



CITY OF HARRISONBURG
**FINANCE
& PURCHASING**

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TO: Eric D. Campbell, City Manager
FROM: Larry L. Propst, Director of Finance
DATE: June 15, 2020
RE: Reallocation of Funds – Bank Loan

Summary: Consider a reallocation of funds related to the new high school construction.

Background: Due to the COVID-19 pandemic, the city suspended the construction on the new high school for up to one year. The city subsequently did not borrow construction funds through a planned March 2020 public bond offering. A portion of this bond issue was intended to reimburse the city for construction costs already funded using city reserves.

Key Issues: To-date the city has committed in excess \$12 million to the project with the most recent appropriation of \$2.5 million approved by City Council at its May 12, 2020 meeting. If the project had continued, these outlays would have been reimbursed through the planned public bond offering and the recent \$2.5 million appropriation would not have been necessary. In addition to the \$2.3 million appropriation from a bank loan at the June 9, 2020 meeting for the purchase of the former Panos property, the city would borrow an additional \$11.2 million through the same bank loan to reimburse itself for these project costs. Staff believes it is in the city's best interest to replenish its reserves during this time of uncertainty in the city's revenue collections brought on by the COVID-19 pandemic.

Environmental Impact: None

Fiscal Impact: Various funds will be impacted by this reallocation.

Prior Actions: City Council approved a Bond Resolution at its February 11, 2020 meeting.

Alternatives: None.

Community Engagement: None.

Recommendation: Staff recommends approval of the reallocation.

Attachments: Reallocation of Budgeted Funds.

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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