



City Council

Approval of a Resolution Authorizing an Interfund Loan for Emergency Response to Homelessness

Agenda Date: 1/15/2019
Agenda Item Number: 4.1
File Number: 19-0060

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

Title

Approval of a Resolution Authorizing an Interfund Loan for Emergency Response to Homelessness

Recommended Action

Committee Recommendation:

Not referred to a Committee.

City Manager Recommendation:

Move to approve the Resolution authorizing an Interfund loan up to \$1,485,000 from the City Investment Pool to the General Fund to fund strategies addressing the emergency response to homelessness.

Report

Issue:

Whether to approve a Resolution authorizing an Interfund loan up to \$1,485,000 from the City Investment Pool to the General Fund to fund strategies addressing the emergency response to homelessness.

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

In May 2018, City Council passed Resolution M-1942 establishing immediate action items to address homelessness in Olympia. Then on July 17, 2018, Council declared a state of public health emergency related to human health and the environmental conditions caused by homelessness. These two actions resulted in strategies to respond to the immediate impacts to homelessness and a funding plan.

The strategies approved by Council exceed \$1.9 million, annually for the next three years. Several sources were identified to fund the emergency response strategies including Home Fund Sales Tax,

Municipal Utility Tax, Non-Voted Utility Tax, and community donations.

Staff is requesting Council authorization for an Interfund loan of \$1,485,000 from the City Investment Pool to the General Fund to fund emergency homeless response strategies over the next three years (2019-2021). The loan will be repaid from one percent of the Non-Voted Utility Tax once the commitment of the Interlocal Agreement with the Olympia Metropolitan Park District. No permanent diversion of funds will occur.

One percent of the Non-Voted Utility Tax is committed to purchasing property for parks until 2025 per an Interlocal Agreement between the City of Olympia and the Olympia Metropolitan Park District (OMPD). Once this obligation is fulfilled, the Non-Voted Utility Tax can be used for general purposes.

The loan will be paid in full no later than ten years from the date of the first draw. Interest will accrue on an annual basis at an annual rate equal to the average interest paid by the State's Local Government Investment Program in the previous year, currently 1.82%. The annual debt service payments starting in 2026 will be approximately \$487,434 and will include both principal and interest. Debt service payments will be paid from Non-Voted Utility Tax revenues referenced above. The loan status should be reviewed annually by Council at any open public meeting.

Issuing debt is generally reserved for capital purposes, and interfund loans are typically issued for periods of three years or less. The duration of this loan to be used for non-capital purposes is based on Council's declaration of the homelessness emergency and the need for immediate funding to address the response.

Neighborhood/Community Interests (if known):

None noted.

Options:

1. Move to approve the Resolution. The City will have resources available to implement the emergency homeless response strategies approved in 2018.
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 will not be able to fully fund the emergency homeless response strategies approved in 2018.

Financial Impact:

The accumulated interest on the \$1.485 million loan will be approximately \$237,575 over the 10-year duration of the loan.

Attachments:

Resolution