

**RESOLUTION NO. 2022-63**

**RESOLUTION AUTHORIZING THE INTERFUND LOAN BETWEEN THE CAPITAL PROJECTS FUND AND THE WATER SYSTEM DEVELOPMENT CHARGES (SDC) FUND FROM THE PERIOD OF DECEMBER 1, 2022 THROUGH DECEMBER 1, 2025**

**WHEREAS**, the City of Forest Grove's Capital Projects Fund needs to borrow funds to pay for its portion of the costs for the Development Services Annex/City Hall Project as this Fund had previously loaned its cash to the City's Urban Renewal Agency (URA) in order for the URA to fund the Jesse Quinn Project;

**WHEREAS**, the loan for capital purposes of \$956,071 will be made from the Water System Development Charge Fund to the City's Capital Projects Fund so this fund can pay for its capital costs of the above referenced project; and

**WHEREAS**, the loan will be repaid over the repayment schedule of the URA loan to the Capital Projects Fund at the current Local Government Interest Pool (LGIP) rate of 2.50% which is slightly higher than the City's overall interest earnings rate. The repayment schedule, including interest, will be as follows: December 1, 2023 - \$342,592.10; December 1, 2024 - \$334,624.90; and December 1, 2025 - \$326,657.90; and

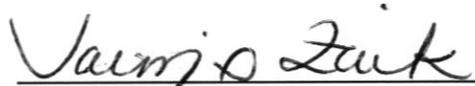
**WHEREAS**, the Water SDC Fund can loan the funds for this period based on its capital expenditures projections and the Capital Projects Fund is able to repay the loan.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:**

**Section 1.** Approve the interfund loan from the Water SDC Fund to the Capital Projects Fund in the amount of \$956,071 based on an interest rate of 2.50% and the above repayment schedule. Staff is directed to budget the loan repayments in accordance with Oregon Local Budget Law.

**Section 2.** This resolution is effective immediately upon enactment by the City Council.

**PRESENTED AND PASSED** this 14th day of November, 2022.

  
\_\_\_\_\_  
Jaime N. Zaik, Acting City Recorder

**APPROVED** by the Mayor this 14th day of November, 2022.

  
\_\_\_\_\_  
Peter B. Truax, Mayor



*A place where families and businesses thrive.*

<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	<u>F.3</u>
MEETING DATE:	<u>11.14.2022</u>
FINAL ACTION:	<u>RESO 2022-63</u>

**CITY COUNCIL STAFF REPORT**

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**TO:** *City Council*

**FROM:** *Jesse VanderZanden, City Manager*

**MEETING DATE:** *November 14, 2022*

**PROJECT TEAM:** *Paul Downey, Assistant City Manager/ Finance Director*

**SUBJECT TITLE:** *Interfund Loan for DSA/City Hall Remodel*

**ACTION REQUESTED:**

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ordinance	Order	X	Resolution	Motion	Informational

*X all that apply*

**BACKGROUND:** The City Council previously approved using Capital Projects Funds to help pay for the Development Services Annex/City Hall Remodel Project in the current fiscal year.

However, the Capital Projects Fund does not have the cash on hand to pay the full amount this year. The reason why is the Capital Projects Fund is owed approximately \$956,000 from the Urban Renewal Agency that was used to help fund the Jesse Quinn Project. The Council previously approved the loan agreement between the URA and the Capital Projects Fund. The URA has three remaining payments of approximately \$318,000 per year, through FY 25-26. The Capital Projects Fund does not have sufficient cash on hand this year to pay for the project expenses due to the outstanding loan to the URA.

To reconcile this cash flow issue, staff is proposing the Capital Projects Fund borrow funds from the Water SDC fund and repay the Water SDC fund over the same remaining payment schedule of the loan to the URA. In essence, instead of the URA payments going back to the Capital Projects Fund over the next three years, they would go to the Water SDC fund instead. The Water SDC Fund has ample available cash to make this short-term interfund loan. Staff is further proposing the loan be repaid with interest so the Water SDC Fund does not lose interest income.

**FISCAL IMPACT:** The Water SDC Fund will not lose interest income as the Capital Projects Fund is repaying the interfund loan with interest.

**STAFF RECOMMENDATION:** Staff recommends the City Council approve the attached resolution adopting the interfund loan between the Capital Projects Fund and the Water SDC Fund.

**ATTACHMENT(s):** Resolution Authorizing Interfund Loan