

## **Sidewalk Project Payment and Financing Options**

Once Missoula City Council orders a Special Improvement Assessment project, which generally includes sidewalks and related infrastructure, affected property owners have various funding options for the portion of work adjacent to their property.

For City-ordered projects, property owners who pay into Road District #1 qualify for City funding assistance that generally pays for a significant portion of the cost of the infrastructure work adjacent to their property. Requirements for property owners to be eligible for funding assistance are: 1) they must pay into Road District #1 for the affected property, and 2) they must use the City's hired contractor to complete the infrastructure work adjacent to their property within the project. Property owners are responsible for paying any amount not covered by the funding assistance, and the City offers financing with various options to cover this balance. These options include 8-, 12-, or 20-year loans that are paid twice per year through the property's tax bill.

In addition, the City has two separate deferred loan programs—partial deferred payment and total deferred payment—which are described in Options 3 and 4 below.

City financing and loan programs can be mixed and matched, depending on the property owners' eligibility for deferments. For example, a property owner may opt to pay a portion of their assessment in cash and then pay the remaining balance over an 8-, 12-, or 20-year term.

### **Option 1 – Cash Payment in Full**

Property owners have the option to pay cash for the remaining balance of the infrastructure costs, if they so choose. This is the least expensive option because no finance costs or interest will be added to the balance. If the cash payment option is chosen by the property owner, the City will send an invoice to the property owner, who will have 30 days from the date of the invoice to make the payment. The City accepts cash, check, MasterCard, or VISA.

### **Option 2 – City Financing**

Requirements for property owners to be eligible for funding assistance are: 1) they must pay into Road District #1 for the affected property, and 2) they must use the City's hired contractor to complete the infrastructure work adjacent to their property within the project.

For this option, the property owner can choose to pay the assessed costs over an 8-, 12-, or 20-year term. The City process for this option is the City pays the contractor and then arranges to have the costs plus interest added to the property's semi-annual property tax bill. Payments are calculated as follows:

Actual construction cost	+	Finance costs	+	Interest costs	=	Amount to be financed
<ul style="list-style-type: none"> <li>—Determined after the project is completed</li> </ul>		<ul style="list-style-type: none"> <li>—This amount can vary but is not to exceed 20% of the final construction cost.</li> <li>—City pays the contractor by selling municipal bonds, and the cost for issuing those bonds is paid by those property owners agreeing to use City financing.</li> <li>—These finance costs are added to the actual construction cost to determine the principal amount to be financed.</li> </ul>		<ul style="list-style-type: none"> <li>—These are estimated to be 4.5% to 7.5%, but are determined by the sale of the bonds plus administrative costs.</li> </ul>		<ul style="list-style-type: none"> <li>—This amount can be paid over an 8-, 12-, or 20-year term.</li> </ul>

### Option 3 – Partial Deferred Payment

The City may also defer the portion of the remaining balance after the funding assistance is applied for actual construction costs that are more than **\$6,000**. This option is available only for owner-occupied residential properties.

The amount deferred will be attached to the property as a lien that does not need to be paid off until the property's ownership changes. It will accrue interest at the City's latest audited average earnings rate plus an administrative fee that is required by state law. The remaining **\$6,000** will be financed through the City's financing program described under Option 2. A Promissory Note will be required to secure the debt.

### Option 4 – Total Deferred Payment

Property owners who meet certain low-income criteria and reside on the property, which must be a residential property, may defer the entire remaining balance after funding assistance is applied.

The amount deferred will be attached to the property as a lien that does not need to be paid off until the property's ownership changes. It will accrue interest at the City's latest audited average earnings rate plus an administrative fee that is required by state law. A Promissory Note will be required to secure the debt.