

ADDITIONAL INFORMATION

REGULAR SESSION

November 14, 2007

ITEM #12

Analysis of park land acquisition fund resources

Balance @ December 1, 2007	\$1,740,000
Commitments in 07-08 budget	\$160,000
Net funds available for park land purchase	\$1,580,000
Funds required to acquire park (estimate of sale price)	\$2,700,000
shortfall in available funds	-\$1,120,000

In order to acquire the parkland offered by the U.S. Forest Service, we must establish an inter fund loan in the amount of \$1,120,000. In you accept the notion that the accrual of revenue in the parkland acquisition account approximates thirty thousand dollars per month, the payback of the principal borrowed will take no less than 37.3 months. If you factor for lost interest on the funds borrowed, the payback period will be extended. The practical effect associated with borrowing funds is that there will be no funding available for use in constructing parkland improvements other than those budgeted in the 07-08 fiscal year.

One option for you to consider relative to funding park land improvements is to secure Heritage Grant funds or other sources of funding which may be made available through the State of Arizona. There may also be an opportunity to issue bonds for the parkland improvements. I have not studied that option as of the completion of this analysis, hence, I offer no opinion on the feasibility of such an undertaking.