



## REQUEST FOR BOARD ACTION

ITEM NO. 6.

**DATE OF MEETING:** January 19, 2010

**REQUESTED BY:** Commissioner F.D. Rivenbark

**SHORT TITLE:** Resolution Supporting New Facility and Financing Plan for the Southeastern Center for Mental Health, Developmental Disabilities & Substance Abuse Services (SECMH)

**BACKGROUND:** SECMH is planning to undertake construction of a new facility in New Hanover County. Several years ago \$5 million dollars was set aside for a new facility. In the past year or two, \$2 million of the funds were used to offset operating losses, leaving \$3 million currently on hand. New Hanover County and the SECMH Board are seeking the support of the Board of Commissioners of each County (Pender, New Hanover and Brunswick) to move forward with construction of the new facility. The proposal is to construct a 20,000 sq. ft. facility at an estimated cost of \$5,781,640. The cost will be financed for 20 years, at a proposed interest rate of 4.5% or better. The annual debt service for 20 years at 4.5% is \$490,274 based on the financial model proposed. The proposal is to use the \$3 million on hand (New Hanover County is holding on behalf of SECMH) to make the debt service payments until those funds are exhausted (expected to be in 2020 based on their financing model). When these funds are exhausted, the three counties will agree to support the debt service by appropriating a pro-rata share of the payments annually until the debt service is retired. According to the NH County Finance Office, the prorata shares are: Pender-7% (\$34,320 annually); Brunswick-24% (\$117,665 annually); New Hanover-69% (\$338,289).

A written Memorandum of Agreement will be prepared for subsequent approval by each County.

Chris Coudriet, New Hanover County Assistant County Manager, is facilitating the project and has a short powerpoint presentation summarizing the project. Mr. Foster Norman is also present for comment as needed.

**SPECIFIC ACTION REQUESTED:** To consider a resolution supporting the SECMH Board's proposal to construct a new facility in New Hanover County; to use the \$3 million on hand to fund debt service payments; and to make annual appropriations based on the agreed upon pro-rata shares of each County for debt service payments once the initial funds are exhausted, until the debt service is retired.

**COUNTY MANAGER'S RECOMMENDATION**

Respectfully recommend approval.

*RS*

Initial

**RESOLUTION**

**NOW, THEREFORE BE IT RESOLVED** by the Pender County Board of Commissioners that:

the SECMH proposal to construct a new facility in New Hanover County; to use the \$3 million on hand to fund debt service payments; and to make annual appropriations based on the agreed upon pro-rata shares of each County for debt service payments once the initial funds are exhausted, until the debt service is retired, is hereby supported. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

**AMENDMENTS:**

MOVED \_\_\_\_\_ SECONDED \_\_\_\_\_

APPROVED \_\_\_\_\_ DENIED \_\_\_\_\_ UNANIMOUS

YEA VOTES: Tate \_\_\_ Blanchard \_\_\_ Brown \_\_\_ Rivenbark \_\_\_ Williams \_\_\_

\_\_\_\_\_  
Jimmy T. Tate, Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
ATTEST

\_\_\_\_\_  
Date

# **Southeastern Center Facility Construction Project**

**A Smart Plan for Mental Health in the Cape  
Fear Region**

**Chris Coudriet and Avril Pinder  
Assistant County Manager and Finance Director**



**County Manager's Office  
New Hanover County**

**January 19, 2010**

# **New Hanover County Objectives**

1. Outline parameters for constructing a Southeastern Center administrative complex
2. Secure Pender County consent for moving forward



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# Looking Back: 2008 Plan

1. Construct a 40,000 square foot facility for Southeastern Center
2. Fund construction with \$5 million facility fund balance and New Hanover County debt obligations
3. Construct facility on 12.72 acres held by New Hanover County



# Looking Forward: 2010 Plan

1. Construct 20,000 square foot administrative complex
2. Partial funding with remaining \$3 million facility fund balance
3. Funding partnership between Brunswick, Pender, and New Hanover counties



# What's the Cost and Impact

1. \$5.78 million project estimate
2. \$490,274 annual debt service estimate for 20 years
3. County general fund obligations in 2020
  - New Hanover at \$338,289 (69 percent)
  - Brunswick at \$117,665 (24 percent)
  - Pender at \$34,320 (7 percent)



# Financial Assumptions

1. Borrow full cost at 4.5 percent over 20 years
2. Invest \$3 million facility fund balance held by  
New Hanover County
3. Sell 2 acres of parent tract at \$250,000 per  
acre



# Project Timeline Estimation

1. Design, Development, and Construction Documents – February 2010 thru July 2010
2. Bidding – August 2010
3. Construction – September 2010 thru July 2011 (230 days)



# Cape Fear Region Benefits

1. Solidifies administrative relevance for Southeastern Center as Local Management Entities continue to merge
2. Creates meaningful construction jobs for the region during tough economic times
3. Guarantees a favorable bid climate
4. Helps sustain the \$26.5 million mental health service impact on the region



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# **New Hanover County Request**

Pender County agrees to partner with New Hanover and Brunswick counties and Southeastern Center in the construction of a 20,000 square foot mental health administrative complex on 12.72 acres held by New Hanover County for the benefit of Southeastern Center



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