

The image shows a spiral-bound notebook with a light-colored, textured cover. The spiral binding is on the left side. The text is centered on the cover.

Safety Center Task Force

Financing Options

March 26, 2009

Overview

- Any bonds issued for the project will be general obligation bonds;
- Payment of debt service will come from property taxes;
- For major facility projects the bonds will be repaid over 20 years;
- Generally – debt service is structured to provide for even annual payments;
- The associated debt service levy will be tax capacity based – market value levies are no longer an option.

Overview

- The bonds can be approved through a referendum process or Capital Improvement Bonds that can be issued without a referendum – but subject to a reverse referendum process;
- Any grants received (Federal Stimulus or other) upfront would be used to reduce the bond issue size;
- Any grants or annual contributions received in future years would be used to reduce the annual debt levy.

Impact on Property Owners

- A \$1 Million Bond issue will cost property owners:
 - Residential property of \$220,000 about \$11 / year;
 - Residential property of \$375,000 about \$19 / year;
 - Commercial property of \$600,000 about \$57 / year;
 - Commercial property of \$1,000,000 about \$98 / year.

Impact on Property Owners

- A \$5 Million Bond issue will cost property owners:
 - Residential property of \$220,000 about \$57 / year;
 - Residential property of \$375,000 about \$97 / year;
 - Commercial property of \$600,000 about \$292 / year;
 - Commercial property of \$1,000,000 about \$500 / year.

Impact on Property Owners

- A \$10 Million Bond issue will cost property owners:
 - Residential property of \$220,000 about \$124 / year;
 - Residential property of \$375,000 about \$211 / year;
 - Commercial property of \$600,000 about \$632 / year;
 - Commercial property of \$1,000,000 about \$1,081 / year.

Financing Sources

- GO Debt;
- Stimulus Grant (or other) that pays a portion of the cost;
- Other outside contributions or grants that pay a portion of the construction cost (lower bond issue total) or pay a portion of the annual debt service cost (reduction in annual property tax levy).

Comparison of the Impact on Property Owners with Financing Alternatives

	100% Bonds <i>\$10 M</i>	100% Bonds <i>\$10M with \$100k AC</i>	70% Bonds / 30% Grant <i>\$7M</i>	70% Bonds / 30% Grant <i>\$7M with \$100k AC</i>
\$220K Home	124	110	79	65
\$375k Home	211	187	135	111
\$600k Business	632	560	406	334
\$1 mil Business	1,081	958	694	571

\$100k AC = \$100,000 annual contribution