



**Date:** June 9, 2025  
**To:** Mayor and Town Council  
**From:** Oscar Ojeda, Finance Supervisor  
**Re:** Discussion: **Road Infrastructure Funding Solutions**

**Objective:**

To explore the potential for utilizing funds from the Transportation and Infrastructure Fund to secure a 5-year loan for financing road improvement projects

**Summary:**

The Infrastructure and Transportation Funds currently receive an estimated \$280,000 per year, with a projected total of approximately \$1.4 million in revenue over the next five years. The current interest rates for loans range between 4.25% and 4.50%. Based on this information a loan of \$1.2 million would be the maximum both funds could repay in a 5-year period. Any higher amount would require the Town to commit funds from the General Fund to repay the loan. For this financial decision to be justified, the anticipated savings must equal or surpass the total cost of the loan's interest.

| Loan Amount   | Interest Rate | Monthly Payment | Interest      | Total Cost      | Shortfall      |
|---------------|---------------|-----------------|---------------|-----------------|----------------|
| \$1.2 Million | 4.25%         | \$ 22,235.47    | \$ 134,128.02 | \$ 1,334,128.02 | \$ (65,871.98) |
|               | 4.50%         | \$ 22,371.62    | \$ 142,297.39 | \$ 1,342,297.39 | \$ (57,702.61) |
| \$1.3 Million | 4.25%         | \$ 24,088.42    | \$ 145,305.35 | \$ 1,445,305.35 | \$ 45,305.35   |
|               | 4.50%         | \$ 24,235.93    | \$ 154,155.50 | \$ 1,454,155.50 | \$ 54,155.50   |
| \$1.5 Million | 4.25%         | \$ 27,794.33    | \$ 167,660.02 | \$ 1,667,660.02 | \$ 267,660.02  |
|               | 4.50%         | \$ 27,964.53    | \$ 177,871.73 | \$ 1,677,871.73 | \$ 277,871.73  |

Borrowing this money would allow for the completion of Holly, Tangerine, Valencia, Georgia, and Mission Lane. There would be an approximate savings of no more than \$5,000 per project.

**Fiscal Impact:**

Over \$130k in interest over the next 5 years.

**Staff Recommendation:**

Given the recent discussions, on tax policy changes that could affect the amount allocated for Infrastructure and Transportation Funds, staff does not recommend pursuing a loan.