier to accept. He asked how long can we continue the way we are going. He said there will be more cost and we don't know what that is because we haven't really got into the "guts" of the building. He said we have to determine if this is a money pit. Finally Mr. Blackwell said based on what he knows today, he would get out of this project now. He said he could not see pouring more money into a faulty building.

Chairman Tyson noted that in the appraisal on page 1 of the summary there was a notation there were wood joists. He asked the architect if that was in conformity. Mr. Johnson said it was not. Mr. Tyson said there should have been careful analysis on the front end of the project as opposed to after the fact. Mr. Tyson asked if the architect would utilize any of the existing glass in the building. Mr. Johnson said no except on the first floor of the building. Chairman Tyson pointed out this building looks very much like the design of the courthouse and he did not feel it is necessary to have this type design for office space. The architect noted that if he were to present a plan to a private entity, it would look just like this. Chairman Tyson asked about recycling the glass. The architect said it could be done, but the glass is old and has deteriorated and anyone buying it should be told that information.

Commissioner King said the mission of this committee is to look at the financing. He noted the County owns the building now and it does no good to debate about how it was purchased. He said hopefully we would learn something from our experience. He said the question is "where do we go from here". He said he believed a 42,000 square foot building for \$6 million is still not a bad deal.

Chairman Tyson said he would make the appraisal and other documents available to all commissioners.

MOTION: Commissioner Melvin moved to delay action for 30 days to see if we can get a more definite figure on what this project is going to cost.

SECOND: Commissioner King

DISCUSSION: It was pointed out that the only way to know the cost is to put the project out for bid. Commissioner Blackwell asked if we want to spend \$65 per square foot on this building or \$105 for a new one that is ready to go. Chairman Tyson asked Mr. Miriello if he would like to go forward with the project or back out. Mr. Miriello said he believed there really was only one option and that was to go forward. He noted this has already dragged on for a year and a half and he really needs more room. Commissioner Melvin asked about the PSI of the concrete and is the building structurally sound. The architect said he believed it was.

SUBSTITUTE

MOTION: Commissioner Melvin moved that the committee recommend to the Board of Commissioners that the project go to bid, that amendment for the architectural agreement be approved and that the Committee forward the Reimbursement Resolution to the Board of Commissioners without a recommendation.

SECOND: Commissioner King

VOTE: UNANIMOUS

Cliff Strassenburg, County Manager, said he would like to state for the record that staff did do exactly what was requested, they inspected the building. Mechanical, electrical, engineering and all of the right people were involved in the inspection. A consultant was not hired to do the inspection. The conclusion of those who inspected the building was that the condition was that in keeping with the age of the building. They did not think there was anything wrong out of the ordinary. In addition, Mr. Strassenburg said he did not know what other buildings had been considered by the Mental Health Department except the Omni. He said Mr. Miriello had not been invited to participate in the inspection because he had already done an inspection of the building and deemed it suitable and all right for his needs.

3. Consideration of Changes in Cash Management and Investment Policy (Requested by the Finance Department)

Amy Cannon, Finance Director, asked the Committee to consider some changes in the county's cash management and investment policy. A copy of the policy is attached to these minutes. Amendments are noted in bold and deletions are noted by line-through. The amendments fall under the administrative restrictions labeled C, D, & F (page 4 of the policy).

MOTION: Commissioner King moved to adopt the amendments to the Policy as recommended by the Finance Director.

SECOND: Commissioner Melvin

VOTE: UNANIMOUS

4. Other matters of concern

Chairman Tyson noted that staff was not quite ready to report on the unfilled jobs in the county, as they had been directed to do during the Retreat last weekend. He said they needed another day or two to update the list. He said this item could go on the February 15 agenda if the Board of Commissioners wanted it to.

MOTION: Commissioner King moved to adjourn.

Cliff Strassenburg said he would like to reconfirm what he will be telling department heads this morning relative to submission of their budgets for fiscal year 2000, i.e., everybody who receives county funding is subject to the cuts to include the Recreation Department.

In addition, Mr. Strassenburg asked if the cuts applied to the fire districts. It is assumed that it does.

SECOND: Commissioner Melvin

VOTE: UNANIMOUS

MEETING ADJOURNED: 10:05