

RESOLUTION 2016-43

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA ADOPTING AN INTERFUND REPAYMENT PROGRAM FOR PAYMENT OF ENTERPRISE FUNDS OF THE SEWER AND WATER ACCOUNTS TO THE GENERAL FUND ACCOUNT

WHEREAS, the City of San Juan Bautista is a municipality under the laws of the State of California where revenues are derived and generated for the benefit of the common good of the residents of the City, and

WHEREAS, the City of San Juan Bautista owns and operates a Waste Water Treatment Facility and Municipal Water System, licensed and permitted by the State of California Water Resources Control Board, and

WHEREAS, revenues generated from the user fees and charges of the sewer and water enterprise accounts were not sufficient to cover the cost of operation and infrastructure improvements of the sewer and water system and General Fund Revenues were transferred to the Enterprise account to meet the operational and improvement costs, and

WHEREAS, the General Fund over an extended period of years carried the balance of general fund revenues that were transferred to the enterprise accounts and the City is obligated to be financial prudent in managing public funds and desires to have a repayment program that will pay revenues from the sewer and water enterprise accounts to the General Fund accounts, and

WHEREAS, the annual audit report for fiscal year 2014/2015 identified the balance of General fund revenues owed from the water and sewer enterprise accounts at \$1,895,884, and

WHEREAS, the City evaluated the financial condition of the water and sewer enterprise accounts and performed a financial analysis of options for the repayment of the principal amount of \$ 1,895,844 over an extended period of 29 years at a reasonable rate of interest on the transferred amount of one and one half percent (1.5%) to determine as a monthly or annual repayment schedule of payments to the General Fund.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Juan Bautista hereby adopt an Interfund Repayment Programs (IRP), attached as Exhibit "A" and made a part of this Resolution, for payment of funds from the enterprise accounts of the sewer and water accounts to the General Fund accounts over a period of time as specified in Exhibit "A", that can be sustainable to the revenues generated by each enterprise account.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of San Juan Bautista duly held on the 16th day of August, 2016, by the following vote:

AYES: Boch, Martorana, Lund, Edge

NOES: None

ABSENT: West

ABSTAIN: None

Mayor Rick Edge

ATTEST:

Connie Schobert, City Clerk

EXHIBIT “A”

PLAN A: Repay the entire principal balance of \$1,895,844 over the next 29 years with a nominal interest rate of one and one half percent (1.5%) from the Water and Sewer enterprise accounts to the General Fund account. The funds will be repaid on basis of 55% Water Revenues, 45% sewer Revenues to the general fund of principal plus interest in the amount of \$ 81,104.21 at the end of the each fiscal year.