



City of Harrisonburg, Virginia

Department of Finance

409 South Main Street
Harrisonburg, VA 22801
(540) 432-7702 / FAX (540) 432-7779

TO: Eric D. Campbell, City Manager
FROM: Larry L. Propst, Director of Finance
DATE: June 3, 2019
RE: Public Hearing – Community Service Board VRA Bond Issue

Summary: Consider the issuance of a general obligation bond up to \$8 million to partially finance the Harrisonburg-Rockingham Community Services Board (CSB) project.

Background: The city is required by the Code of Virginia to hold a public hearing in advance of the issuance of debt. City Council previously was presented with information regarding the CSB project to construct a new facility at its North Main Street site and construct an addition to its East Washington Street site.

Key Issues: In cooperation with Rockingham County (County) and the CSB, staff has determined that the most cost-efficient and best approach to obtaining long-term financing for the CSB project is to participate in the Virginia Resources Authority (VRA) summer bond sale. The City will issue one-half of the required construction funds needed for the project with the County issuing the remaining one-half. The CSB has agreed to share one-third of the costs of the debt service with the City and County. Although the public hearing and resolution states up to \$8 million, it is anticipated that the amount to be borrowed will be less. VRA will tentatively sell the bonds on July 31 with closing tentatively scheduled for August 14.

Environmental Impact: None

Fiscal Impact: The annual net debt service beginning in Fiscal Year 2021 will be approximately \$375,000-\$415,000 each year depending on market rates of interest and the final amount borrowed. There will only be a half-year payment in Fiscal Year 2020 for which the City currently has \$250,000 included in the budget.

Prior Actions: None

Alternatives: Not approve the bond resolution.

Community Engagement: A public hearing notice was advertised in the Daily News-Record on May 28, 2019 and June 4, 2019.

Recommendation: Staff recommends approval of the resolution.

Attachments: Resolution, VRA Financing Agreement and Public Hearing Notice.

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.

###

The City With The Planned Future