

Penciling in Progress: Rustburg Middle School Renovation Project Timeline



EXCERPT 01/15/19 BOARD OF SUPERVISORS MEETING MINUTES

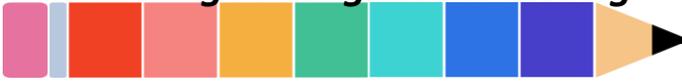
(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/01032019-229>)

//Administrator Rogers explained the Joint Committee had been discussing a building and renovation project for the Schools, and this would be discussed by both Boards at a joint meeting in February. He strongly encouraged setting aside funds for future landfill planning so the Board would not be limited in exercising any options available. Bedford County just approved a \$3 million broadband project, and setting aside \$500,000 for a broadband project over five (5) years would be close to the funds needed. In addition, staff was researching grant opportunities for the broadband project.

There were several questions and comments by the Board members.

- Reassessment - Supervisor Watts questioned the impact of the reassessment hearings by the Board of Equalization. Administrator Rogers predicted the conclusion of the hearings would not move the real estate values significantly.
- Retreat - To the question about the scheduling of a retreat, staff advised the retreat has been scheduled for January 31st at the Red Hill Convention and Event Center at 12 noon.
- School CIP - There was discussion regarding the School CIP project and the estimated \$65 million to fund that project. The County's Financial Advisor would be presenting information at the Joint Meeting with the School Board on February 19th to look at various options for borrowing and repayment of borrowed funds. Supervisor Good added \$65 million would not accomplish all the Schools would like to do which was to build a new Rustburg Middle, maintain William Campbell and make necessary system repairs. That number was based on the Schools adopted CIP with inflation and was a baseline for the project. To borrow \$65 million would cost the County \$1.7 million per year in debt service.

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EXCERPT 02/19/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/02192019-233>)

//Administrator Rogers advised the County's financial advisors would share with the Boards some of the work that focused on the School Capital Improvement Program (CIP). This was presented to the Joint Committee at its meeting last night. The Board of Supervisors had asked the Joint Committee to review the School CIP and in November 2018, the Joint Committee developed four options for review by the financial advisors. The four options were determined by reviewing the projects referenced in the 2015 adopted School CIP, adding a three (3%) percent inflation rate and adding a 10, 15 or 20 percent contingency cost depending on the project. The School CIP categorized projects as systems improvements, educational improvements and a category described as "other." The 2015 School CIP identified Rustburg Middle as the most critically needed facility and only included the costs for a new Rustburg Middle. The four options included varying degrees of replacement costs for Rustburg Middle. The costs were estimates only and would change as the scope of the projects was formalized.

David Rose and Roland Kooch of Davenport & Company, Richmond, Virginia, indicated its company was founded in 1863 and they had extensive experience working with local governments across Virginia and several other states. The information they would present was not a final product, but it was intended to be a tool to start a discussion of a capital improvement program for Campbell County. The four scenarios all included \$5 million in capital improvements for the County in addition to School improvements. Some of the financial information was presented using the value of a penny of real estate, which for Campbell County was \$441,000 per penny.

Mr. Rose first looked at the County's current debt profile to determine if the County was in a position to take on a debt program. At the end of FY 2018, the County had a little more than \$32 million in debt which would be paid in 10 years. Because of this, the County was well poised to look at a major capital program because it would be possible to layer in additional debt without raising the current debt service payments. The County was effectively paying three cents of every dollar in debt service. Mr. Rose spoke to the importance of creditworthiness which would impact the cost of borrowing and the County's debt capacity. The County currently did not have a credit rating, but would most likely rank in the AA category.....Before reviewing the four scenarios, Mr. Rose indicated staff asked them to determine if it would be in the County's best interests to borrow for the upcoming \$3.5 million HVAC project at Brookville Middle School or should the County pay cash for the project. After looking at interest rates and terms, it was recommended the County pay cash for that project... A summary comparison of the four (4) scenarios developed by the Joint Committee was presented. All four scenarios included \$5 million for County projects and all differed in the timing of the projects. The basis for all four scenarios is to pay off the debt in 20 years. Scenario 1 was the base scenario at approximately \$71 million to include \$23 million in renovations to Rustburg Middle and systems improvements at three of the high schools, but not William Campbell. Scenario 1 could be funded by setting aside \$1.75 million each year in addition to the current annual debt service payment. Scenario 2 at nearly \$93 million would include \$30 million in enhanced renovations to Rustburg Middle (system improvements and educational opportunities) and systems improvements at all four high schools. Scenario 2 could be funded by setting aside \$1.5 million in addition to the \$1.75 million increase in annual debt service. Scenario 3 at \$177 million would include a new



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Rustburg Middle, systems improvements and educational opportunities at all four high schools. Scenario 3 included significant future tax rate increases in addition to the \$1.75 million in annual debt service.

