

Reply to Common Council File No. 040238

From DOA-Budget and Policy Division

July 19, 2004

Ref: 04013

Common Council File 040238 contains a resolution that authorizes the expenditure for Tax Incremental District project costs in various TID's that are in excess of the estimates for such costs in the approved Project Plans for such TID's.

An opinion from the City Attorney has states TID project costs in excess of estimates contained in the Project Plans for such districts are permissible if the Common Council has authorized such expenditures in the annual City budget. However, the Comptroller's Office has raised question whether the Common Council should have more control over instances in which TID project costs for certain projects may exceed the estimates contained in the Project Plans originally approved by the Common Council. This file addresses the Comptroller's concerns for TID expenditures that have already exceeded the original Project Plan estimates.

This file does not allow the Department of City Development to exceed their 2004 Capital Budget Authority of \$19.0 million, of which approximately \$14.7 million is still available.

The Budget Office, Department of City Development, Comptroller's Office, and City Attorney's Office are currently working on a TID expenditure process and will present this to the Common Council for their approval by September 21, 2004. The process will better communicate to the Council of TID's expected to exceed expenditure authority in the original Project Plans.

RECOMMENDATION: APPROVE THE RESOLUTION RELATING TO TAX INCREMENTAL FINANCE PROJECT EXPENDITURES.



David Schroeder
Budget & Management Special Assistant

DJS
FINANCE: 040238SR.DOC