

REPORT TO THE CITY COUNCIL



DATE: May 7, 2019

TITLE: Approve Interfund Reimbursement Agreements Between the General Fund and Two Development Impact Fee Funds

Prepared by: Linda Kelly, Finance Director

Reviewed by: Robert Lee, Deputy City Attorney

RECOMMENDATION

Approve Interfund Reimbursement Agreements between: 1) the General Fund (001) and the General Facilities Development Impact Fee Fund (104); and 2) the General Fund (001) and the Public Use Facilities Development Impact Fee Fund (106); and authorize the City Manager to execute the agreements subject to finalization by the City Attorney.

BACKGROUND

The City Council approved the new City Hall Facility project in February 2017. On April 19, 2017 the City Council approved the Public Financing Authority Lease Revenue Bonds Series 2017 (which was the refinancing of the Bankruptcy Debt issues) with additional bond proceeds being received to be used for Capital projects, including City Hall. In August 2018, the City Council approved additional Lease Revenue Bonds in the amount of \$6.5 million dollars in the name of the Public Financing Authority for the construction of the City Hall Facility project.

Each year the City is required to make debt services payments on the 2017 and 2018 Public Financing Authority Lease Revenue Bonds in March and September which is currently funded by a transfer into the Debt Service Fund (401) from the General Fund (001) ("General Fund").

The General Fund through the issuance of the 2017 and 2018 Series Bonds has been and continues to pay for the costs of the design, engineering, site preparation, underground utilities, construction and the furniture, fixtures and equipment up front, it being understood that the General Fund will be reimbursed by the General Facilities Development Impact Fee Fund (104) ("GFDIF Fund") and the Public Use Facilities Development Impact Fee Fund (106) ("PUFDIF Fund"), together, the "DIF Funds."

The City worked with Scott Thorpe of Revenue and Costs Specialists, LLC to establish the nexus of costs to be reimbursed by the DIF Funds to the General Fund for the required fair share of the projected costs of the facility. The total proportional share for the GFDIF Fund is \$5,477,295.00 and the total proportional share for the PUFDIF Fund is \$2,394,960.00. Reimbursements from the DIF Funds to the General Fund will be affected through the attached Interfund Reimbursement Agreements. Additionally, the Fire Suppression Development Impact Fee was also charged a proportional share of funding totaling \$61,081.00 which will be transferred to the General Fund once this item is approved later, for a grand total of \$7,933,336.00.

DISCUSSION

Staff is anticipating that it could take up to 15 years or longer for the DIF Funds to reimburse the General Fund entirely. If at the end of (15) fifteen years, the General Fund has not been fully re-paid then the City should move forward with new Interfund Reimbursement Agreements as needed to ensure that the DIF Funds pay their fair share of the costs of the City Hall Facility.

Additionally, each year the City Manager and the Finance Director will review the fund balances on hand in the DIF Funds to determine how much money can be repaid to the General Fund based on the total revenue received and expenses for the year.

All funding that is reimbursed to the General Fund from the Development Impact Fee funds will immediately be transferred to the Debt Service Fund thereby reducing the General Fund share of the annual debt service payments.

FISCAL IMPACT

The overall impact to the DIF Funds over the next (15) years will be \$7,933,336.00. The General Fund will receive reimbursement from the DIF Funds annually as approved by the City Manager and the Finance Director. The Finance staff will estimate the transfers out of the DIF Funds, transfers into the General Fund and to the Debt Service Fund each budget year and will make any necessary year end amendments to the budgets as required

EXHIBIT(S)

- 1) Schedule of proportional share of Development Impact Fee Costs for City Hall Project as completed by Revenue and Costs Specialists, LLC
- 2) Copy of the Interfund Reimbursement Agreements between the General Fund and General Facilities DIF Funds
- 3) Copy of the Interfund Reimbursement Agreements between the General fund and the Public Use Facilities DIF Funds