

Reply to Common Council File No. 010238

From DOA-Budget and Management Division

June 8, 2001

Ref: 01009

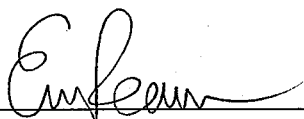
Common Council File 010238 is a resolution reserving up to \$50,000 in the 2001 Common Council Contingent Fund for the Maintenance of Essential Utility Service Special Purpose Account (SPA).

This SPA is under the control of the Department of Neighborhood Services (DNS) and authorizes DNS to contract with outside vendors to correct emergency housing conditions if the owner fails to make repairs in a timely manner. These costs are revenue offset by placing a charge on the tax roll.

Supplemental funds are needed for this SPA in order to finance unanticipated costs related to the correction of emergency situations in residential units resulting from a higher than expected increase in the number of sewer lateral repairs. To date, the SPA's entire 2001 budget appropriation has almost been spent, with most of the expenses (\$51,420 or 72%) spent on sewer lateral repairs. Costs for lateral repairs in 2001 have doubled from the prior year.

If approved, this file will authorize the reservation of up to \$50,000 in the Contingent Fund to supplement the appropriation for the Maintenance of Essential Utility Service SPA. This amount represents 1% of the total 2001 Contingent Fund appropriation. Currently, the Contingent Fund, including all funds transferred and reserved, has a balance of \$4.9 million. It appears that the Contingent Fund can be used for this purpose without significantly reducing the Council's ability to use the Contingent Fund for other purposes. Moreover, additional costs for this SPA are recovered through charges placed on the tax roll for affected properties, so there is no net cost to the City.

RECOMMENDATION: APPROVE THE RESERVATION OF \$50,000 IN THE COMMON COUNCIL CONTINGENT FUND FOR THE MAINTENANCE OF ESSENTIAL UTILITY SERVICE SPECIAL PURPOSE ACCOUNT.


Eric C. Pearson
Budget and Management Team Leader

ECP:

FINANCE:010238sr.doc