REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED OCTOBER 17, 2001

The Executive Policy Committee submits Clauses 1, 2, 3, 4, and 5 as consent items.

The Executive Policy Committee submits the following Report and recommends:

Award of Contract for the Provision of Alarm Monitoring Services Tender No. 95-2001

File GL-9 (Vol. 16)

1. The Executive Policy Committee has been advised that this Award of Contract is a multi-year Contract spanning a few budget years, and only Council has the authority to approve an award of Contract since there is commitment from future budgets.

Tri-annually an invitation to bid is issued by the Materials Management Division of the Corporate Finance Department for the Provision of Alarm System Monitoring Services for various City departments on a twenty four (24) hour, three hundred and sixty five (365) day a year basis. The Contract is on a scheduled basis and, therefore, must be approved by Council.

Final receipt of bids took place on June 22, 2001 with bids being received from eight (8) bidders, as outlined on Appendix "A" Summary of Bids.

Bids were in accordance with the requirements of the Tender Package, although, Compuscan did not initial the price changes on Form B. This informality is not considered material.

Compuscan did not provide pricing for two items. Item number two (Program User Access Codes) and item number three (Supply Printout of Event Buffer). These two items were "no charges" under the bid submitted. Item five (Service Call Flat Rate) was not quoted on. It has been determined that item number five is a minor technical requirement that should be waived, as the City has in the past had low demand for this service, and can do the service call work itself.

The requirements for Bid and Performance Securities, and the execution of a formal contract were waived for this purchase in accordance with the authority delegated to the Director of Purchasing by The Board of Commissioners on April 9, 1992 and February 9, 1995.

The recommended bidder has provided evidence, satisfactory to the Contract Administrator, that they have the necessary abilities and resources to perform the work of this contract. As well, the recommended bidder is the current contractor for these services to the City.

Funding for this contract is through the budgets of the various user departments.

Tenders are valid for acceptance until October 31, 2001.

Although the funds for 2001 are within the approved budget, the Contract commits funds from future unapproved budgets. The Financial Impact Statement is outlined on Appendix "B".

The Executive Policy Committee recommends:

I. That the Contract for the Provision of Alarm Monitoring Services for the period of January 1, 2002 to December 31, 2005 be awarded to Compuscan Protection Inc. who submitted the lowest evaluated responsive bid.

II. That the Manager of Materials be authorized to issue a purchase order in the total conditional amount of $24,912.00, G.S.T. and P.S.T. extra to Compuscan Protection Inc.

III. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Appointment of the Chief Financial Officer or Designate as the Treasurer of the City of Winnipeg

File GL-5.1 (Vol. 45)

2. On October 17, 2001, the Executive Policy Committee passed the following motion, namely:

"WHEREAS the vision of the Corporate Finance Department is financial leadership to inspire excellence in the business of civic government;

AND WHEREAS the structure of the Corporate Finance Department is being reorganized incorporating recommendations of the Review of Internal Programs and Services by Ernst and Young while maintaining alignment with its vision;

AND WHEREAS it is desirable that the management function of the department be split between two senior positions, both reporting to the Chief Financial Officer of the Corporate Finance Department;
AND WHEREAS The City of Winnipeg Act requires Council to appoint a Treasurer;

THEREFORE BE IT RESOLVED that the Chief Financial Officer, or designate, be the Treasurer of the City of Winnipeg and the City Organization By-law be amended accordingly";

and submits same to Council for approval.

City of Winnipeg Membership - Better Business Bureau of Manitoba
File GC-5 (Vol. 8)

3. On October 17, 2001, the Executive Policy Committee passed the following motion, namely:

"WHEREAS the Better Business Bureau of Manitoba is a private non-profit organization fully funded by its membership subscriptions with a mandate to work for a self-regulating honest and ethical marketplace in the Province of Manitoba;

AND WHEREAS the work supported by the firms in the Province of Manitoba allows the Better Business Bureau of Manitoba to:

- *Provide a direct fact finding service on new, unknown or questionable business propositions*
- *Report on those who ask the City for contributions for advertising, charitable or civic purposes*
- *Provide a continued program to encourage good advertising practices, and to curb those that are harmful*
- *Provide help for employees, family, friends and neighbours when they have questions or difficulties in business transactions*

AND WHEREAS the Better Business Bureau of Manitoba programs and services help instill public confidence in our free enterprise system and its continued preservation;

THEREFORE BE IT RESOLVED THAT The City of Winnipeg become a member of the Better Business Bureau of Manitoba";

and submits same to Council for approval.

