

Reply to Common Council File No. 130722
From DOA-Budget and Management Division

October 4, 2013

Ref: 13008

Common Council File No. 130722 contains a resolution authorizing the issuance and sale of general obligation promissory notes in the aggregate amount of \$3,200,000 for demolition of city and privately owned properties. The intent is to provide expenditure authority for the purpose of demolishing 200 residential properties. The State is providing \$2 million for this purpose and will be providing it to the city in the form of a grant that is included in Common Council File 130786.

It was originally thought that the State funding would be provided as a reimbursement. After introduction of this resolution it found that the State money will be provided as a grant. This means that the \$2 million of expenditure authority for the projects will be set up in the grant budget which will reduce the contingent borrowing needs to \$1.2 million.

The need to borrow \$1.2 million is in fact that property demolitions cost around \$16,000 per property and the State will provide the city \$10,000 per property. The \$1.2 million is the additional cost that the city needs to fund to demo 200 properties.

**RECOMMENDATION: ADOPT FILE NUMBER 130722 SUBSTITUTE
WITH BORROWING REDUCED TO \$1.2 MILLION.**


Dennis Yaccarino
Budget and Policy Manager Senior

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