

# Issue Analysis Form



**Date:** December 8, 2020  
Public Hearing Re-  
Appropriation of Future Bond  
Proceeds – \$4,150,000 New  
Walton Elementary School  
**Item:** Project  
School Administration /  
**Lead Department(s):** County Finance  
Lisa Pennycuff, Monique  
**Contact Person(s):** Barnes, Betsy Drewry

## Description and Current Status

Planning for a new Walton Elementary School is underway and construction is included as an approved Capital Improvement Project for FY2021 and as part of the Adopted FY2021 budget.

To date, \$1,000,000 has been appropriated for the New Walton Elementary School project, and incurred costs will soon exceed that amount.

A Spring 2021 borrowing is planned to accommodate this project, less fund balance appropriations already made.

A timeline and schedule of financial / cash needs by fiscal year is shown as **Attachment A**. Cash needs for FY2021 are estimated to total \$5,150,000.

The School Division has provided a written request for carryover of FY2020 unexpended "carryover" funds, and has requested that \$1,000,000 of those re-appropriated "carryover" funds go toward road and sewer improvements for new Walton Elementary School. An authority to advertise a public hearing for these "carryover" funds will be made on December 8, 2020, after the issuance of the FY2020 CAFR (Comprehensive Annual Financial Report / Audited Financial Statements).

**The net appropriation of future bond proceeds request for estimated A/E and construction costs is \$4,150,000 [\$5,150,000 - \$1,000,000].**

This budget amendment of \$4,150,000, if approved, requires a public hearing because the amount exceeds 1% of the adopted FY2021 budget (Adopted FY2021 budget = \$126,187,775; 1% = \$1,261,878). The Code of Virginia §15.2-2507 requires a public hearing for budget amendments exceeding 1% of the adopted fiscal plan.

On November 24, 2020 the Board of Supervisors authorized advertisement of a December 8, 2020 Public Hearing. The advertisement was published in the Sunday November 29, 2020 edition of *The Progress Index*.

See copy of advertisement as **Attachment B**.

**Board Action Requested:**

Following the public hearing:

- Approve appropriation of \$4,150,000 of future debt proceeds to the new Walton Elementary School CIP budget
- Adopt reimbursement resolution authorizing the County to reimburse itself for expenditures made when debt is issued in Spring 2021

Two resolutions are provided for board review and possible adoption; 1) appropriation resolution and 2) reimbursement resolution.

**Government Path**

- Does this require IDA action?  Yes  No
- Does this require BZA action?  Yes  No
- Does This require Planning Commission Action?  Yes  No
- Does this require Board of Supervisors action?  Yes  No
- Does this require a public hearing?  Yes  No
- If so, before what date? [at least 7 days prior to public hearing]; advertised November 29, 2020  Yes  No

**Fiscal Impact Statement**

Appropriation of future debt proceeds totaling \$4,150,000 will satisfy cash / financial needs for the project through June 30, 2021. The total estimated cost of new Walton Elementary School is \$32,954,151, plus an estimated \$1,700,000 for road and sewer improvements.

**The impact of debt repayment has been incorporated into the FY2021 budget through a General Fund contribution to capital / debt reserves of \$1,244,686, of which the largest component is new Walton Elementary.**

**County Impact**

Action makes available appropriations to satisfy project costs in advance of debt issuance in the spring of 2021. Adoption of a reimbursement resolution authorizes the County to reimburse itself for related expenditures when debt is issued in the spring of 2021.

**Notes**

	2019			2020			2021			2022			J A S O N D										
	J	A	S	O	N	D	J	F	M	A	M	J	J	F	M	A	M	J	J	A	S	O	N
Site Acquisition	[Yellow bar]																						
Design	[Blue bar]																						
Bidding				[Pink bar]																			
Construction							[Red bar]			[Red bar]													
Move in													[Yellow bar]										
<b>Building/Site Construction</b>																							
\$ 32,954,151				\$ 1,000,000			\$ 650,000			\$ 4,000,000			\$ 12,000,000			\$ 12,304,151			\$ 3,000,000				
<b>Off Site Road and Sewer Improvements</b>							\$ 70,000			\$ 430,000			\$ 500,000			\$ 500,000			\$ 200,000				
\$ 1,700,000				\$ 1,000,000			\$ 5,150,000			\$ 25,304,151			\$ 3,200,000										
<b>Fiscal Year Total</b>				\$ 1,000,000			\$ 5,150,000			\$ 25,304,151			\$ 3,200,000										