Request for an Additional Heritage Conservation Tax Credit – Fort Garry Hotel, 222 Broadway
File G-3.1.5 (Vol. 2)

4. On May 29, 2001, 3031632 Manitoba Inc., operating as the Fort Garry Hotel, made an application to the Planning, Property and Development Department for a Heritage Conservation Tax Credit (HCTC) under By-law No. 7155/98. The owners advised that they wish to undertake $13.1 million in capital expenditures to the Fort Garry Hotel over the next five years, that they estimate $8.1 million are eligible costs to the Program, and that they are therefore requesting the maximum 50% tax

credit of $4,050,000.00 to be phased in as work is completed. The Conservation Report is on file in the office of the City Clerk.

City Council retains sole responsibility for accepting or rejecting applications and for setting the amount of tax credit to be allocated to each authorized project.

Since 1994, the Fort Garry Hotel has benefited from the assistance of The City of Winnipeg to restore and rehabilitate this historic building. The City's contribution is summarized within the following table:

Incentive Program	Type of Work	Value of Incentive
nnipeg Development Agreement		
Phase I		
Grant #1	repair and restore exterior of the Hotel	$750,000.00
Grant #2	foundation repairs	$475,000.00
Phase II		
Grant #3	foundation & water penetration	$976,750.00
Grant #4	7th floor conservation	$ 98,000.00
wntown Heritage Tax Credit	upgrade elevator system and foyer	$250,000.00
TOTAL		**$2,549,750**

The Fort Garry Hotel's heritage significance has been recognized by all levels of government. The building has been designated by the Province of Manitoba; it has been plaqued as a national historic site by the Government of Canada and was placed on the City's Building's Conservation List in 1980 as a Grade II building. The Fort Garry Hotel can arguably be considered the second most significant Heritage Structure in the Province next to the Legislative Building.

The Fort Garry Hotel is the only survivor out of three luxury railway hotels built in Winnipeg between the late 1890's and 1914.

The 14 story hotel is of steel frame construction on a grey granite foundation. Indiana buff limestone walls rise to a copper covered roof. Significant investments have been made in recent year's to preserve the building's exterior and restore the interior.

A. The Incentive Program

The HCTC incentive strategy was adopted by City Council in 1998 on a pilot basis for three years with a review during the third year. The purpose of the program was to assist a limited number of projects selected for their ability to:

- increase property assessment values;
- fulfill functions not likely to be displaced from other parts of the city.

Council retains sole responsibility for accepting or rejecting applications and for setting the amount of tax credit to be allocated to each authorized project.

Council has approved the following tax incentives under this program:

Building Name	Work	Amount of Incentive	Status
Former Free Press Building, 300 Carlton Street	commercial offices	up to $2.4 million	(Approval of $ 2 M tax credit for Air Canada portion of building since rescinded)
Marshall Wells Building, 136 Market Avenue	interior upgrade	up to $3 million	work complete
Portage Village Inn, 311 Portage Avenue (A & B Sound Ltd.)	interior upgrade	up to $835,000	work complete
146-164 Princess Street (Red River College)	downtown technical campus	up to $15.75 million	work underway
Ashdown's Hardware Store, 476 Main St. (Big Four Building)	commercial offices, studios, and artist live / work spaces	up to $1.715 million	work underway

Furthermore, Council may be asked to consider HCTC applications shortly, for the Union Tower, 504 Main Street, as well as the Lindsay Building, 228 Notre Dame Avenue.

The value of an approved tax credit may be up to 50% of the net private investment made in eligible work. This credit may be used at a recipient's discretion over a maximum 10-year period to reduce the property, business and, in specific circumstances, the amusement taxes levied by the City on the structure and its site.

