CITY OF HARRISONBURG

August 26, 2025, City Council Meeting

Title

Consider Adoption of New Cost Basis for Bond Estimates — Matthew Huston, Community Development

Summary

Staff presented an updated bond cost estimate spreadsheet tool to City Council for adoption at the July 22, 2025, meeting. This spreadsheet tool allows a straightforward and consistent way of determining bond amounts for public infrastructure and erosion and stormwater management bonds. Council directed staff to reach out again to the development community for their comments as well as research the bonding practices of nearby jurisdictions. This report presents those findings. This report does not reiterate the analysis and information from the July 22, 2025, staff report. Staff present for adoption a revision to the bond cost estimate spreadsheet tool, correcting errors that were found during the outreach process.

Recommendation

1. Option 1. Adopt the new bond cost estimate spreadsheet as presented by staff.

Fiscal Impact

N/A

Context & Analysis

On May 15, 2025, staff sent a memorandum to its contact list of local engineers and developers who have submitted Engineered Comprehensive Site Plans with the City. The memorandum outlined the proposed changes to the bond cost estimate basis and included a copy of the spreadsheet containing the proposed new unit costs. Staff requested comments on the proposal to be submitted by June 13, 2025. No comments were received.

On August 4, 2024, staff sent a second memorandum to an expanded contact list of 137 engineers, developers, and contractors requesting comment on the proposal. This second request resulted in emails from seven respondents and phone calls from four respondents. The nature of the comments is summarized below, with more details to be found in the attached Public Outreach Report.

Comments can be distilled as follows:

- Rationale for increasing unit prices was understood.
- The presented unit prices generally appeared reasonable for today's construction market.
- There were concerns about the proposal affecting existing bonds or bonds put in place before the new spreadsheet is adopted.
- There were questions about the unit basis (cubic feet versus cubic yards, etc.).
- There were questions about how bond values are assigned after the cost estimate is done.
- There were concerns about increasing the cost of development, which works against efforts to improve housing affordability.
- There was a suggestion that the City accept surety between the developer and lender as adequate to protect the City's interests.

In addition, staff reached out to jurisdictional staff at the cities of Winchester, Waynesboro, Staunton, and Charlottesville and the counties of Augusta and Rockingham to learn about how they determine values for bonds. This outreach was supplemented by research of published ordinances and standards. The compiled information is tabulated in an attachment. While all jurisdictions require bonds both for public infrastructure and for erosion and stormwater management, methods of determining bond values vary. Some jurisdictions are actively revising or wishing to revise how they determine bond amounts.

Options

1. Adopt the new bond cost estimate spreadsheet as presented by staff.
2. Reject the new bond cost estimate spreadsheet and keep the current (2014) bond cost estimate spreadsheet.
3. Reject the new bond cost estimate spreadsheet as presented by staff and adopt a bond cost estimate spreadsheet with a different basis for escalating unit prices.

Attachments

1. Proposed New Bond Cost Estimate Spreadsheet dated August 2025
2. Memorandum to local engineers and developers "Bond Cost Estimate Spreadsheet Update" dated August 4, 2025
3. Public Outreach Report
4. Jurisdictional Comparison Table