

MEMORANDUM

TO: Mayor and City Council

FROM: Roberta Likens, Finance Director

SUBJECT: RESOLUTION AUTHORIZING AN INTERFUND LOAN TO THE INDUSTRIAL PARK FUND FROM THE WATER RESERVE FUND

DATE: June 21, 2023

Background

The Industrial Park Fund was not successful in selling lots to be able to carry the debt service this fiscal year. We have potential buyers to make the purchase of one or more of the available lots, but a purchase transaction will not be completed prior to June 30th of this fiscal year.

In anticipation of the proceeds from the sale not being received this fiscal year, it is prudent to authorize an interfund loan, in the amount of \$151,000, from the Water Reserve Fund to the Industrial Park Fund to meet debt service requirements and to avoid a deficit cash flow.

ORS 294.468 allows for interfund transfers if repaid in one year and based on a repayment schedule. The loan is anticipated to be short-term, with repayment occurring upon receipt of sale proceeds. The loan will bear zero percent interest due to its short-term.


Recommendation

It is staff's recommendation that Council adopt the resolution authorizing the interfund loan.

Cost

No cost.


Richard Meyers, City Manager


Roberta Likens, Finance Director

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AN INTERFUND LOAN TO THE INDUSTRIAL PARK FUND
FROM THE WATER RESERVE FUND

WHEREAS, the sale of property in the Industrial Park Fund will not occur prior to the close of fiscal year 2022-2023; and

WHEREAS, the sale of the property is still anticipated within 90 days from the start of fiscal year 2023-24; and

WHEREAS, there are sufficient funds available to transfer the amount needed to allow for cash flow to pay scheduled loans associated with the Industrial Park in the Water Reserve Fund; and

WHEREAS, Oregon Revised Statutes Chapter 294 allows for interfund transfers if repaid in one year and based on a repayment schedule.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The City Council hereby authorizes an interfund loan in the amount of \$151,000 from the Water Reserve Fund to the Industrial Park Fund per ORS 294.468.

Section 2. The Council hereby directs that the loan be repaid to the Water Reserve Fund, as soon as the sale of the industrial park property is completed, in the full amount of \$151,000 with 0% interest, and in accordance with the following schedule:

REPAYMENT SCHEDULE

<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Loan Balance</u>
2023-24	\$ 151,000	\$ 0	\$ 151,000

Section 3. The Water Reserve Fund and the Industrial Park Fund are hereby appropriated as follows:

	FISCAL YEAR 2022 – 2023			
	BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET
WATER RESERVE FUND:				
CAPITAL OUTLAY:				
Building and Improvements 732-732-83000-000	\$ 1,571,475	0	\$151,000	\$ 1,420,475
TRANSFERS:				
Transfer to Industrial Park Fund 732-732-90219-000	0	\$ 151,000	0	\$ 151,000
INDUSTRIAL PARK FUND:				
REVENUE:				
Interfund Loan Proceeds 502-000-54420-000	0	\$ 151,000	0	\$ 151,000

NOW, THEREFORE, BE IT FURTHER RESOLVED that the interfund loan to the Industrial Park Fund from the Water Reserve Fund, in the amount of \$151,000 is authorized for Fiscal Year 2022-2023.

BE IT FURTHER RESOLVED that this resolution shall be effective immediately upon its passage.

PASSED BY THE COUNCIL AND APPROVED BY THE MAYOR THIS 26th DAY OF JUNE 2023.

Candace Solesbee, Mayor

Dated: _____

ATTEST:

Richard Meyers, City Manager

Dated: _____