Scenario 4 at \$92 million would include a new Rustburg Middle and systems improvements at all the high schools except William Campbell. Like Scenario 2, Scenario 4 could be funded by setting aside \$1.5 million in addition to the \$1.75 million increase in annual debt service. Davenport & Company used a conservative approach to estimate the tax impact of each scenario. However, if the County chose to fund any costs upfront, generate additional revenue sources or obtain other financing opportunities, the impact would differ and minimize the potential equivalent tax impact overall. In addition, the timetable for projects could change which would also impact the costs and budget impacts.

Mr. Rose reiterated the scenarios were developed to start a discussion and the Boards may want to amend the scenarios as appropriate. Once the preferred scenario was selected, Davenport would develop a timetable to implement a plan of finance. This would include an analysis of available capital resources and development of a credit rating strategy. Mr. Rose assured the Boards Davenport would be aggressive to seek the best rates, but wanted to present the most conservative approach at this meeting.

There were some questions regarding the particulars of the different projects. Staff provided a spreadsheet showing a breakdown and the methodology to estimate the costs. Administrator Rogers recommended each of the Boards continue to have discussions on a capital improvement program and suggested the Joint Committee might be utilized as a working group to work through the various options and scenarios.

Administrator Rogers indicated the capital projects on the County side would include Public Safety space and radio system needs.

Dr. Miller thanked the Joint Committee for getting the ball rolling and was appreciative of the financial information by Davenport & Company. It clarified to him how a County finances a \$90 million capital improvement program, and he was encouraged that Campbell County had the ability to finance a project of nearly \$100 million with little impact to the tax rate. He looked forward to ironing out the details and suggested the School Board take another look at the schools' capital needs to determine the educational needs of the children over the next 20 or 30 years and to bring the best value to the citizens. Administrator Rogers clarified the scenarios used the value of a real estate penny to demonstrate the additional revenues needed in a given year, but the additional revenues could come from a variety of means, not just from tax increases. Supervisor Good was also thankful the County was in the financial position it was, but credited it to the financial discipline the Board had taken to balance the budget without raising taxes. He recommended the County proceed with caution assuming debt as it could impact the County's cash flow down the road when more needs arise. Over the last three years revenues had grown by approximately \$5 million due to prosperity, good economic times and the County being business friendly and practicing strong fiscal management. He would advocate for modesty in proceeding with a capital program and allocate the growth in revenues towards priorities. Supervisor Hardie commented that schools were an essential part of public services and they should be at a quality level. He looked forward to working with the School Board to provide those services to all of the areas of the County. Supervisor Borland thanked Mr. Rose and Mr. Kooch for their work in putting together the information in a way to make it understandable. Chairman Gunter and Chairman Brandt also thanked Mr. Rose and Mr. Kooch for the information. Chairman Gunter added that quality schools were important for the future of the County, and he wanted to make sure a high quality school system was available for all students. Supervisor Good reminded everyone the citizens would have an opportunity to weigh in on increasing County revenues with a vote on the Meals Tax Referendum on April 9th.



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EXCERPT 03/05/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/03052019-235>)

//.....In answer to a question by Supervisor Borland regarding the costs of the four scenarios, Supervisor Watts answered he would like to look more closely at the top priorities before committing to a 20-year plan. Supervisor Hardie agreed reflecting on the changes over the last 20 years and the escalating costs of construction. ... Administrator Rogers indicated the scenarios were a 20-year financing plan with projects on two-year increments. If approved, the Board would be committing to a basic plan and strategy. He predicted the School Board's #1 priority would be a new Rustburg Middle School and the cost would be based upon the bids received and the financing strategy adopted. Administrator Rogers indicated the Board would have to decide whether to pick one project and fund that project, or identify a funding mechanism and figure out how to maximize it.

