

MEMO

Date: April 11, 2022

To: Matthew Strugis, Town Manager

From: John Quartararo, Finance Director

Re: Closeout of CIP Project 2002-5105 Spurwink School Parking Lot

CC: Debra Lane, Town Clerk

At the April 11, 2022 department head meeting there was discussion concerning the abandonment and closeout of the Spurwink School Parking Lot project (2002-5105). The decision to abandon this project is due to the cost of renovating the structure, which is in excess of \$1 million. Without the ability to utilize the building, there is no need for a parking lot adjoining the building.

This project is budgeted at \$100,000. JP Morgan Chase is providing the financing through the lease-purchase agreement. We have spent \$7,901.72 to date for engineering work. The financing agent will not reimburse us for the work completed to date if the project does not go forward therefore we will have to use our own funds for the YTD expenses.

In addition, we cannot redirect the financing to another project without prior approval of JP Morgan Chase. Since we have not discussed the reuse of the financing, we are not in a position to make that request, and there is no reasonable assurance that such a request would be approved. JP Morgan Chase would apply the unused portion of the financing to the outstanding balance.

I am requesting that the Town Council approve an order that closes out this project. Please include this item on the May Town Council agenda.

Suggested Council Order:

Town Council acknowledges that CIP Project 2002-5105 Spurwink School Parking Lot cannot go forward because of the cost of renovating the structure itself. Without a usable building, there is no need for a parking lot. The lease-purchase agreement with JP Morgan Chase financed this project. We cannot redirect that funding to another project, at this time. The Town Council therefore authorizes the closeout of this project with the YTD expenses paid by an appropriation from Unassigned Fund Balance.