

City Council Staff Report

**Date:**

November 2, 2022

Applicant:

Mapleton City

Prepared By:

Bryce Oyler, Finance
Director

Public Hearing:

No

Attachments:

None

REQUEST

Consideration of a resolution authorizing a loan of \$2,000,000 from the Capital Project fund 45 (CIP Fund Reserve) to the Capital Project fund 46 (Mapleton City Network).

BACKGROUND & DESCRIPTION

The first phase of the Mapleton City Network system is on track to be completed within the allotted budget. Staff has received bids to complete the second phase of the Mapleton City Network buildout. Based on the study that was performed by UpTown, staff anticipated the total cost to complete phases 2 and 3 to be around \$4,000,000, however, because of the current market situation, those costs have doubled. The amount remaining on the original bond is around \$4,000,000 to \$4,500,000.

Staff is recommending lending \$2,000,000 from the Capital Project fund 45 to the MCN Capital Project fund 46. These additional funds, along with the remaining bond amount, should complete 75% of the project.

Staff has performed an analysis using the projected take rate and has determined that the MCN fund can repay this additional \$2,000,000 loan. As construction nears completion, staff will monitor the actual take rate and will determine at a future period MCN's ability and need to borrow more cash from Capital Project fund 45 to complete the remaining portion of the project. This loan will be in second position to the Revenue Bond.

This loan is a line of credit and will be drawn on as needed. Interest will begin to accumulate after the first draw. Though it is anticipated the loan will be repaid much sooner, the following terms have been established based on current rates for a 20-year loan:

Principal:	\$2,000,000
Interest:	5.00%
# of Payments:	240 (20 year loan)
Repayment Start Date:	7/1/2025

RECOMMENDATION

Staff recommends approval of a resolution authorizing a loan of \$2,000,000 from the Capital Project fund 45 (CIP Fund Reserve) to the Capital Project fund 46 (Mapleton City Network).

RESOLUTION NO. 2022-

**A RESOLUTION OF THE CITY OF MAPLETON, UTAH TO LOAN \$2,000,000
FROM THE CAPITAL PROJECT FUND 45 TO THE CAPITAL PROJECT FUND 46**

WHEREAS, it is best practices to adopt a resolution to authorize the lending of monies from one fund to another; and

WHEREAS, the Mapleton City Network fund needs additional funds to complete the cities broadband system.

NOW THEREFORE, be it resolved by the City Council of Mapleton, Utah, to adopt a resolution authorizing a loan of \$2,000,000 from the Capital Project fund 45 to the Capital Project fund 46.

Approved and adopted this 2nd day of November, 2022.

Dallas Hakes
Mayor

ATTEST:

Camille Brown, City Recorder