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## Financing 331 Rheem

*By Sophie Braccini*

The Moraga Town Council recently decided to postpone the sale of a portion of the Town-owned property located at the corner of Rheem Boulevard and Saint Mary's Road. That sale was part of a package deal, designed by former Town Manager Mike Segrest and approved by the Council, to redeem the purchase of 331 Rheem - the property that became the town's corporation yard. Staff must now find other ways to finance a promissory note for \$450,000 that is coming due on March 10, 2012.

In her staff report, Planning Director Shawna Brekke-Read listed three options the Council could consider to pay off the note. "These include using one-time developer fees (i.e., Palos Colorados funds that amount to \$2 million at this time), continuing the \$450,000 note with interest (the note's owner has indicated interest in doing so), or developing a payment plan using the operating budget," read the report.

During its October 12 meeting, Town Manager Jill Keimach was asked by the Council to come back with more detailed options. "Interest rates have never been so low," commented Council Member Dave Trotter, "a fixed loan can get a rate as low as 3% at this time."

A second property was also supposed to be sold to finance the purchase of 331 Rheem - a vacant lot on Devin Drive that the Town took off the market when it failed to attract a buyer.

The Planning Commission, Parks and Recreation Commission, and many residents expressed concerns about building along the popular and scenic Lafayette-Moraga Trail. Brekke-Read's staff report detailed all of the hurdles that the Town, as the property owner, would have to jump in order to get a tentative map for developing the property.

The Council decided to table the issue indefinitely on two cues - the land couldn't be sold quickly enough to meet the March payment deadline, and the cost of the process, estimated at over \$100,000, was too high. However, the Council reserved the right to sell the land at a later date.

"There are a number of options we could consider and will be bringing back to the Council before March," confirmed Keimach as she began to work on a comprehensive financial plan with town's new Administrative Services Director, Stephanie Hom. "One time developer fees could be used if it creates park land; a longer-term payment plan with the note holder could be negotiated using General Fund or operating dollars over several years; the Town could pay off the note with surplus dollars at the end of the year over the next several years; or the Town could extend the note with interest. These and potentially new options will be evaluated and developed for Town Council consideration," stated Keimach.

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