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EXCERPT 04/09/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/04092019-244>)

//Chairman Gunter commented the Board had heard from constituents on the need for broadband in the County. Additionally, there were students that could not do their homework due to the lack of internet service. If the County followed the Bedford County model, developing a broadband network could cost upwards of \$3 million. Funding for broadband was not included in the proposed budget. Also the Board heard recently from the Director of Public Safety on the challenges to keep the radio system functional, and the Board has been discussing a priority list for School improvement projects. The County could not keep kicking those projects down the road, and the County needed to position itself to be able to address those issues. The citizens were depending on the Board to provide the services. He would not support a \$0.49 real estate tax rate. Supervisor Hogg agreed with Chairman Gunter recognizing that Rustburg Middle School just turned 100 years old, and she was also concerned about the radio system. In answer to a question by Supervisor Moore on the radio system, Administrator Rogers commented Mrs. Fairchild briefed the Board recently on the radio system so there would be no surprises. Staff had initiated preliminary conversations on replacing the radio equipment. Replacement of the equipment could cost more than \$3 million. If the County decided to join the regional system, that cost was estimated at \$1.2 million with an ongoing maintenance cost. The cost of a replacement stand-alone system had not yet been determined. Administrator Rogers reminded the Board in the prior meeting with the County financial advisors, \$5 million was included in the financing strategy for County projects.

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EXCERPT 04/24/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/04242019-247>)

The participants (with the exception of Supervisor Watts) convened at the Citizen Services Building parking lot in Rustburg, Virginia at 8:30 a.m. At that time, Dr. Johnson provided everyone with a packet of information on the individual schools for reference throughout the day. The group was divided into three vehicles and preceded to Rustburg High School. Supervisor Watts joined the group at Rustburg High School. The itinerary for the day included visits to Rustburg High School, Rustburg Middle School, William Campbell Combined School, Altavista Combined School, Brookville High School and Brookville Middle School. At each school, the School Principal and Mr. Jennings provided a tour of the facility. The tours included, but were not limited to the boiler rooms, school instructional spaces, gymnasiums and grounds. Throughout the tours, school staff noted challenges to include: aged mechanical systems, leaking windows and masonry, inflexible educational space, security concerns, lack of ability to accommodate technology, water and sewer system challenges, inadequate/under capacity back-up generators, painting, restroom remodeling, handicap accessibility accommodations, etc. Participants interjected questions throughout the discussion regarding the nature of facility needs and instructional challenges. Near the conclusion of the tour Dr. Johnson noted that dedicated capital funding would be required to address the significant projects. Prior to adjourning at 4:30 p.m., Dr. Johnson advised the group that he would be working with Chairman Brandt to schedule a visit to the newly constructed Liberty High School facility to afford School Board members and any Board of Supervisors members that may wish to join an opportunity to see and observe a recently completed facility.



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EXCERPT 05/07/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/05072019-248>)

//...Chairman Gunter commented on the poor condition of Rustburg Middle School and expressed his desire for the School Board to create a plan prioritizing areas that need to be fixed in the County schools.

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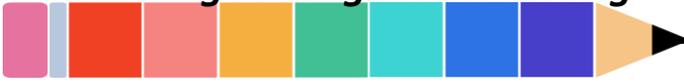


EXCERPT 05/21/19 BOARD OF SUPERVISORS MEETING MINUTES

Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/05212019-250>

//...Chairman Gunter commented that several of the Board members toured the County middle and high schools a few weeks ago and saw firsthand the improvements that were needed at the schools, especially Rustburg Middle School. Also, the Board had been discussing the need for broadband in the County. The Board needed to plan for these two projects in the future and pointed out that property values in the County only increased by six percent over the last eight years.

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EXCERPT 08/20/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/08202019-260>)

