

Reply to Common Council File No. 030096
From DOA-Budget and Management Division

May 28, 2003

Ref: 03013(30)

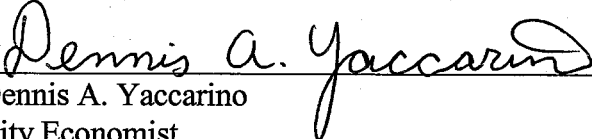
Common Council file 030096 contains a resolution relating to the return to the city of proceeds generated from city assets and funds provided to the Redevelopment Authority.

In most cases RACM has existing agreements with the city to return proceeds from city assets and funds to the city. However, there are some agreements that allow RACM to retain the proceeds. Since RACM and the city work together on many projects, it is important to leave existing agreements as they are so funding of RACM and city operations are not adversely effected.

There maybe cases where the city and RACM both benefit if RACM retains the proceeds. This might occur when using RACM revenue bonding authority because of its advantages over the city's borrowing authority. The proceed revenues may be RACM's revenue source to retire the debt.

We therefore suggest that this legislation be limited to future agreements and that a provision be added to allow RACM to retain the proceeds from assets or funds when it is beneficial to both the city and RACM.

RECOMMENDATION: AMEND RESOLUTION 030096 TO LIMIT THE LEGISLATION TO FUTURE AGREEMENTS AND ALLOW AN EXCEPTION TO THIS PROCESS WHEN IT BENEFICIAL TO BOTH THE CITY AND RACM.


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