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Date: August 21, 2024

To: Finance Committee

From: Rachelle Blitch, Finance and Administrative Services Director

Re: Interfund Loan for Library Renovation

The library renovations are estimated to cost approximately \$6.1 million. The City has committed to issuing bonds for \$3 million toward the project, with the library expected to cover the remaining costs through various fundraising efforts and the utilization of its fund balance. The library has provided donors with the option to spread their contributions over five years, effectively until the end of 2026. As of August 16, 2024, the Whitewater Community Foundation has received \$1,213,417 in donations. Additionally, the library has \$233,992 from property sales, \$87,418 in the Library Endowment Fund, \$25,771 raised through the 100 Extraordinary Women initiative, and \$325,414 in its fund balance.

Staff have attempted to conduct a cash flow analysis to determine the funding needs and the duration required, but the information provided has been insufficient to complete the analysis. Currently, there is an approximate \$852,000 shortfall between the available funds and the amount needed to cover the construction costs.

The City's fund balance policy mandates that we maintain a minimum balance of at least 20% of the operating budget in unrestricted funds. Depending on the timeline for receiving the expected donations, this shortfall could potentially impact our ability to meet this requirement in which we may need to consider other options.

Given these financial considerations, it is crucial that we explore potential solutions to address the funding gap while ensuring compliance with the City's fund balance policy. Further discussions will be necessary once we receive the necessary information to determine the best course of action to move the project forward without compromising our financial stability.