

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Resolution No. 366 Authorizing an Interfund Loan from the Surface Water Maintenance Fund to the General Fund for North Maintenance Facility Debt Service
DEPARTMENT:	Administrative Services
PRESENTED BY:	Robert Hartwig, Administrative Services Director
ACTION:	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The City purchased the North Maintenance Facility, formerly known as the Brugger's Bog Maintenance Facility, by issuing bonds in 2013. As part of that purchase the City decided that the Surface Water Maintenance Fund should make the debt service payments in the first several years. This creates an interfund loan between the Surface Water Fund and the General Fund. Resolution No. 366 authorizes a five year loan between the two funds.

RESOURCE/FINANCIAL IMPACT:

The interfund loan amount is expected to be approximately \$120,000 as of December 31, 2014. The resolution authorizes additional amounts of indebtedness, up to a total of \$600,000, through December 31, 2018. The General Fund will pay interest to the Surface Water Fund based on the weighted average interest rate earned by City investments. The initial interest rate is 0.22% (less than \$300 in 2014).

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 366 authorizing an Interfund Loan between the Surface Water Maintenance Fund and the General Fund in an amount not to exceed \$600,000 through December 31, 2018.

ATTACHMENTS:

Attachment A - Proposed Resolution No. 366

Approved By: City Manager _____ City Attorney _____

RESOLUTION NO. 366

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING AN INTERFUND LOAN TO THE GENERAL FUND FOR THE BRUGGER'S BOG MAINTENANCE FACILITY DEBT SERVICE IN AN AMOUNT NOT TO EXCEED \$600,000 WITH INTEREST CHARGES THROUGH DECEMBER 31, 2018.

WHEREAS, the City Council approved Ordinance No. 678 on November 25, 2013 adopting the 2014 Budget; and

WHEREAS, the 2014 Budget includes an appropriation for North (Brugger's Bog) Maintenance Facility debt service; and

WHEREAS, the Surface Water Maintenance Fund is paying the debt service for the first several years; and

WHEREAS, the General Fund would normally be responsible for the debt service payments; and

WHEREAS, this creates a debt owed by the General Fund to the Surface Water Maintenance Fund; and

WHEREAS, an interfund loan is needed from the Surface Water Fund in order to finance the debt service payments during the first several years of the debt; and

WHEREAS, the cash and investment balance in the Surface Water Fund at the end of 2013 was over \$3,100,000 and the Surface Water Fund has the capacity to make the interfund loan; now therefore

THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. The Surface Water Maintenance Fund is authorized to loan to the General Fund an amount up to \$600,000. The balance at December 31, 2014 is expected to be less than \$120,000.

Section 2. The loan amount will be assessed an annual interest rate of 0.22% beginning on January 1, 2014. Interest charges will be assessed based on the loan balance at the end of each month and are not expected to exceed \$300 as of December 31, 2014.

Section 3. The Administrative Services Department shall reset the interest rate in each succeeding calendar year based on the weighted average interest rate on the City's invested cash balances as of June 30th of each year.

ADOPTED BY THE CITY COUNCIL ON NOVEMBER 10, 2014.

Shari Winstead, Mayor

ATTEST:

Jessica Simulcik Smith, City Clerk