

**CITY OF MERCER ISLAND, WASHINGTON
RESOLUTION NO. 1586**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON, AUTHORIZING
INTERFUND LOANS IN THE AMOUNT OF \$750 THOUSAND FROM THE WATER AND
SEWER FUNDS FOR A COMBINED TOTAL OF \$1.5 MILLION TO THE GENERAL FUND**

WHEREAS, the City of Mercer Island (“City”) is classified as a non-charter code city under Title 35A of the Revised Code of Washington (“RCW”); and

WHEREAS, the City’s General Fund needs additional cash flow to finance costs related to potential litigation to enforce the terms of the City’s 2017 Settlement Agreement with Sound Transit; and

WHEREAS, the City’s water and sewer utility funds have surplus cash flows from which the General Fund can borrow; and

WHEREAS, the Mercer Island City Council passed Ordinance No. 20C-20 temporarily increasing the utility tax rate on the City’s water, sewer, and stormwater utilities; and

WHEREAS, the temporary increase in utility tax rate is estimated to generate more than \$1.5 million in additional revenue that can be used to pay back the utility funds; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:

Loans Between Funds Authorized

A loan in the amount not to exceed \$750,000 is authorized from the Water Utility Fund to the General Fund, and a loan in the amount not to exceed \$750,000 is authorized from the Sewer Utility Fund to the General Fund. The loans shall be repaid from additional revenue generated by the temporary increase in utility tax rate approved by Ordinance No. 20C-20, or other available funds, within 36 months that the borrowed sums are received in the General Fund. Interest on the loans shall be at the rate of 0.5 percent per annum. There shall be no fees or prepayment penalties on the loans between funds.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS REGULAR MEETING ON SEPTEMBER 15, 2020.

CITY OF MERCER ISLAND

Benson Wong, Mayor

ATTEST:

Deborah A. Estrada, City Clerk