



REQUEST FOR COUNCIL ACTION

Title: Request for Council Action – Approving Resolution 22 and 23 to forgive Interfund Loans

Preferred Agenda: September 12, 2023

Submitted By: Kelcey Young, City Manager

Reviewed By: Kelcey Young, City Manager

Type of Action: Resolution X Motion Roll Call Other

Relevant Code/Policy: City Budget

Towards Council Goal: Fiscal Responsibility

Attachments: Resolution No. 22 and Resolution No. 23 for 2023

Purpose of this RCA:

Determining whether to forgive interfund loans.

Background/Context:

- A. The City Council approved Resolution No. 19 in 2018 to set up an interfund loan for \$800,000 at an interest rate of 2.5% to be repaid for ten (10) years with a final payment in 2028.
- B. The City Council approved Resolution No. 28 for 2020, to set up an interfund loan for \$206,186 at an interest rate of 0% to be repaid with a final payment in 2025

ORS 294.468 allows municipal organizations to transfer funds between funds for the purpose of capital loans.

The Challenge/Problem:

The ongoing audits and the Finance department have found challenges with balancing the budget and accounts while carrying these loans. Furthermore, it is in the best interest of the financial health of the City.

Stakeholders:

- 1. **Citizens:** A balanced budget can provide for steady services and clear rates.
- 2. **Elected Council:** Keeping the current budget provides for financial stability and clarity for our elected officials.
- 3. **Professional Staff:** Having a clear budget to formulate a work plan will help create alignment in daily operations as staff makes decisions they believe to meet the Council's wishes.

Issues and Financial Impacts:

1. Forgiving the loans will keep the current budget intact and will improve financial stability for future projects.

Elements of a Stable Solution:

A clear Vision Statement, Mission Statement and Goals so staff will be able to develop work plans around them, steering the City's limited resources in the most efficient manner possible.

Options:

1. *Do Nothing*
2. *Make a Motion* to approve Resolution No. 22 and 23 for 2023 forgiving the loans
3. *Suggest a different option*

Recommendation:

It is recommended that the City Council choose option #2 *Make a Motion to approve Resolution No. 22 and 23 for 2023.*