

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2020-12

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING AN INTERFUND LOAN FROM THE GENERAL FUND TO THE ELECTRIC FUND FOR THE CAPTAIN'S BAY ELECTRIC UPGRADE

WHEREAS, the City Council approved the FY2017-2021 CMMP through Resolution 2016-23 on April 26, 2016 that included the Captain's Bay Electric Upgrade to be funded with an interfund loan from the General Fund; and

WHEREAS, the Captain's Bay Electric Upgrade project was completed at a total cost of \$1,884,250.01; and

WHEREAS, the Captain's Bay Electric Upgrade project was closed by Resolution 2018-71 on August 26, 2016; and

WHEREAS, the General Fund has the ability to loan the Electric Fund \$1,884,250.01; and

WHEREAS, the Electric Fund has the ability to repay the General Fund in annual installments.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes an interfund loan of \$1,884,250.01, interest free, from the General Fund to the Electric Fund to be repaid according to the attached loan repayment schedule

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on February 11, 2020.



Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



	Loan authorized by Resolution 2004-26	Loan authorized by Resolution 2014-71	New Loan
Balance at <u>6/30/2019</u>	700,000.00	68,240.00	
Additional			1,884,250.01
Immediately	-	-	(134,250.01)
5/1/2020	(140,000.00)	(68,240.00)	-
5/1/2021	(140,000.00)		(100,000.00)
5/1/2022	(140,000.00)		(100,000.00)
5/1/2023	(140,000.00)		(100,000.00)
5/1/2024	(140,000.00)		(100,000.00)
5/1/2025			(150,000.00)
5/1/2026			(150,000.00)
5/1/2027			(150,000.00)
5/1/2028			(150,000.00)
5/1/2029			(150,000.00)
5/1/2030			(150,000.00)
5/1/2031			(150,000.00)
5/1/2032			(150,000.00)
5/1/2033			(150,000.00)
	-	-	-

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: Erin Reinders, City Manager
Date: February 11, 2020
Re: Resolution 2020-12 authorizing an interfund loan from the General Fund to the Electric Fund for the Captain's Bay Electric Upgrade

SUMMARY: As part of the FY 2017 CMMP, Council approved the Captain's Bay Electrical Upgrade in the amount of \$2,650,836, which was to be funded through a loan from the General Fund. The project costs came in at \$1,884,250.01; however, the loan repayment was never formally approved by Council. This action establishes a repayment plan for that loan. Staff recommends approval.

PREVIOUS COUNCIL ACTION: On April 26, 2016 with Resolution 2016-23, Council approved the FY 17-21 CMMP that included the Captain's Bay Electrical Upgrade; and on August 28, 2018 with Resolution 2018-52, Council approved the project closure as a completed project.

On April 22, 2004 with Resolution 2004-26, Council approved a \$2,800,000 interfund loan from the General Fund to the Electric Fund requiring annual payments of \$140,000. The loan will be fully repaid in FY 2024.

On August 26, 2014 with Resolution 2014-71, Council approved a \$341,200 interfund loan from the General Fund to the Electric Fund requiring annual payments of \$68,200. The loan will be fully repaid in FY 2021.

BACKGROUND: Prior to FY 2017, Council approved the Captain's Bay Electrical Upgrade with funding provided through an interfund loan from the General Fund. The amount of the loan was not known until the project was completed and closed out in 2018.

The General Fund has extended interfund loans to the Electric Fund in the past. Repayment of those loans has been made on an annual basis; this loan follows that same process.

Due to staff turnover, the loan terms were not determined until recently, which are included as an attachment to this memo. The proposed loan will be fully repaid in FY 2033.

DISCUSSION: The proposed loan repayment structure includes an immediate payment, but annual payments will not be required until FY 2021, which is a year after the loan extended in FY 2014 will be paid off. The annual debt service increases in FY 2025, which is a year after the loan extended in FY 2014 will be paid off.

The proposed repayment schedule was approved by the Utilities Director.

ALTERNATIVES: Adopt the resolution as presented or require different loan repayment terms.

FINANCIAL IMPLICATIONS: A one-time immediate payment of \$134,250.01 will be required of the Electric Fund and annual payments will be required from the Electric Fund to the General Fund from FY 2021 through FY 2033, as detailed in the attached repayment schedule.

LEGAL: None noted

STAFF RECOMMENDATION: Staff recommends approval of Resolution 2020-12.

PROPOSED MOTION: This is a consent agenda item and can be included in the motion to adopt the consent agenda.

CITY MANAGER COMMENTS: I recommend approval of Resolution 2020-12.

ATTACHMENTS: Proposed loan repayment schedule