

WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) REQUEST FORM

Date: 4/24/2024

Weekly Agenda Date: 4/30/2024

ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN: Supervisor J. Taylor

WORDING FOR AGENDA ITEM:

Dedicate a Specific Funding Source for \$177,000 for Cost of Insurance for the New LEC Maintenance Insurance Premium

ACTION REQUIRED:

Approve Ordinance

Approve Resolution

Approve Motion

Public Hearing

Other: Informational

Attachments

EXECUTIVE SUMMARY:

This agenda item contemplates a current unbudgeted \$177,000 expense for insurance. The lease makes clear the county owes this but that the LEC Authority engages the insurance provider: "Section 13.2 of the lease specifies that the County must pay to the Authority the costs of insurance secured by the Authority as "Additional Rent."

There are two options: dedicate reserve funding or reallocate current county funds from the FY 25 budget dedicated to an over-and-above repair expense (not operations) and rely on the plain language of the lease. (Please note: Nothing in this agenda item contemplates touching a dollar of the Maintenance Funds which will receive the day after 4-30-24 meeting another \$200,00 from property tax dollars and carry a balance of \$1.4 million.)

From our 4-23-24 meeting, it seemed no reduction or reallocation was convincing to the majority, which I respectfully disagree with even while respecting each of my fellow supervisors and their respective rationale. Either way, a funding allocation must be specified and having had substantial debate, I plan to simply read the Executive Summary and make the following two motions in respective order.

BACKGROUND:

The Law Enforcement Center has exceeded \$70 million with several expenses not yet addressed, e.g. \$210,000 of an unbilled 28th Street Project, a rapidly depleted Miscellaneous Fund, and costs that may very well exceed \$72 million. Over 20 years time, an annual \$400,000 in property taxpayer dollars will yield \$8 million. Over that same period, the county we have now learned will pay \$1.6 million more in insurance over 20 years than it is currently paying in the old facility.

Setting a precedent of the county paying for repairs to a building that it is already taxing for in a maintenance fund for is doubly taxing for a building that will cost from all sources of revenue in excess of \$80 million (\$50.3 million bond, ARPA, one time F&E, interest, etc.). While there are understandable factors outside of the Board's control, e.g. supply-chain/demand issues, rising costs, incurred damages, etc., how much money the BOS keeps on allocating for funding that is already there is within our control. How we engage and proactively respond to longstanding issues is certainly within our control.

While it is our hope that the eventually opened building will pay the bond payments off in revenue, the two amounts alone (\$400,000 from the maintenance fund and \$170,000 in repairs) represent over 25% of the \$2.2 million tax asking increase for FY 25.

In trying to resolve these issues, we were asked to turn in our philosophy of a list of over 20 items that were "Operational" and "Maintenance." I did so. We have yet to discuss as a Board how these provisions or this exercise mattered or to discuss.

FINANCIAL IMPACT:

\$7,000 from reserves should funding be reallocated from the FY 25 budget

\$177,000 from reserves should funding not be reallocated from the FY 25 budget

IF THERE IS A CONTRACT INVOLVED IN THE AGENDA ITEM, HAS THE CONTRACT BEEN SUBMITTED AT LEAST ONE WEEK PRIOR AND ANSWERED WITH A REVIEW BY THE COUNTY ATTORNEY'S OFFICE?

Yes No

RECOMMENDATION:

Reallocate \$170,000 from the county's over-and-above contributions to repairs and maintenance not specified in the lease obligated as a "Maintenance Fund contribution" and \$7,000 in reserves to pay for the insurance premium. (Should the aforementioned motion not carry, then...)

Dedicate \$177,000 in reserve funding to pay for the premium.

ACTION REQUIRED / PROPOSED MOTION:

Reallocate \$170,000 from the county's over-and-above contributions to repairs and maintenance not specified in the lease obligated as a "Maintenance Fund contribution" and \$7,000 in reserves to pay for the insurance premium. (Should the aforementioned motion not carry, then...)

Dedicate \$177,000 in reserve funding to pay for the premium.