

Reply to Common Council File No. 071493
From DOA-Budget and Management Division

March 5, 2008

Ref: 08008

Common Council File 071493 contains a resolution authorizing the sale and issuance of general obligation promissory notes for contingent borrowing for excess 2007 expenditures. The resolution authorizes the sale of up to \$4.7 million in contingent borrowing. Our current estimate of the shortfall is \$4,351,360. The expected borrowing is equivalent to approximately 0.8% of the 2007 adopted operating budget. The additional funding is requested to cover any changes in expenditures that occur later in March. The accounting books remain open through March to cover any outstanding accruals.

Snowfall in 2007 was 31 inches above average and the 3rd highest in the last 25 years. This caused the Department of Public Works to exceed their funding for snow removal. Their snow removal budget for 2007 was \$4.9 million. DPW expended \$10.7 million. Approximately \$0.7 million of the cost over run was covered with reallocated funds within their budget and \$0.4 million with Common Council Contingent Funds. The remaining amount will require funding from contingent borrowing.

The Comptroller has indicated that they intend to repay this borrowing over a three year period. This will add approximately \$1.6 million to the 2009, 2010, and 2011 debt service budgets.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 071493
AUTHORIZING THE SALE AND ISSUANCE OF GENERAL OBLIGATION
PROMISSORY NOTES FOR CONTINGENT BORROWING FOR EXCESS
2007 EXPENDITURES.**

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