

Recommend Approach to Funding the Central Fire Station

City Staff has been reviewing the options for the City to fund the Central Fire Station proposal. Based on Council's direction, the Staff started its review with the understanding that the City property tax should not be the primary funding source. It is my recommendation that the City fund the Central Fire Station as follows:

1. Implement the Transfer Tax at one (1 %) percent, effective September 1, 2010. This will provide an estimated \$410,000 per year, based on the last twelve (12) month period. This dollar amount is considered low given the slow down in the sale of real estate. However, once the economy improves (back to pre-recession times), the potential for the Transfer Tax will be well over \$500,000 per year.
2. Increase the City property tax effective for the F.Y. 2011 by two (2%) percent. This property tax increase would bring in approximately \$270,000 (\$135,000 per each one (1 %) percent increase).
3. Provide a second property tax increase of one (1 %) percent during the F.Y. 2012 budget which again would bring in approximately \$135,000.
4. Utilize the one (1%) percent property tax levied during F.Y.2010 and reserved for the Central Fire Station (approximately \$135,000 per year).

Add together the transfer tax and two (2) year property tax increase would bring in the following:

Transfer Tax	\$410,000 annually
2011 Property Tax Increase (2%)	\$270,000 annually
2012 Property Tax Increase (1 %)	\$135,000 annually
Property Tax Allocated in F.Y. 2010 Budget	\$135,000 annually
TOTAL	\$950,000

The \$950,000 would be enough to pay the annual cost of the twenty-five (25) year loan.
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