

Issue Analysis Form



Date: 02/23/2021
Item: School Capital Projects / Purchases – FY2021
Lead Department(s): School Administration, School Finance & County Finance
Contact Person(s): Dr. Lisa Pennycuff; Monique Barnes; Betsy Drewry

Description and Current Status

As part of the fiscal year 2021 adopted budget, the County included multiple school projects and purchases with debt issuance as the funding source. **Excluding new Walton Elementary School**, and the School Technology Infrastructure project which was approved in July of 2020, those projects and purchases total \$591,220, and are listed below.

- Generator for Prince George High School - \$179,220
- School Buses (4) - \$412,000

See **Attachment A** for an overview of each project, procurement and pricing.

The recommended source of funding is borrowing / bond issuance in the spring or summer of 2021.

Appropriation entry, if approved, is:

Revenues:		
0311-40-900-8115-341401 – CIP Fund Debt Proceeds		\$591,220
Expenditures:		
0311-06-208-3203-48101 CIP Fund – PGHS Generator		\$179,220
0311-06-208-3132-48105 CIP Fund – School Bus Replacements		\$412,000
TOTAL		\$591,220

Staff is requesting the board to authorize:

- Appropriation of funds through bond issuance in the spring or summer of 2021;
- A reimbursement resolution for future debt issuance.

Two resolutions are included in the board packet for consideration. One resolution approves the appropriation, the other is a reimbursement resolution which expresses the intent of the County to purchase vehicles and a generator now and reimburse themselves with bond proceeds issued later in 2021.

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? Yes No

Fiscal Impact Statement

The total cost for school projects / purchases being considered at this meeting is \$591,220. The issuance of this debt was considered in the General Fund transfer to capital / debt reserves included in the FY2021 budget adoption.

County Impact

Approval of the appropriation and corresponding reimbursement resolution will allow the school division to move forward with the purchases.

Notes

FY2021 Projects - Adopted Budget Scenario 3

Project Description	Category	Total Cost to Finance	FY Timing	To Board
New Walton Elementary School Design Phase	School	\$ 845,432	2021	
New Walton Elementary School	School	\$ 31,108,719	2021	
Prince George High School Generator	School	\$ 179,220	2021	February
Zoll X Series Monitors / Defibrillators	Public Safety	\$ 157,276	2021	August
Fleet Garage Bay Expansion	County	\$ 2,100,000	2021	A/E TBD
School Technology Infrastructure	School	\$ 328,000	2021	July
School Buses	School	\$ 412,000	2021	February
Police / County Vehicles	County / Public Safety	\$ 400,000	2021	August
		\$ 35,530,647		

Prince George County Public Schools – FY21 CIP

Description and Current Status – “Attachment A”

School Buses

Prince George County Public Schools has a fleet of 83 buses. A minimum of 60 buses are on the road daily, transporting students. 23 buses are used as spares and for parts. PGCPSS is required by State Code to inspect all buses at least once every 45 days. In 2010, the State modified the recommended replacement cycle from a 12-year cycle to a 15-year cycle. The Federal Highway Administration recommends school bus replacements at 15 years or 250,000 miles. The average miles driven by PGCPSS buses is 18,641 miles annually. At 15 years, the average mileage would be 279,615. The balanced replacement cycle provides for the purchase of 4 buses each year for 15 years.

Sonny Merryman will be the chosen vendor and is on the State of Virginia's contract list. The contract number is E194-73321-MA2058, and the vehicles are currently in stock. The total estimated cost for four (4) 77 passenger buses is \$412,000.

Prince George High School Generator

Currently, Prince George High School does not have an operating generator. The old generator operated the emergency lights only and currently, it is not functional and parts are no longer available. Prince George High School is currently scheduled to be the number 3 shelter, but, at this time, cannot be used as a shelter in any capacity. Currently, if power is lost, there are no emergency lights. The gym and auditorium have exit signs that will illuminate with tiny spotlights; otherwise, there are no exit signs in the building.

The generator will be purchased using either state contract or a cooperative contract if pricing is less than state contract pricing. The estimated cost is \$179,220 and the lead time for the generator is 12 weeks.

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 23rd day of February, 2021:

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

A-4

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

RESOLUTION; APPROPRIATION (\$591,220 SCHOOL CAPITAL PROJECTS AND PURCHASES)

BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 23rd day of February, 2021, does hereby authorize the following increase of funds within the 2020-2021 Budget, such line items increased as follows, which monies to 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>
Capital Improvement Fund (0311)	
<u>Expenditure:</u>	
0311-06-208-3203-48101 CIP – School PGHS Generator	\$179,220
0311-06-208-3132-48105 CIP – School Bus Replacements	\$412,000
 <u>Revenue:</u>	
0311-40-900-8115-341401 Debt Proceeds	\$591,220

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 23rd day of February, 2020:

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

A-4

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 purchase of 1) a generator for Prince George High School for \$179,220; and 2) Four School Buses for \$412,000;

WHEREAS, the Board currently expects that the cost of the Purchase, excluding the costs of the financing thereof, will be approximately \$591,220;

WHEREAS, the Board currently expects to incur long-term indebtedness in an amount now estimated at \$591,220 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 \$591,220.

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:

Percy C. Ashcraft
County Administrator