RESOLUTION 2020-20

Agenda Item

TO: Mayor and City Council

FROM: Steve Rasmussen, City Manager
Carmen Weigand, Finance Director

DATE: June 15, 2020

RE: Inter-Fund Loan - Electric Fund to Park Fund

Issues

After the approval of the one-half percent (0.5%) Sales Tax, from the June 2, 2020 election for the purpose of park improvements the City is to purchase approximately 96.43 +/- acres, for which we possess contingent real estate contracts that were approved in February 2020.

The Park Fund is creating a Community Park with the purchase of two real estate tracts. Community Park Tract #1 is 52.43+/- acres of property generally located at 516 E. Eighth Street for an approximate cost of $302,460.00. Community Park Tract #2 is 44+/- acres of property generally located between Northland Drive and Eighth Street for an approximate cost of $198,000.00.

The Park Fund will not start receiving regular sales tax distributions until the end of the first full quarter following the quarter in which the election was held, approximately October 2020.
The Park Fund has available $325,000.00 of the required $500,460.00 to complete the real estate contracts.

The Electric Fund has fund balance available to fulfill a short-term loan to the Park Fund for approximately nine-months. The nine-month loan period will allow the Park Fund to start collecting the new sales tax proceeds and receive the final payment from Cameron R-1 School District for the Park Valley Ball Complex transaction in February 2021 of $150,000.00.

The Park Fund will pay interest at the rate of 1% to the Electric Fund for the term of the inter-fund loan.

Recommendation

This inter-fund loan permits the City to complete the real estate transaction in a timely manner and allows the City time to pursue the long term financing of the park improvements. Staff recommends the Council approve the Resolution 2020-20 to complete an inter-fund loan.

Resolution 2020-20

A RESOLUTION AUTHORIZING AN INTER-FUND LOAN FROM THE ELECTRIC FUND TO THE PARK FUND FOR THE CITY OF CAMERON, MISSOURI

WHEREAS, the City of Cameron, Missouri Park Fund is creating additional park areas by purchasing unimproved land; and

WHEREAS, City of Cameron has successfully passed a one-half percent (0.5%) Sales Tax, at the June 2, 2020 election for the purpose of park improvements for the City; and

WHEREAS, said funds to be transferred will be in the form of a loan from the Electric Fund budget and transferred to the Park Fund at an amount not-to-exceed $175,000; and

WHEREAS, the actual amount of funds borrowed will be repaid to the Electric Fund from Park Fund revenues over a period of nine months at an annual interest rate of 1% on the unpaid balance until repaid.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cameron, Missouri that the City Manager is authorized to make the fund transfer upon the terms and conditions above stated.

Passed and approved this 15h of June 2020.

_____
Mayor Dennis M. Clark

ATTEST:

_____
City Clerk