//UPDATED CAPITAL FUNDING SCENARIOS

At the February 20, 2019 work session with the School Board, the financial advisors presented a preliminary capital funding analysis based on the priorities identified in the 2015 adopted School Capital Improvement Program (CIP). The analysis included four (4) scenarios based on the School's CIP adding a three (3%) percent inflation rate and contingency costs. The 2015 School CIP identified Rustburg Middle as the most critically needed facility and included the costs for a new Rustburg Middle. Subsequent to that meeting, the School Board reviewed the priorities and at its June 17, 2019 School Board meeting confirmed its top priority was a full replacement of Rustburg Middle School. Mr. Rose indicated he was asked to prepare another analysis paring the four (4) scenarios down to two (2). Both of the scenarios include funding the County Projects and a new Rustburg Middle School in FY 2020, followed by upgrades to other schools in subsequent years. The difference was Scenario 1 did not include funding for upgrades to William Campbell High and Scenario 2 did include funding for upgrades to William Campbell High. Scenario 1 was estimated at \$91.5 million and Scenario 2 was estimated at \$106.3 million, but these were merely estimates and the final numbers would not be known until further in the process. The FY 2020 approved budget had \$1.75 million for debt service and assuming the Board budgeted \$1.75 million each year, Scenario 1 would not have an additional equivalent tax impact. Scenario 2 would have an equivalent tax impact even if \$1.75 million was budgeted each year. The amount of the impact would depend on the amount budgeted each year for debt service. The updated scenarios would provide the Board information to continue discussions on the plan of finance for capital projects. The County should be able to close on the interim financing in September, adopt the Financial Policy Guidelines in October and begin the process in late October/early November to obtain a credit rating. Mr. Rose indicated the Board would not have to decide now whether to move forward with Scenario 1 or Scenario 2, but would have to decide whether or not to move forward in FY 2020 with a new Rustburg Middle School. If approved, Davenport & Company would put together more specific details for a plan of finance.



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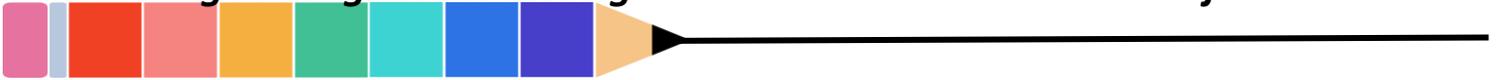
EXCERPT 09/03/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/09032019-262>)

//...In answer to questions by Supervisor Hogg on the reality of completing the projects over a period of two years, Administrator Rogers indicated staff knew the radio replacement project would take 18 to 24 months to install. It would come down to when the Board was ready to borrow money for a school project. That would be the time when the \$7.5 million would be rolled over into permanent financing for the school project. The two-year period would be aggressive. Supervisor Watts added if the projects were not completed within two years, the Board could look at revising the terms of the line of credit for additional time. Mr. Taylor indicated there would be several options available under that scenario including locking in the permanent financing for the radio project and seeking separate financing for the school project.

On motion of Supervisor Borland, it was resolved the Board of Supervisors adopts the following resolution, as amended: A RESOLUTION OF THE BOARD OF SUPERVISORS OF CAMPBELL COUNTY, VIRGINIA APPROVING A PLAN OF INTERIM FINANCING WITH THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF CAMPBELL, VIRGINIA, FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF PROPERTY IN THE COUNTY FOR CERTAIN COUNTY AND SCHOOL PROJECTS.

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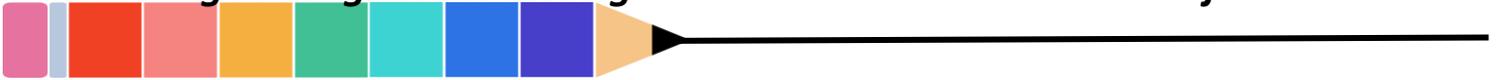


EXCERPT 09/17/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/09172019-264>)

//...At the conclusion of the meeting, Administrator Rogers provided a brief update on next steps for broadband, replacement of the radio system project and interim financing for the radio system and preliminary school construction costs.

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EXCERPT 10/01/19 BOARD OF SUPERVISORS MEETING MINUTES

(Meeting minutes available here: <http://www.campbellcountyva.gov/AgendaCenter/ViewFile/Minutes/10012019-266>)

//FINANCIAL POLICY GUIDELINES

At the Board's August 20th work session, representatives from Davenport, Inc., the County's Financial Advisor, distributed draft financial policies. Adopting financial policies was necessary to proceed with obtaining a credit rating from bonding agencies for favorable interest and lending terms for long-term financing. The draft policies as reviewed and edited were presented at this meeting for the Board's approval. Administrator Rogers pointed out the policy calls for an Unassigned Fund Balance that should be at a minimum 15% and up to 18% of the combined budgeted revenues of the County General Fund and the Campbell County School Operating Fund, net of the County's local share contribution to the School Operating Fund.

