



INFORMATIONAL MEMORANDUM

TO: Finance & Governance Committee

FROM: Vicky Carlsen, Finance Director

CC: Mayor Ekberg

DATE: October 18, 2022

SUBJECT: Interfund loan from the Sewer Fund to purchase a fire engine not to exceed \$1,100,000

ISSUE

Authorize an interfund loan from the Sewer Fund to purchase a new fire engine as part of the Interlocal Agreement with the Puget Sound Regional Fire Authority (PSRFA).

BACKGROUND

The City's Public Safety Plan provided for the purchases of fire apparatus and equipment. For apparatus, a new engine was planned in 2024 and was to be funded through the State of Washington's LOCAL program. This would be either a 10- or 20-year repayment schedule with interest being paid to the State.

Per the agreement that City Council approved at the October 3, 2022, Regular Meeting, the engine will be ordered by the Puget Sound Regional Fire Authority and reimbursed by the City.

DISCUSSION

The City's Sewer Fund currently has a healthy fund balance available from which to transfer funds of up to \$1,100,000 to purchase a fire engine as part of the interlocal agreement with PSRFA. Fund will be repaid by 2026 with interest. This loan will not impede the ability to move forward with planned capital projects in this fund nor will utility rates increase because of this loan.

Repayment of the loan would occur in 2026, after a positive vote for annexation of the fire department in to the PSRFA. Interest will accrue at the rate in effect with the Local Government Investment Pool (LGIP) as of the effective date of the interfund loan. Interest will be calculated on an annual basis. Repayment will occur as one lump sum in 2026 that will include principal and all accrued interest.

Payment for the engine is expected to occur no later than January 15, 2023 but will most likely occur in the latter part of 2022. The interfund loan and purchase of the engine will be included in the year-end budget amendments.

RECOMMENDATION

Council is being asked to approve the resolution and consider this at the November 14, 2022, Committee of the whole and subsequent November 21, 2022, Regular Meeting.

ATTACHMENTS

Draft Resolution

DRAFT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AUTHORIZING THE TRANSFER OF FUNDS FOR THE PURPOSE OF MAKING A LOAN FROM THE SEWER FUND TO THE GENERAL FUND; ESTABLISHING AN INTEREST RATE AND REPAYMENT SCHEDULE FOR SAID INTERFUND LOAN.

WHEREAS, the City's Public Safety Plan originally planned for the purchase of Fire Department Apparatus (new engine) in 2024 that was to be funded through the State of Washington's LOCAL Program for a 10-year to 20-year repayment term; and

WHEREAS, at the October 3, 2022 Regular Council Meeting, the City Council authorized the Mayor to sign an Interlocal Agreement with the Puget Sound Regional Fire Authority for Fire/Emergency Medical Services; and

WHEREAS, at the October 3, 2022 Regular Council Meeting, the City Council also approved the expenditure of up to \$1,100,000 utilizing an interfund loan for Fire Department Apparatus (new engine); and

WHEREAS, utilizing an interfund loan will provide the City with greater control over the repayment terms; and

WHEREAS, the City's Sewer Fund presently has sufficient funds from which to transfer funds in an amount not to exceed \$1,100,000 for the purpose of making a loan to the General Fund to cover the authorized expenditure, in accordance with the requirements set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA HEREBY RESOLVES AS FOLLOWS:

Section 1. Interfund Loan Authorized. An interfund loan in the principal amount not to exceed \$1,100,000.00 is hereby authorized from the Sewer Fund (Fund 402) to the General Fund (Fund 000). The effective date of said interfund loan shall be no later than January 16, 2023.

Section 2. Interest. Interest on the interfund loan authorized per Section 1 shall accrue at the rate in effect with the Local Government Investment Pool (LGIP) as of the effective date of the interfund loan. The interest rate shall be calculated on an annual basis.

Section 3. Repayment Schedule. The interfund loan authorized per Section 1 shall be repaid in full to the Sewer Fund (Fund 402), together with accrued interest consistent with Section 2, as sufficient revenues become available to the General Fund (Fund 000), but in no event later than December 31, 2026. Nothing in this resolution shall be construed as authorizing a permanent diversion of the funds transferred through said interfund loan.

Section 4. Implementation. The Finance Director is hereby authorized to implement such administrative procedures as may be necessary to carry out the directions of this legislation, including, without limitation, taking such action as may be necessary to amend the budgets for the affected years to reflect the interfund loan described in this resolution, and including bringing forth budget amendments or reconciliations to Council, if Council approval in addition to this resolution is determined to be necessary under State law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON,
at a Regular Meeting thereof this ____ day of _____, 2022

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Thomas McLeod, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Resolution Number: _____

Office of the City Attorney