

PRESS RELEASE
ISSUE DATE: FOR IMMEDIATE RELEASE

**IMPORTANT ARROYO GRANDE POLICE STATION
FUNDING PLAN APPROVALS RECEIVED**

The City of Arroyo Grande received key approvals for two of its four step plan to fund the proposed Police Station project during the past week. Success of the City's funding plan is based on the following four components:

- 1) Acquire property at West Branch Street and Rodeo Drive from the County of San Luis Obispo at no cost in exchange for rezoning County properties and assuming maintenance of a previously County maintained street and open space area;
- 2) Place a bond measure on the June 8th ballot, which will combine refinancing 2003 Fire Station bonds and pay a portion of debt service costs with Local Sales Tax revenues in order to avoid any increase in the annual tax assessment rate;
- 3) Finance the bonds through a Federal USDA Rural Development Community Facilities low-interest loan program with funds from the American Recovery and Reinvestment Act (ARRA) of 2009; and
- 4) Bid the project by late summer or early fall in order to take advantage of current construction cost reductions resulting from the economic recession building slowdown.

According to City Manager Steven Adams, "this was an important week for the City because two key approvals were received, which will ensure the City can immediately proceed with the Police Station project if Arroyo Grande voters approve the bond measure on June 8th." At their May 25, 2010 meeting, the County of San Luis Obispo Board of Supervisors unanimously approved final transfer of the property for the Police Station project. On the following day, May 26, 2010, Agricultural Secretary Vilsack announced approval of the \$6 million USDA loan, which will be used to purchase the bonds if approved.

Adams added that approval of "the ARRA funding was very important since the interest rate is estimated to be at least two percentage points less than what the bonds could be sold for on the current municipal bond market." "Therefore, it provides the final piece in the puzzle to make the project economically feasible while keeping the bonds at an amount that the City can ensure will not raise the annual tax rate."

/s/ STEVEN ADAMS, CITY MANAGER

DATE: JUNE 2, 2010

**FOR ADDITIONAL INFORMATION, CONTACT:
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