



MEMORANDUM

TO: Honorable Mayor and City Council
Heidi Nelson, City Administrator

FROM: Greg Sticha, Finance Director GS

DATE: January 27, 2022

SUBJECT: Final Transfers & Interfund Loan Creation for APEX project

Over the past couple of year's the city council has acted on building and energy improvements completed by APEX Facility Solutions. These improvements included lighting changes on our street lights, sports dome and at middle school park. It also included energy and maintenance improvements to the community center, fire stations, PUPS building, government center building, water treatment plant and the public works building.

The total cost of all improvements was \$7.2M, of which a portion was intended to be paid in cash (Solar Panels) with the remaining portions of the project funded by an interfund loan from the Utility funds to be repaid by the guaranteed costs savings from the project over the next twenty years. The first year of guaranteed savings on the project has been calculated and the guaranteed minimum savings has been met and slightly exceeded.

This final action is to complete the transfers for the prepayment of the solar panels and for the transfer from the Utility funds for the creation of the interfund loan that will be repaid by the guaranteed savings. That loan is being established at a repayment interest rate of 1.25%, which is slightly above what the utility funds are currently earning in interest on its reserves. The annual repayment amount of \$344,872 will be repaid to the sanitary sewer fund starting in 2022.

Below you will see the transfers identified and attached you will find a copy of the loan repayment schedule. This item is set to be considered on the February 6, 2022 city council agenda.

Description:	Transfer from:	Transfer To:	Amount:
Tsf for prepay of Solar Panels	Bldg/Eqpt Replace		\$500,000
	Street Light Fund		\$400,000
	Solar Garden Comm Res		<u>\$287,000</u>
		APEX Fund	\$1,187,000
Tsf from Sewer Fund	Sanitary Sewer Fund		\$6,099,523
For APEX repay Loan		APEX Fund	\$6,069,523

Attachment A: Loan Repayment Schedule