



DATE: December 22, 2010

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **APPROVAL OF AN AMORTIZATION SCHEDULE WHICH ESTABLISHES A REPAYMENT PLAN FOR RECOUPING GENERAL FUND MONEY ADVANCED TO THE OCEANSIDE MUNICIPAL AIRPORT FUND**

**SYNOPSIS**

Staff recommends that the City Council approve an amortization schedule which establishes a repayment plan to recoup General Fund money advanced to the Oceanside Municipal Airport fund; and authorize the Financial Services Director to implement the repayment plan.

**BACKGROUND**

In September 2009 The City Council approved amended and restated lease and operating agreements with Airport Property Ventures for the development, design, construction and operation of facilities at Oceanside Municipal Airport. A portion of the proceeds from the agreements were designated to repay an airport State loan requiring a yearly payment until the year 2019. The payback of General Fund monies loaned to the Airport Fund over the years would be at the discretion of the City.

**ANALYSIS**

Finance has conducted a detailed audit of the Airport Fund over the life of the fund to establish the total dollar amount of General Fund "loans" to the airport over the years. To pay back these funds a formal adoption of an amortization schedule is required which establishes a repayment plan for the total amount advanced by the General Fund.

The particulars of the amortization schedule are:

- Repayment to the General Fund will be over 25 years, with first payment due on June 30, 2019.
- Interest will start July 1, 2011 and will be calculated at 5.0569 percent, the same rate as the State loan.

- Total loan principal as of June 30, 2010 is \$885,000. Interest accrued from July 1, 2011 through June 30, 2019, will be \$365,015. Beginning balance at commencement of loan payback will be \$1,250,015.
- This transaction will correct the balance sheet and financial reports.
- There is no budget impact until 2019.

**FISCAL IMPACT**

The State loan requires a yearly principal and interest payment of \$89,000 until 2019, at which time the General Fund loan payback would start. A yearly payment of \$89,198 would be made to the General Fund each July 1<sup>st</sup> through 2043 for a total payment of principal and interest of \$2,229,953.

**INSURANCE REQUIREMENTS**

Does not apply.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY ANALYSIS**

Does not apply.

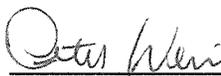
**RECOMMENDATION**

Staff recommends that the City Council approve an amortization schedule which establishes a repayment plan to recoup General Fund money advanced to the Oceanside Municipal Airport fund; and authorize the Financial Services Director to implement the repayment plan.

PREPARED BY:

  
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 Gary R. Gurley  
 General Services Manager

SUBMITTED BY:

  
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 Peter A. Weiss  
 City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

  
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Teri Ferro, Financial Services Director

  
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Douglas E. Eddow, Real Property Manager

  
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**Airport General Fund Loan**  
**FY 2011-2012**  
**Approved by Council (Date), Loan Agreement Number (Doc No.)**

**Conditions**

Phase 1: Beginning Balance is consolidation of four loans from the General Fund totaling \$885,000.00  
 Interest accrues annually beginning 7/1/2011 at 5.0569%  
 Phase 2: Annual Principal and Interest payments begin 6/30/2019

Beginning Principal: \$ 885,000.00  
 Interest Rate: 5.0569%  
 Maturity Date: 6/30/2043  
 Payment Dates: 30-Jun  
 Annual D/S Payment \$ 89,198.13 (Beginning 06/30/2019)

**Phase 1 - Interest Accrual**

<b>Payment Date</b>	<b>Beginning Balance</b>	<b>Principal Paid</b>	<b>Accrued Interest</b>	<b>Annual D/S Payment</b>	<b>Ending Balance</b>
6/30/2012	\$ 885,000.00	0.00	44,753.57	0.00	929,753.57
6/30/2013	929,753.57	0.00	47,016.71	0.00	976,770.27
6/30/2014	976,770.27	0.00	49,394.30	0.00	1,026,164.57
6/30/2015	1,026,164.57	0.00	51,892.12	0.00	1,078,056.69
6/30/2016	1,078,056.69	0.00	54,516.25	0.00	1,132,572.93
6/30/2017	1,132,572.93	0.00	57,273.08	0.00	1,189,846.01

6/30/2018	1,189,846.01	0.00	60,169.32	0.00	1,250,015.34
Totals:		0.00	365,015.34	0.00	

**Phase 2 - Principal and Interest Repayment**

Payment Date	Beginning Principal	Principal Paid	Interest Paid	Annual D/S Payment	Outstanding Principal
6/30/2019	1,250,015.34	25,986.10	63,212.03	89,198.13	1,224,029.23
6/30/2020		27,300.20	61,897.93	89,198.13	1,196,729.04
6/30/2021		28,680.74	60,517.39	89,198.13	1,168,048.30
6/30/2022		30,131.10	59,067.03	89,198.13	1,137,917.20
6/30/2023		31,654.79	57,543.34	89,198.13	1,106,262.41
6/30/2024		33,255.55	55,942.58	89,198.13	1,073,006.86
6/30/2025		34,937.25	54,260.88	89,198.13	1,038,069.61
6/30/2026		36,703.99	52,494.14	89,198.13	1,001,365.63
6/30/2027		38,560.07	50,638.06	89,198.13	962,805.56
6/30/2028		40,510.02	48,688.11	89,198.13	922,295.54
6/30/2029		42,558.57	46,639.56	89,198.13	879,736.97
6/30/2030		44,710.71	44,487.42	89,198.13	835,026.26
6/30/2031		46,971.69	42,226.44	89,198.13	788,054.57
6/30/2032		49,347.00	39,851.13	89,198.13	738,707.58
6/30/2033		51,842.43	37,355.70	89,198.13	686,865.15
6/30/2034		54,464.05	34,734.08	89,198.13	632,401.10
6/30/2035		57,218.24	31,979.89	89,198.13	575,182.87
6/30/2036		60,111.71	29,086.42	89,198.13	515,071.16
6/30/2037		63,151.50	26,046.63	89,198.13	451,919.66
6/30/2038		66,344.93	22,853.13	89,198.06	385,574.73
6/30/2039		69,699.93	19,498.13	89,198.06	315,874.79

6/30/2040	73,224.59	15,973.47	89,198.06	242,650.21
6/30/2041	76,927.48	12,270.58	89,198.06	165,722.73
6/30/2042	80,817.63	8,380.43	89,198.06	84,905.10
6/30/2043	84,905.09	4,293.57	89,198.66	0.00

Totals \$ 1,250,015.33 \$ 979,938.10 \$ 2,229,953.43