It is the policy of the City Council to establish a fund that would act as an internal financing mechanism to advance desirable capital (or operational) projects which may have defined funding sources but which would otherwise require a number of years to accumulate the necessary resources to initiate the project.

Process:

Periodically, but no less than once a year, the City Manager will identify available fund sources over and above the operating budget and designated reserve budget. With the City Council's approval, an advance of capital project funds shall be designated. Loans from this fund can be authorized by the City Council to "projects" under strict terms and conditions including, but not limited to the following:

- Interest rate
- Payback period
- Predetermined principal and interest payment schedule

The interest rate will generally be based upon prime rate at the time the loan is issued, but with the Council's approval, the rate could be as low as the average rate of return on the City investment portfolio for the prior six months. After the terms and conditions of the internal loan agreement are established by the City Council, any proposed changes to the terms or conditions would require additional Council approval.