



CITY OF HARRISONBURG
**FINANCE
& PURCHASING**

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TO: Eric D. Campbell, City Manager
FROM: Larry L. Propst, Director of Finance
DATE: June 1, 2020
RE: Supplemental Appropriation – Land Purchase

Summary: Consider a supplemental appropriation in the amount of \$2,300,000 for the General Capital Projects Fund.

Background: As part of the new high school construction, the city entered into a real estate purchase agreement to purchase the former Panos property on South Main Street. The city intends to use a portion of the street frontage of the property for the entrance to the new high school and then subsequently sell the residual of the property.

Key Issues: The agreement essentially requires the city to purchase the property by June 30, 2020. Funding will be provided through a bank loan. Due to the COVID-19 pandemic and the delay in the continued construction of the new high school, the city did not move forward with a planned March 2020 bond issue that would have financed the new high school construction and the purchase of the Panos property. Subsequently, staff determined obtaining a bank loan to finance this purchase was in the best interest of the city. This method of financing was authorized through approval by City Council of a Bond Resolution.

Environmental Impact: None

Fiscal Impact: The total city budget will increase by \$2,300,000. The General Capital Projects Fund will increase \$2,300,000.

Prior Actions: City Council approved the Real Estate Purchase Agreement at its January 28, 2020 meeting and approved a Bond Resolution at its February 11, 2020 meeting.

Alternatives: None.

Community Engagement: None.

Recommendation: Staff recommends approval of the supplemental appropriation.

Attachments: Supplemental Appropriation.

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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