



CITY OF POQUOSON

Office of the City Manager
J. Randall Wheeler

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February 12, 2018

TO: City Council

THROUGH: Randy Wheeler, City Manager

FROM: Tonya O'Connell, Finance Director

SUBJECT: Budget Transfer Within Capital Project Funds for City Hall HVAC Project

At the City Council Work Session on October 10, 2017, members of Council were updated to the fact that one unit of the HVAC system at City Hall was no longer functioning and needed to be replaced. Since that meeting, two additional units have discontinued working. There are eight total units on top of City Hall and one of the units has previously been replaced. The remaining seven are over twenty years old and utilize a refrigerant (R22) that as of 2020 can no longer be manufactured or imported into the country. It is estimated that the cost to replace the remaining seven units will be \$350,000.

At your direction, Anne Payne explored the option of the State sponsored program through the Department of Mines, Minerals and Energy which would have potential energy reduction cost savings that could be used to fund the upgrade to the HVAC system. After exploring the option, we found that this program is not a viable solution and therefore we must move forward with replacing the units.

In the Capital Project Fund, we have funds available due to the June 2016 debt refinancing residual. The total funds available are \$73,000. Since these funds have a requirement to be spent on a qualified project within three years, the funds can be designated towards the cost of replacing three of the smaller units. The City Manager's Fiscal Year 2019 Recommended Budget will provide a strategy to fund the cost needed for the remaining units.

Attached for consideration is an Ordinance allocating undesignated funds from the debt refinancing to the replacement of the HVAC system at City Hall.

ORDINANCE NO. _____

**AN ORDINANCE ALLOCATING UNDESIGNATED FUNDS THROUGH
ADDITIONAL APPROPRIATIONS AND TRANSFERS FOR FISCAL YEAR 2017-2018**

WHEREAS, the City has budgeted undesignated capital project funds in the Capital Project Fund for FY 2018 from the debt refinancing of June 2016, and;

WHEREAS, a budget transfer will be completed in the Capital Project Fund to transfer the \$73,000 from undesignated capital project to the City Hall HVAC project;

NOW, THEREFORE, BE IT ORDAINED, by the Council of the City of Poquoson, Virginia:

Section 1: That a budgeted transfer in the Capital Project Fund within the Fiscal Year 2017-2018 Budget be approved as follows:

Capital Project Fund

Expenditures:

City Hall HVAC Project	\$73,000
Undesignated Capital Project	<u>(\$73,000)</u>
TOTAL	<u>\$0</u>

