

Giles County Courthouse Restoration

The Courthouse Bond: Objections & Responses



Since the Commission voted to proceed with the courthouse restoration, various objections have circulated publicly, including a campaign-driven call for me to veto their decision.

Let me be clear about the decision process: Over the last year, the Commission was presented with three distinct options for courthouse renovation, ranging from \$5.1M to \$13.3M, along with a detailed analysis of the pros, cons, and long-term implications of each option (see Decision Paper dated October 7, 2024). After exhaustive committee reviews, weighing the technical assessments, cost comparisons, and long-term considerations, the Commission opted for the \$8.5M package (Option 2).

I support their decision.

The veto authority is a governance safeguard, not a political instrument. It exists to temporarily stall an ill-considered action — not to overturn a thoroughly debated majority decision reached after years of Commission scrutiny. Its use here would be inappropriate.

I also have a responsibility to provide the public with fact-based information so they can evaluate Commission decisions without the distortion of campaign rhetoric. If constituents disagree with how the Commission voted, the remedy is found at the ballot box.

What follows are the facts.

Objection 1: "We can't afford \$8.5M when we have other needs (Sheriff's A/C, ambulance service, highway department, etc.)"

Response:

We can afford this project because it is financed through an existing capital fund supported by sales tax revenue — not property tax and not the annual operating budget that pays for deputies, roads, or emergency services.

The Sheriff's A/C units have yet to be investigated; this is why I have argued for a Facility Management Plan, which the Commission twice rejected. The replacement date and cost are currently unknown.

The EMS remounts and highway needs are legitimate capital expenses, but they are significantly smaller in scale than the courthouse project and do not require financing.

Recurring capital costs must be covered by recurring revenues—a point explained in prior issue papers, and a point all Commissioners know.

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These are not competing priorities. The \$8.5M courthouse bond has an annual debt service of approximately \$604,000 from Fund 189, **which is funded by sales tax revenue, not property tax.**

Fund 189 receives approximately \$1M annually in recurring sales tax revenue. The courthouse bond uses approximately \$604,000 of that capacity, leaving roughly \$400,000 per year available for other capital projects and/or bonding.

This fund is designated for debt service and capital projects. The courthouse bond uses only part of its available capacity.

The choice is not courthouse vs. other capital needs. The choice is: fix the courthouse now in a systematic way, or pay significantly more for it later.

Objection 2: "We should do the \$5.1M option to save money."

Response:

The \$5.1M option (Option 3) doesn't save \$3.5M — it guarantees we'll spend more than \$3.5M fixing these same problems later.

Specifically, the \$5.1M plan:

- Spends \$1.7M replacing HVAC equipment but does not address the attic heat buildup that shortens equipment lifespan (Item 16)
- Leaves the existing plumbing system in place, ensuring continued incremental failures (Item 11)
- Leaves hazardous materials in place where not directly impacted by construction (Item 17)
- Does not address building code compliance, fire/smoke separations, or full accessibility requirements

With the lesser option, the County would face premature HVAC replacement due to attic conditions, emergency plumbing repairs as original pipes fail, and accumulated deferred maintenance — all at crisis rates with construction costs accelerating at 4–5% each year.

The engineering analysis concludes that Option 3 addresses immediate critical needs but does not solve the underlying building systems failures. It trades short-term savings for long-term costs.

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Objection 3: "The \$5M in interest over 20 years is too much."

Response:

That figure is inaccurate. **The bond interest is approximately \$3.6M — *not* \$5M.** Meanwhile:

- Construction cost inflation: ~4–5% annually
- County cash reserves earning: ~3.8%

Construction inflation runs 4–5%, while bonding costs approximately 3.3% and our cash continues earning approximately 3.8%. Delaying effectively finances the project at a higher rate.

The \$3.6M in interest equals about \$180,000 per year to prevent a multimillion-dollar emergency within the next decade. That is prudent financial management.

Objection 4: "We just paid \$6.6M for TACN over 3 years; we can't afford more debt."

Response:

We can afford both. TACN was *cash-flowed* at \$2.2M per year for three years. That project is addressing critical communication dead zones and came in favorably with state assistance.

The courthouse bond would cost \$604,000 per year — 73% less annual impact than TACN — over 20 years, paid from Fund 189 (sales tax revenue), not property tax.

The County has capacity in Fund 189 to service approximately \$14M in debt. The \$8.5M courthouse bond is well within that capacity.

Objection 5: "This decision will require future tax increases."

Response:

That is not accurate. The courthouse bond does not require any tax increase. Fund 189 generates approximately \$1M annually. The \$604,000 annual debt service uses existing capacity within that fund.

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The courthouse is infrastructure, not a service. It is a one-time capital investment financed through existing debt capacity in Fund 189, **which is funded by sales tax revenue, not property tax.**

The wheel tax referendum is a separate question altogether. It addresses operating revenue for ongoing services (deputies, roads, emergency services) — not capital infrastructure. Conflating these two issues misleads constituents:

- **Capital:** Bond for large infrastructure (courthouse) using Fund 189 (sales tax revenue)
- **Operating:** Let voters decide service levels and corresponding revenue via wheel tax referendum

Postponing or reducing the courthouse project doesn't improve the annual budget shortfall. It simply ensures we'll face both problems at once — a more expensive renovation project along with insufficient funding for services.

Objection 6: "Revenue is revenue. We should use whatever funds we have to cover other shortfalls."

Response: *(See also Objections 1 and 5 above.)*

No. That approach creates structural deficits, not solutions.

While all county revenue ultimately flows into the same treasury, **responsible budgeting requires aligning revenue type with expenditure type. Recurring operating expenses must be supported by recurring operating revenue.**

Fund 189 uses a recurring sales tax stream specifically structured to support capital projects. **Using it to temporarily plug operating shortfalls would merely create a structural deficit the following year** — the operating gap remains, but the one-time money is gone.

Counties get into financial trouble when they use capital-designated funds to solve ongoing operating problems, which Giles County has done repeatedly over the years. That approach delays hard decisions but does not eliminate them. It also eliminates the capacity to address infrastructure needs, leading to the deferred maintenance crisis we're now addressing.

The courthouse bond uses designated capital capacity for its intended purpose. Operating revenue questions must be addressed directly and transparently through the budget process — not by raiding capital funds.

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Conclusion

The objections reflect reasonable public concerns. However, they rest on a misunderstanding of how capital and operating budgets function and how deferring infrastructure investment creates larger, more expensive emergencies. **Commissioners have been repeatedly briefed on the distinction between capital and operating funds. Continuing to blur that distinction misleads the public.**

The \$8.5M option (Option 2), funded by the Commission on 17 Feb 26:

- Bonds at approximately 3.3% while construction inflates 4–5% annually
- Costs \$604,000 per year
- Prevents a significantly larger emergency expense within the next decade
- Uses existing debt capacity without impacting other capital needs

If future operating shortfalls arise, they must be addressed through responsible budget adjustments — not by diverting long-term capital reserves intended to maintain county infrastructure.

Counties either maintain critical infrastructure deliberately or pay for failure later at crisis rates. This decision reflects long-term stewardship rather than a return to reactive, crisis-driven governance.

v/r,

A handwritten signature in blue ink, appearing to read "G. S. Stowe".

G. S. Stowe
County Executive