



City of Bend
July 2, 2007 Council Meeting

Issue Summary

Department: Finance

Staff Member: Sonia Andrews

1. Consider a roll call vote on a resolution authorizing a capital loan of \$152,000 from the General Fund to the Airport Fund to finance the environmental assessment for the parallel taxiway and eastside development.

2. Consider a roll call vote on a resolution approving appropriation adjustments in the General Fund and the Airport Fund for the 2007-09 biennium.

Staff Review and Recommendation to Council: Staff recommends adoption of the resolutions authorizing a \$152,000 capital loan from the General Fund to the Airport Fund and approving appropriation adjustments in the General Fund and Airport Fund.

History: Presented as action item: June 20, 2007

Background and Discussion: On June 20, 2007, Council authorized a \$152,000 contract with David Evans & Associates to perform the environmental assessment for the parallel taxiway and eastside development. Council also authorized this contract to be financed through an interim loan from the General Fund to the Airport. Per ORS 294.460, an interfund loan must be authorized through a resolution. The loan will be repaid from the following revenues anticipated in 2009-10:

Federal Aviation Administration	\$ 95,000
Hangar Sale	15,000
Additional Eastside Lease Revenues	<u>42,000</u>
Total	\$152,000

Loan Terms: This interfund loan will be a capital loan instead of an operating loan. ORS 294.460 allows for interfund capital loans to be repaid over a term not to exceed 5 years according to a repayment schedule and at a rate of interest set forth at the time the loan is made. Proposed loan terms for this interfund borrowing are as follows:

Loan Amount	\$152,000
Loan Term	3 years
Interest Rate	4.50%

Payments

Interest only payments of \$6,840 per year with a balloon payment of the principal balance at the end of three years

Council is asked to adopt the attached resolution authorizing the interfund loan. The loan resolution stipulates that if the loaned funds are required for operations in the General Fund prior to the end of three years, the loaned funds shall become immediately due and payable in full.

Budget Resolution: Council is asked to approve the attached budget resolution to provide appropriations in the General Fund and Airport Fund for this loan and expenditure.

Committee Review and Recommendation to Council: None

Budgetary Considerations: ORS 294.450 allows a governing body to authorize transfers of appropriations within a given fund by resolution or ordinance. These resolutions provide the governing body a means by which to adjust the 2007-09 Biennial Budget within the guidelines of Oregon Revised Statutes.