



City of Harrisonburg, Virginia

Department of Finance

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TO: Kurt Hodgen, City Manager
FROM: Larry Propst, Director of Finance
DATE: April 4, 2016
RE: Supplemental Appropriation/Loan – School Construction Budget

Summary: Due to the delay in the bond issuance, the Harrisonburg City School division is requesting a supplemental appropriation through loans from the General Fund and School Operating Fund on an interim basis for (i) Architect and Engineering (A&E) costs associated with Bluestone Elementary School and Elon Rhodes Early Learning Center, (ii) construction costs associated with Bluestone Elementary School, and (iii) construction costs associated with the Thomas Harrison Middle School HVAC replacement. The school division is requesting up to \$2.1 million with \$1.5 million from the City's General Fund and \$600,000 from the School Operating Fund as a short-term funding solution until permanent financing is established through the issuance of bonds.

Background: Due to the delay in the bond issuance, the School Board is in need of short-term funding as it continues to incur costs for A&E and begins to incur construction costs associated with the abovementioned projects that have been approved by the Harrisonburg City School Board and Harrisonburg City Council.

Key Issues: This supplemental appropriation will cover costs associated with school construction projects through fiscal year 2016 or until the bonds are appropriated. The supplemental appropriation would be made through short-term loans. Advances will be made to the School Capital Projects Fund as invoices are paid. After the anticipated bond issuance is appropriated, these funds will be returned.

Environmental Impact: None

Fiscal Impact: This supplemental appropriation will increase the School Construction Capital Projects Fun by \$2.1 million.

Prior Actions: City Council approved a resolution granting consent to the Harrisonburg City School Board to contract to expend money in excess of funds available for school purposes at its March 22, 2016 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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