



City Council Staff Report

REPORT DATE: October 30, 2023

MEETING DATE: November 8, 2023

SUBJECT	Resolution R570 Loan Agreement between LOT Fund and Impact Fee Fund
ITEM TYPE	<input type="checkbox"/> Public Hearing <input type="checkbox"/> Work Session <input checked="" type="checkbox"/> Action Item
PRESENTER	Jasmine Griffin, Treasurer

APPLICABLE VICTOR VALUES

- | | | |
|--|--|---|
| <input type="checkbox"/> Culturally Historic | <input type="checkbox"/> Sustainable | <input type="checkbox"/> Connected to Nature |
| <input type="checkbox"/> Small Town Feel | <input type="checkbox"/> Family Friendly | <input checked="" type="checkbox"/> Administrative Need |

PURPOSE & PROCESS

Construction activities for Lift Station Number 2 have accelerated roadway surface deficiencies on 1000 W, between Cedron and 7000 S. Therefore, the purpose of this item is for the council to consider authorizing an interfund loan between the Local Option Tax Fund and the Impact Fee Fund to finance the laying and grading of gravel on 1000 W at the completion of lift station #2.

BACKGROUND/ALTERNATIVES

Council approved the FY24 budget with \$205,394 LOT funds to loan to the impact fee fund for Baseline Road. Approving this resolution does not require a budget amendment at this point, however, if approved, staff will reallocate from Baseline to 1000 W. Staff recognizes that Baseline road is a priority for this council and the city and will continue efforts to find funding for the paving of Baseline, even with the use of these funds for 1000.

Bybee Excavation LLC, the contractor for the lift station #2 project has recently bid the city for the cost of grading and laying gravel on 1000 W at the completion of the lift station project. Staff has worked out an agreement with the county to provide the gravel for this project at no cost to the city. Laying the gravel is a prerequisite to paving the road, which is outlined in the capital improvements project list. This project would be an acceptable use of the pathways – roadways impact fee.

Though impact fees were authorized and placed into effect in April 2023, they have not yet generated enough revenue to fund this project. Accordingly, Staff recommends a loan between the local option tax fund and the impact fee fund to complete this project opportunity. An interfund loan would allow for the project to be completed and would satisfy the use of the impact fees in their required spending timeline (9 years from collection). A three-year payment is suggested in the loan documents to provide adequate time for the collection of revenue, though it is possible that the impact fee fund generates enough revenue to pay back the loan prior to the three-year timeframe.

Alternatively, the council can fund the project out of LOT revenue without a loan and use the Capital Improvement Implementation funding (FY24 budgeted amount \$79,751). This would allow for the impact fees to pay for a different project in the future. Staff would not recommend this option as the capital improvement plan budget could be used for smaller, or non-revenue specific projects.

ATTACHMENTS

Resolution R570

Bybee Excavation LLC bid

Interfund loan agreement

Impact Fee Resolution link for reference [O606-Development Impact Fees | MuniDocs | Victor, ID | Municode Library](#)

FISCAL IMPACT

If council approves R570, staff will update financial records to account for an interfund loan.

In either option the council chooses, the cost of the project (\$77,350) will be recognized in local option tax city improvements (line 53-51-716).

STAFF IMPACT

Staff impact is minimal.

LEGAL REVIEW

Legal reviewed and approved.

RECOMMENDATION

Staff recommend approving R570, an interfund loan agreement.

SUGGESTED MOTION

I move to approve resolution R570, a resolution authorizing the execution of an interfund loan between the local option tax fund and the development impact fee fund, and direct city clerk to publish accordingly.

[Roll call vote]

(Roll call vote required for all contracts, ordinances, and resolutions)

RESOLUTION NO. R570

**A RESOLUTION OF THE CITY OF VICTOR, IDAHO, AUTHORIZING THE EXECUTION OF AN INTERFUND
LOAN AGREEMENT BETWEEN THE LOCAL OPTION TAX FUND AND THE DEVELOPMENT IMPACT FEE
FUND**

WHEREAS, Chapter 82 title 67 of the Idaho Code (the Idaho Development Impact Fee Act) authorizes cities to adopt a development impact fee system to offset, recoup, or reimburse a portion of the costs needed for improvements to capital facilities caused by new development; and

WHEREAS, the City of Victor (the "City") adopted an impact fee study and capital improvements plan on February 22, 2023; and

WHEREAS, the City has a local option tax fund, which allows for the funding of capital projects;

WHEREAS, the City has been presented with an opportunity to complete a portion of the outlined improvement plan; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF VICTOR, IDAHO, the Interfund Loan Agreement, in the form attached hereto, be and is hereby accepted and approved.

PASSED AND APPROVED this 8th day of November 2023.

CITY OF VICTOR, IDAHO

Will Frohlich, Mayor

ATTEST:

Michelle Smith, City Clerk

Exhibit A

Interfund Loan Agreement

INTERFUND LOAN AGREEMENT

This Loan Agreement (“**Agreement**”) is executed as of November 8, 2023, between the City of Victor Impact Fee Fund (“**Borrower**”) and the Victor Local Option Tax Fund (“**Lender**”). Lender agrees to lend to Borrower, and Borrower agrees to repay to Lender an amount not to exceed the Principal Amount and interest accrued on the unpaid loan balance, in accordance with the following:

1. **Purpose of the Loan:** To provide funds for use by Borrower or its designee, to fund gravel and grading on 1000 W. The loan shall account for borrowing between the Local Option Tax Fund (53) and the Impact Fee Fund (60).
2. **Principal Loan Amount:** Not to exceed seventy-seven thousand three hundred fifty dollars (\$77,350.00). The loan will be recorded as receivable to the Lender and payable to the Borrower.
3. **Term of the Loan:** The term of this loan shall begin on November 8, 2023 and the outstanding loan balance is to be repaid by November 8, 2026.
4. **Scheduled Payments:** Borrower shall make one payment on November 8, 2026 for the full balance of the loan and any interest accrued.
5. **Repayment Source:** Borrower must use the Transportation Roadways revenue to repay the loan; additional projects may not be funded unless adequate revenue is received from the time of this agreement at the time of repayment. Earlier payoff of this loan may be made if revenue exceeds the loan amount prior to the payment due date.
6. **Rate of Interest:** Interest shall accrue annually on November 8 on the outstanding loan balance at the variable rates based on State of Idaho's Local Government Investment Pool Investment Account Average Annual Yield, currently at 4.02% for Sept 2022-2023 Loan interest will be recorded as revenue to the Lender and expenditure to the Borrower.
7. **General Provisions:** This Agreement constitutes the full Agreement by and between the parties and no other representations have been made regarding the contents of this Agreement. This Agreement shall not be amended, modified, or altered in any respect unless such amendment, modification or alteration has been reduced to writing and executed by both parties.

Bybee Excavation LLC

11700 South Snake River Rd

Rexburg, ID 83440

bybeeexc@gmail.com



Estimate

ADDRESS

City of Victor

32 Elm Street

Victor, Idaho 83455

ESTIMATE # 1434

DATE 09/26/2023

PROJECT

Place 3/4 Gravel S 1000 W

PREPARED BY

Cory Bybee

SERVICE	SERVICE	AMOUNT
Sales	Grade and Compact 3/4 Gravel on S 1000 W (Excludes 3/4 Gravel material cost)	77,350.00

TOTAL

\$77,350.00

Accepted By

Accepted Date