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City Council

Approval of a Resolution Authorizing an Interfund Loan for Purchase of Real Property Commonly Located at 2828 Martin Way East and to Complete Improvements at Two Encampment Sites

Agenda Date: 7/24/2018
Agenda Item Number: 4.D
File Number: 18-0708

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Authorizing an Interfund Loan for Purchase of Real Property Commonly Located at 2828 Martin Way East and to Complete Improvements at Two Encampment Sites

Recommended Action

Committee Recommendation:

Not referred to a Committee.

City Manager Recommendation:

Move to approve the Resolution authorizing an Interfund loan up to \$2,450,000, from the City Investment Pool to purchase real property and to complete improvements at two encampment sites.

Report

Issue:

Whether to approve a Resolution authorizing an Interfund loan up to \$2,450,000, from the City Investment Pool to purchase real property and to complete improvements at two encampment sites.

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

In February 2018, citizens of Olympia passed Proposition 1 authorizing a .001 increase in the local sales tax for the purposes of providing services and facilities for the most vulnerable persons in the community. This tax will produce approximately \$2,300,000 per year.

Staff is requesting Council authorization for an interfund loan of \$2,450,000 from the City Investment Pool to finance the purchase of real property commonly located at 2828 Martin Way E to be used for

future supportive housing and short-term, temporary shelter for the most vulnerable houseless citizens in the City. The loan will also be used to complete improvements at two encampment sites which includes the Martin Way property.

The loan will be repaid from future collections of the Home Fund sales tax. The loan will be paid in full no later than three years from the date of the first draw at an annual rate of 1.5% interest. This is slightly less than what the City is currently receiving from investments with the State of Washington, Local Government Investment Program.

Neighborhood/Community Interests (if known):

None noted.

Options:

1. Move to approve the Resolution. The City can close escrow on the purchase of the real property located at 2828 Martin Way East per the terms of the purchase and sale agreement; and site improvements at two encampment sites can start.
2. Direct staff to make changes to the terms and conditions of the interfund loan. Staff will update the Resolution and return to Council at a future date.
3. Do not approve the Resolution. The City may not be able to meet the terms and conditions of the purchase and sale agreement.

Financial Impact:

The annual debt service on the \$2.45 million loan will be approximately \$842,000 over 3-years. The debt service will be paid from revenues generated from the Home Fund sales tax increase passed by voters in February 2018.

Attachments:

Resolution