



**CITY COUNCIL MEETING  
STAFF REPORT**

<b>Meeting Date:</b> January 18, 2024		<b>Subject: Resolution No. 3076</b> Interagency Agreement (IGA) – City and Urban Renewal Agency/Coffee Creek Plan to Lend and Repay \$500,000  <b>Staff Member:</b> Keith Katko, Finance Director  <b>Department:</b> Finance Department	
<b>Action Required</b>		<b>Advisory Board/Commission Recommendation</b>	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 <sup>st</sup> Reading Date: <input type="checkbox"/> Ordinance 2 <sup>nd</sup> Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input checked="" type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input type="checkbox"/> Not Applicable  <b>Comments:</b> Action provides resources to fund FY 2023-24 Urban Renewal/Coffee Creek Capital Project Fund and is included in the FY 2023-24 Budget.	
<b>Staff Recommendation:</b> Staff recommends Council adopt the Consent Agenda.			
<b>Recommended Language for Motion:</b> I move to adopt the Consent Agenda.			
<b>Project / Issue Relates To:</b>			
<input type="checkbox"/> Council Goals/Priorities:	<input type="checkbox"/> Adopted Master Plan(s):	<input checked="" type="checkbox"/> Not Applicable	

**ISSUE BEFORE COUNCIL:**

City Council action is needed to approve an intergovernmental overnight loan Agreement (IGA) between the City and the Urban Renewal (UR) Agency for \$500,000.

**EXECUTIVE SUMMARY:**

Under state law for urban renewal (ORS 457.435 and ORS 457.440), tax increment collections may only be spent to pay principal and interest on indebtedness. A General Fund overnight loan to the Urban Renewal (UR) Agency serves to release the tax collections for urban renewal funded capital projects. The overnight loan moves the taxes collected in the debt service fund to the capital fund for use in future projects. This strategic financing arrangement allows the City to save on the expenses associated with outside bonding. While there are not any current year projects, transferring the funds to the capital fund allows for interest earnings to compound in the capital fund for future use for the projects outlined in the Coffee Creek Urban Renewal Plan.

The City’s General Fund has the capacity to loan the funds on an overnight basis and the Coffee Creek Plan District will have sufficient cash balances in its debt service fund to allow for repayment. The UR Agency is able to borrow from the City’s General Fund provided both the City and Agency agree to the terms of the borrowing and it serves a public purpose. The terms of the borrowing are as follows:

- The City will lends to Agency \$500,000 at the existing Oregon Short Term Fund (LGIP) savings rate at date of overnight loan.
- The overnight loan will take place before FYE 2024 and upon collection of adequate UR tax proceeds to pay back the loan the next day. The Agency will repay the amount from tax increment funds on hand the day after receipt of the loan.
- Total borrowing is subordinate to outstanding senior lien debt.

**EXPECTED RESULTS:**

Authorizing the IGA by the respective Resolution of the City and the UR Agency will provide cash resources of \$500,000 to pay for Coffee Creek related expenses.

**TIMELINE:**

The IGA anticipates the loan and repayment occurring before FYE 2024; upon collection of adequate UR tax proceeds to pay back the loan the next day.

**CURRENT YEAR BUDGET IMPACTS:**

This loan and the repayment were included in the adopted FY 2023-24 UR Agency budget.

**COMMUNITY INVOLVEMENT PROCESS:**

This loan and the repayment were discussed as part of the adopted FY 2023-24 UR Agency budget.

**POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:**

The borrowing will not directly impact local businesses or neighborhoods, however, the construction projects to be funded will have significant positive impact on both.

**ALTERNATIVES:**

Engage in borrowing from a financial institution. Using this process would take more time and cost the Urban Renewal Agency significantly more money.

**CITY MANAGER COMMENT:**

N/A

**ATTACHMENTS:**

1. Resolution No. 3076
  - A. Intergovernmental Agreement between the City and the Urban Renewal Agency