# Project Timeline and FY Financial Draws

**COUNTY OF PRINCE  
GEORGE  
NOTICE OF  
PUBLIC HEARING  
PROPOSED AMENDMENT  
TO FY21 BUDGET**

Notice is hereby given pursuant to § 15.2-2507, Code of Virginia (1950, as amended), that the Prince George County Board of Supervisors will conduct a public hearing for the purpose of receiving comments on a proposed amendment to the FY2020-21 Prince George County Annual Fiscal Plan (the "Budget") during its regular meeting of Tuesday, **December 8, 2020**, beginning at 7:30 p.m., in the Boardroom of the County Administration Building, Third Floor, 6602 Courts Drive, Prince George, Virginia. All interested citizens are invited to attend and participate in the public hearing.

The current FY2020-21 budget is \$126,187,775. The proposed budget amendment would add \$4,150,000 to the FY2020-21 budget toward completion of the following capital improvement project:

(i) New Walton Elementary School

A copy of materials related to the proposed budget amendment can be examined in the County Administration Department of the County Administration Building. The building is open from Monday - Friday, 8:30 AM - 5:00 PM. Any person requiring assistance to participate in the public hearing is asked to contact Teresa Knott at 722-8600 prior to the public hearing so that appropriate arrangements can be made.

By Authority of  
Percy C. Ashcraft, County  
Administrator  
COUNTY OF PRINCE  
GEORGE

# Public Hearing

December 8, 2020

Proposed FY2021 Budget Amendment of  
\$4,150,000 - New Walton Elementary School  
Capital Project; Spring 2021 Debt Proceeds)

# New Walton Elementary School

- o Construction of a New Walton Elementary School was included as an approved CIP project in the adopted FY2021 budget
- o Planning / Architectural and Engineering Services are underway
- o \$1,000,000 has been appropriated by the Board to date (General Fund, Fund Balance appropriation approved 10/22/2019; R-19-125)

# New Walton Elementary School

- o Planning / Architectural and Engineering Services costs will soon exceed the \$1,000,000 currently appropriated
- o Based on estimated project timeline and cash needs analysis, \$4,150,000 is needed in FY2021 to satisfy anticipated expenditures (net of \$1M anticipated school carryover request)

	2019				2020				2021				2022																
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
Site Acquisition	[Yellow bar]				[Blue bar]				[Pink bar]				[Red bar]				[Yellow bar]												
Design	[Blue bar]				[Pink bar]				[Red bar]				[Yellow bar]																
Bidding	[Blue bar]				[Pink bar]				[Red bar]				[Yellow bar]																
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<b>Building/Site Construction</b>																													
\$	1,000,000				650,000				4,000,000				12,000,000				12,304,151												
<b>Off Site Road and Sewer Improvements</b>																													
\$	70,000				430,000				500,000				500,000				200,000												
<b>Fiscal Year Total</b>	<b>\$ 1,000,000</b>				<b>\$ 5,150,000</b>				<b>\$ 25,304,151</b>				<b>\$ 3,200,000</b>																

Less \$1,000,000 "carryover request"  
 Appropriation Needed = \$4,150,000

# Public Hearing Advertised

- A public hearing is required when a budget amendment is more than 1% of the adopted budget (FY2021 Adopted budget = \$126,187,775; 1% = \$1,261,878)
- The Board authorized advertisement of a public hearing on November 24 for a FY2021 budget amendment of \$4,150,000 advertised
- Advertised in *The Progress Index*
  - November 29

## COUNTY OF PRINCE GEORGE NOTICE OF PUBLIC HEARING PROPOSED AMENDMENT TO FY21 BUDGET

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By Authority of  
Percy C. Ashcraft, County Administrator  
COUNTY OF PRINCE GEORGE



# IMPACT

- o There is **NO** need for a tax increase created by the issuance of spring 2021 bonds for approved CIP projects, including New Walton Elementary School
- o The impact of debt repayment has been incorporated into the FY2021 budget through a General Fund contribution to capital / debt reserves of \$1,244,686, of which the largest component is new Walton Elementary.

# Board Action Requested – December 8, 2020

Following public hearing:

- o Consideration and approval of a FY2021 Budget Amendment / Appropriation of \$4,150,000 with debt proceeds as funding source [draft resolution provided]
- o Consideration and approval of a reimbursement resolution authorizing the county to reimburse itself for project expenditures when debt is issued in the spring of 2021 [draft resolution provided]

Questions?

