



Legislation Text

File #: 18-5693, **Version:** 1

WASHINGTON WAY BRIDGE INTERFUND LOAN UPDATE

COUNCIL STRATEGIC INITIATIVE ADDRESSED:

Council Initiative: Continue effective financial management

CITY ATTORNEY REVIEW: N/A

SUMMARY STATEMENT:

Resolution No. 2166 established an interfund loan in the amount of \$1,435,000.00 from the General Fund to the Arterial Street Fund for the purpose of providing for the City's share of costs for the Washington Way Bridge. This Resolution calls for City staff to present to Council the status of the loan on an annual basis.

The effective date of the original interfund loan was January 1, 2016. In September 2016, the Arterial Street Fund repaid \$300,000.00 principal to the General Fund, reducing the principal balance of this loan to \$1,135,000.00. For the period January 1, 2016 through September 30, 2016 the interest paid on this loan totaled \$4,895.74. The average interest rate for this period was less than one-half of one percent (0.4548%).

In December 2017, the Arterial Street Fund repaid an additional \$300,000.00 principal on this loan which left the remaining principal balance on this interfund loan at \$835,000.00.

In December 2018, the Arterial Street Fund will repay an additional \$100,000.00 principal on this loan. Following the principal repayment of \$100,000.00 in December, the remaining principal balance on this interfund loan will total \$735,000.00. The interest payment for the period January 1, 2018 through December 31, 2018 totals \$16,101.10. For the period October 2016 through December 2016, the average interest rate was 1.1027%.

Had the City sought conventional bond financing for its share of the Washington Way bridge project life-to-date interest costs at 3 percent, interest would have totaled \$98,150.00. Having borrowed the money internally from ourselves, life-to-date interest charges total \$33,169.63, resulting in an interest savings of \$64,980.37.

RECOMMENDED ACTION:

No action required.

STAFF CONTACT:

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