

Possible Funding Options for the New City Hall*

*All material presented here is for informational purposes only. The City Council has **not** made a determination as to which, if any, of the presented options it will use moving forward.

Funding Options

- The options presented are not in any order of preference. Each option has its' particular advantages and disadvantages.
- There may be other options available, but those presented are the most viable for municipalities.
- Traditionally, the City has been fiscally conservative which puts us in a very advantageous position moving forward. (credit rating etc.)
- The enterprise funds are very healthy. General fund monies are not needed to supplement the Enterprise funds, which is not the case in many other municipalities.

Funding Sources

United States Department of Agriculture (USDA)

- Current interest rate Manzanita would qualify for is 2.25%
- Serves rural cities of less than 20,000 population, with special consideration of cities less than 5,000 population.
- Loan/Grants are available where **up to** 55% of the cost is a grant.
- Up to 40-year repayment term
- No prepayment penalty
- There must be “no other method of financing available”.
- Must show how loan repayment will be made.
- There is a cash match. (determined by project cost etc.).
- At current rates, a 40 year 3.5m annual debt service would be \$133,621.00

Private Banks

- Loans to Cities at current market rate or less.
- Various terms, depending on the institution.
- A \$3,2 million, 20-year term loan @2.40% would have an annual debt service of \$244,000.

Municipal Finance Companies

- Strictly work with governmental entities.
- Offer terms of repayment up to 25 years.
- Based \$3,000,000 loan repayment would be
- 18 years callable in 10 years \$224,590.03 Interest rate 3.348%
- 20 years callable in 10 years \$211,045.03 Interest rate 3.498%
- 25 years callable in 12 years \$188,963.04 Interest rate 3.848%
- All payments include issuance and bond counsel cost of \$12,500
- Annual payments deferred one year from closing date.

Bonds

- Variable funding amounts
- Must be voter approved
- Repayment can be for up to 30 years

Borrow from the Water Fund

- Must be repaid with interest.
- Under Oregon law must be repaid within 10 years.
- Consideration must be given to upcoming public works projects that would be using the fund. There are currently \$1.2 million dollars in projects within the next 2 fiscal years that will be drawing from this fund.
- Taking those projects out of the funds available, leaves approximately 1.6 million in the water funds.
- Additional funds would be required to build a City Hall.

Repayment Methods

Instituting a Special Sales Tax

- Requires voter approval.
- Would expire at the completion of loan/bond repayment.
- Disadvantage-fluctuates from year to year.

Sale of City Property

- Old City Hall- Current real estate market is active. Property location on Laneda is attractive for commercial buyers.
- City 130-acre Alder Creek water shed area.
One of five areas within the parcel was recently harvested and there is another which could be harvested in the near future. Based on the proceeds from the latest harvest, it is not recommended that the City sell this property.
- Once City Hall and the Police Department are relocated to Underhill Plaza, the buildings they are currently housed in, could be sold. They could be parceled into two lots that could have houses built or some type of commercial use. (this would include the current basketball court and city bathrooms).

Short Term Rental Fee

- Implement a fee on Short Term Rentals, similar to the Tillamook County short term rental fee.
- The fee is paid quarterly and is on a sliding scale. The County fee ranges from \$50.00 per quarter for gross rental revenue up to \$5,000 to \$600.00 per quarter for gross revenue exceeding \$50,000.00.
- This fee is being collected from short term rentals located within Tillamook County, but **NOT** in short term rentals within City limits. The City of Manzanita does not have such a fee at this time.
- This fee would generate approximately \$119,950.00 per year which could be used to help defray the cost of the new City Hall.