Public Safety Building: Ballot Timing Options

City Council Work Session – July 29, 2025 @ 6:30 PM

Purpose of This Work Session

Tonight's work session is intended to help the City Council evaluate the best timing for placing a bond measure for Gearhart's proposed Public Safety Building on the ballot. The City is at a key decision point: whether to move forward with a vote in **November 2025** or wait until **May 2026**. This handout outlines the current status of the project, cost considerations, funding strategies, and the potential benefits and risks of each timeline. The goal is to ensure councilors have the information needed to make an informed and strategic decision.

Current Status

- **Estimated Project Cost:** $33 million
- **Ballot Language:** Ready for adoption at next week's Council meeting
- **Available Funds:** ~$50,000 in remaining budget for outreach and planning
- **Decision Tonight:** Should the City place the bond on the **November 2025 ballot** or wait until **May 2026**?

Ballot Timing Options

Option 1: November 2025 Election

Pros:

- Keeps the project on schedule
- Avoids delay-related cost increases

Cons:

- Low-turnout election (off-year, no major state or federal races)
- Less time for public engagement, outreach, and value engineering
- Increased risk of defeat due to organized opposition and lack of voter education

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Option 2: May 2026 Election

Pros:

- Allows for:
    - $20,000 community survey (already in planning)
    - Public relations support to inform voters
    - Further work with architects to explore cost reductions
    - Ongoing discussions with Oregon Building Codes Division about potential exemptions to critical infrastructure rules (up to $9M of the current cost)
- Higher voter turnout likely due to primary elections
- Possible improvement in municipal bond interest rates

Cons:

- Estimated 6-month delay
- Inflation impact:
    - Estimated 6% increase over 6 months
    - 6% of $33 million = $1.98 million

Cost Impact of Delay

Item	Estimate
Current Cost	$33,000,000
6% Inflation (6 mo)	$1,980,000
New Total	$34,980,000

Strategic Budget Use (If May 2026 Is Chosen)

Use the remaining **$50,000** for a 3-pronged plan:

1. **$20,000** – Citywide public opinion survey
2. **$15,000–$20,000** – Public relations firm for messaging & engagement
3. **Remaining funds** – Additional time with architects to explore savings

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Could Lower Interest Rates Cancel Out Inflation?

Yes—reduced municipal interest rates could offset the delay costs.

Example:

Scenario	Bond	Rate	Est. Repayment
Nov 2025	$33M	5.00%	~$52.6M
May 2026	$35M	4.25%	~$53.0M

- A 0.75% drop in interest rates could save ~$2.5–$3 million in borrowing costs over 20 years
- This would nearly cancel out the $2 million inflation increase
- Result: Delay may have little to no net impact on taxpayers if rates drop

Why Rates Might Drop:

- Federal Reserve rate cuts expected in late 2025 or early 2026
- Slowing inflation
- Higher investor demand for municipal bonds
- Continued strong credit ratings

Bottom Line Comparison

Option	Turnout	Risk	Opportunity
Nov 2025	Low	Higher defeat risk	Faster timeline
May 2026	Higher	~$2M inflation	Better engagement, possible savings

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Summary

Delaying the bond measure to May 2026 gives the City more time to engage the public, explore cost-saving options, and potentially benefit from lower interest rates—at the cost of an estimated $2 million increase due to inflation. However, that increase could be offset by reduced borrowing costs. The choice ultimately comes down to whether we prioritize staying on schedule or taking the time to strengthen community support and refine the project for long-term success.