Board of Supervisors  
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 8<sup>th</sup> day of December, 2020:

<u>Present:</u>	<u>Vote:</u>
Donald R. Hunter, Chairman	
Alan R. Carmichael, Vice-Chairman	
Floyd M. Brown, Jr.	
Marlene J. Waymack	
T. J. Webb	

P-1

On motion of \_\_\_\_\_, seconded by \_\_\_\_\_, which carried unanimously, the following Resolution was adopted:

**RESOLUTION; BUDGET AMENDMENT AND APPROPRIATION (\$4,150,000 OF DEBT PROCEEDS TOWARD NEW WALTON ELEMENTARY SCHOOL)**

BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 8<sup>th</sup> day of December, 2020, does hereby authorize and appropriate the following increase of funds within the 2020-2021 Budget, such line items increased as follows, which monies shall be expended for purposes authorized and approved by the Board of Supervisors of the County of Prince George:

<u>FUND/ORGANIZATION</u>	<u>AMOUNT</u>
<b><u>Capital Improvement Fund (0311)</u></b>	
Revenues:	
0311-40-900-8115-341401                      Debt Proceeds	\$4,150,000
Expenditures:	
0311-06-208-3194-48240                      CIP – New Walton Elementary School	\$4,150,000

A Copy Teste:

\_\_\_\_\_  
Percy C. Ashcraft  
County Administrator

Board of Supervisors  
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 8<sup>th</sup> day of December, 2020:

Present:

Vote:

Donald R. Hunter, Chairman  
Alan R. Carmichael, Vice-Chairman  
Floyd M. Brown, Jr.  
Marlene J. Waymack  
T. J. Webb

P-1

On motion of \_\_\_\_\_, seconded by \_\_\_\_\_, which carried unanimously, the following Resolution was adopted:

RESOLUTION OF OFFICIAL INTENT TO REIMBURSE  
EXPENDITURES WITH PROCEEDS OF BONDS  
OR OTHER INDEBTEDNESS

WHEREAS, the Board of Supervisors (the "Board") of the County of Prince George, Virginia (the "County") has previously determined to undertake the construction of a new Walton Elementary School of which \$4,150,000 is needed in FY2021 toward architectural and engineering services;

WHEREAS, the Board currently expects that the cost of this portion of the Purchase, excluding the costs of the financing thereof, will be approximately \$4,150,000 (excluding non-debt funding sources);

WHEREAS, the Board currently expects to incur long-term indebtedness in an amount now estimated at \$4,150,000 to pay a portion of the costs of the Purchase, which indebtedness may take the form of tax-exempt bonds or other types of debt; the proceeds of such indebtedness may be used either for paying costs of the Purchase directly or for repaying other indebtedness previously incurred for the Purchase or for a combination of such purposes; and

WHEREAS, the County may also advance its own funds to pay expenditures relating to the Purchase (collectively, the "Expenditures") prior to receiving reimbursement for such Expenditures from the proceeds of tax-exempt bonds or taxable debt, or both;

THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County as follows:

1. The County intends to utilize the proceeds of tax-exempt bonds or notes (the “Bonds”) or to incur other debt to pay Purchase costs in an amount not currently expected to exceed \$4,150,000.
2. The County intends that the proceeds of the Bonds be used to pay or reimburse the County for the payment of Expenditures made after the date of this Resolution or made within 60 days prior to the date of this Resolution or Expenditures which are incurred for certain preliminary costs such as architectural, engineering, surveying, soil testing, bond issuance expenses and the like. The County reasonably expects on the date hereof that it will pay or reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. Each Expenditure will be, unless otherwise approved by bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, or (c) a nonrecurring item that is not customarily payable from current revenues.
4. The County intends to make a reimbursement allocation, which is a written allocation by the County that evidences the County’s use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Purchase is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The County recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, and certain de minimis amounts.
5. The Board intends that the adoption of this Resolution confirms the “official intent” of the County within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.
6. The County Administrator and other officers of the County are hereby authorized and directed to take such actions, in consultation with the County’s counsel, as may be necessary or desirable to implement the planning and structuring of the Bonds, including but not limited to negotiations with lenders or investment bankers for the Bonds, the selection of bond counsel to supervise the issuance of such Bonds and the engagement of such other professionals as may be necessary or desirable to assist the County in this process, but such officers shall not obligate the County on such Bonds without further approval by the Board.
7. This Resolution shall take effect immediately upon its passage.

A Copy Teste:

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Percy C. Ashcraft  
County Administrator