

Reply to Common Council File No. 020601

From DOA-Budget and Management Division

July 29, 2002

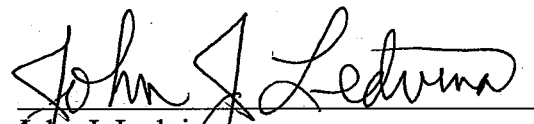
Ref: 02010 (29)

Common Council File No. 020601 contains a substitute resolution authorizing the release of some of the 2002 capital improvement projects and programs deferred in April 2002 by Common Council Resolution 011615. Projects and programs totaling \$17.4 million were deferred in light of the uncertainty in 2002 shared revenue payments created by Governor McCallum's proposed State Budget Adjustment Bill. The State Legislature has since passed and Governor McCallum recently signed a State Budget Adjustment Bill that retains 2002 shared revenue payments at their original levels.

Approximately \$7.5 million of the deferred projects and programs are time sensitive. For example, Buildings section projects of \$2.0 million may involve the layoff of almost six trades people and about 1.5 design and inspection workers if deferred into fall 2002. Another \$3.9 million appropriated for Fleet section capital equipment replacement should be released from "hold" status to order diesel engine powered vehicles on or before August 1<sup>st</sup>. Engine manufacturers are building out current diesel engines in anticipation of a change in diesel emission regulations that will increase costs by about \$5,000 per unit. These include 5 Garbage Packers, 4 Recycling Packers, 4 Sweepers, 11 dump truck type chassis (6 salters, 3 aerial trucks, 1 digger derrick, and 1 compressor dump truck), and 4 light duty tractors.

The originally deferred \$17.4 million represented about 17% of the \$103 million city funded 2002 capital improvements budget. The \$7.5 million release from hold would retain about \$9.9 million of 2002 projects and programs in deferred or "hold" status. These projects and programs would be available for release from "hold" at a later date.

**RECOMMENDATION: APPROVE FILE 020601 TO RELEASE \$7.5 MILLION  
2002 CAPITAL PROJECTS AND PROGRAMS FROM "HOLD" STATUS  
IMPOSED BY RESOLUTION 011615.**

  
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