

**ROCHELLE CITY COUNCIL
AGENDA ITEM MEMO
REGULAR MEETING**

SUBJECT: A resolution establishing an interfund loan between the landfill fund and the airport fund

Staff Contact: Jeff Fiegenschuh, City Manager

Summary: The city council approved resolution R23-72, authorizing the purchase of property located at 13800 East Gurler Road, known as the Large Car Rebuilders on April 24th, 2023. The agreed purchase price was \$655,000, of which 95% would be covered by federal entitlement dollars through the FAA and IDOT. Now that all environmental concerns have been addressed the city is ready to close on the property.

Unfortunately, the airport does not have the revenues to make the purchase. The attached resolution authorizes the establishment of an interfund loan from the landfill fund to the airport fund in the amount of \$655,000 to cover the up-front costs of the purchase at an interest rate of 5%. Once the federal entitle dollars are received, the airport fund will reimburse the land fill fund the full amount plus any accrued interest. Staff is confident the federal dollars will be reimbursed within 90-120 days of closing.

Staff also anticipates leasing back the facility to the current owner at a rate of \$5800 per month for 5-years. This revenue will help to ensure the long-term viability of the airport, as we continue to seek other revenue possibilities.

Revenue Sources:

Source:	Budgeted Amount:	Proposed Revenue
Landfill Fund	\$655,000(reimbursable)	\$69,600/year

Recommendation: Approve the resolution authorizing the City Manager to execute an interfund loan from the landfill fund.