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Hailey City Council Authorizes Cash Purchase of Downtown Property

Reimbursement Bond Measure Put Before Hailey Voters

(Hailey, Idaho) – The Hailey City Council considered a purchase option in August on property adjacent to city hall, at the corner of Croy and River Streets. This parcel is the same size as the parcel on which the Hailey Public Library/City Hall sits and is located across the alley where Copy & Print has been located, prior to which Tamarack Sports occupied the premise. The property is offered to Hailey City government for a purchase price of \$950,000. The city council will potentially be deciding on several matters: 1) whether or not to pursue the purchase, 2) if the purchase is pursued, whether to seek a voter approved bond for the purchase or to pay cash, and 3) if a bond measure is called, whether to structure the ballot to include enough money for both the purchase and improvements to the property, or to only bond for the purchase.

The Hailey City Council reached decision on these matters in mid-August, at which time they authorized city officials to complete the purchase using cash from previously unbudgeted capital funds and to authorize city officials to sign closing documents. The City Council also identified that voters should determine whether or not the cash purchase should be reimbursed with a general obligation reimbursement bond. The bond, if approved by voters, would authorize that the purchase be paid for over five years by the addition of approximately \$21 per \$100,000 taxable property value to the property taxes paid by Hailey property owners.

General obligation bonds (G/O Bonds) are a traditional method by which governments acquire or make significant improvements to real property. These bonds require 2/3 voter approval. If Hailey voters approve the bond, the City will work with its financial experts to secure financing. Once financing is secured, a bank will issue the entire amount of \$950,00 to the City. The City will apply the \$950,000 to replace money within its Capital Fund that was used to secure the purchase of the building in August.

The funds Hailey used to purchase the building in August were previously unbudgeted capital funds. If these monies are replaced through the bond election, a budgeting process will be needed before these funds can be applied to future capital projects.

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