B. Scope of Work

The program is intended to support work that:

- repairs and stabilizes City-designated heritage structures;
- extends the life of such structures;
- conserves significant architectural or other heritage elements; and/or
- rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a structure's historical integrity, including its defining design characteristics, site and environment.

In its proposal, the Fort Garry Hotel outlines the following work that it deems eligible for HCTC:

1. Guestrooms and Hallways:	complete upgrade including electrical, mechanical, plumbing and hallway reconstruction	$4,735,000.00
2. Provencher Ballroom:	restoration and addition	$ 986,700.00
3. Mezzanine, Lobby and Palm Room:	restoration and upgrade	$1,707,750.00
4. Tenth Floor upgrade:		$ 693,000.00
TOTAL		**$8,124,050.00**

The proposal outlines that an additional $5 M in capital will be spent on items that are not eligible under the criteria established for the program.

Depending upon Council's decision, the owners intend to start construction late in 2001 and to complete in 2007.

One application will be sufficient to cover all phases of a multiple-stage conservation project. The tax credits would be proportioned accordingly and released as the completion of each phase of work is satisfactorily documented, inspected, and approved.

The conservation work performed on the Hotel to date has been of very high quality.

C. Economic Impact / The Owners Perspective

a) Public / Private Leverage:

The Fort Garry Hotel owners point out that the initial $2,549,750.00 investment from the City resulted in a $14,000,000.00 total investment (leverage approximately 5.5:1 Private / Public funding). The work included the stabilization of the exterior and foundations of the building and the restoration of the seventh floor ballrooms and loggia.

The current proposal leverages a 3:1 Private / Public Investment.

b) Effect on the Hotel Industry:

The owners present a case that the investment in the Fort Garry Hotel has contributed to an increase in capital expenditures for all hotels, which has resulted in increased city-wide room rates, and has created a climate that has attracted new hotel projects throughout the city. The owners state that:

"The strategic capital investment made by the City of Winnipeg in the Fort Garry has resulted not only in the preservation of one of the city's most significant buildings, but has expanded employment, increased hotel revenues, triggered investments, and increased and expanded the property tax rolls."

c) HCTC Eligibility:

The owners argue that the Fort Garry Hotel meets all of the criteria for eligibility for the HCTC in that:

- The structure is of special historic significance.
- The project celebrates Winnipeg's heritage, enhances tourism, creates long-term employment, and will continue to enhance tax revenues for all three levels of government.
- The eligible work will ensure the continued stabilization of the structure resulting in the building having its life extended.
- The project continues important conservation of historic interior elements including the Provencher Ballroom to its original glory.

D. The Administrative Response

a) Private / Public Investment Leverage:

The current proposal of 3:1 is significantly less than the leverage realized on the initial Heritage incentive (5.5:1). For information purposes, the Private / Public leverage on other Council Approved HCTC projects is as follows:

- Former Free Press Building 11.6 : 1 Total Capital Investment
  8.5 : 1 Eligible Costs
  * Includes the $2 M HCTC awarded initially to Air Canada.

- Marshall Wells Building 3.3 : 1 Total Capital Investment
  3:2 : 1 Eligible Costs

- Red River Downtown Campus 2 : 1 Total Capital Investment
- Ashdown's Hardware Store 3 : 1 Total Capital Investment
  2 : 1 Eligible Costs

b) Effect on the Hotel Industry:

The administration believes that the capital investment to the Fort Garry Hotel has been concurrent but not fundamental to, the recent activity and growth of the hotel industry within the City. A review of building permits issued for hotels and motels from January 1, 1994 until July 31, 2001 indicates that construction values exceeded $66 M citywide (the majority of which has occurred outside the downtown).

Several new hotels have been completed or are in the process of construction since 1999 including the:

Club Regent Casino Hotel	1415 Regent Avenue West	$9.7 M
Greenwood Inn Hotels	1715 Wellington Avenue	$8.32 M
Four Points Sheraton	1999 Wellington Avenue	$8.8 M
Hampton Inn & Suites Hotel	260 Main Street	$6.0 M

Furthermore, the Holiday Inn and Suites are currently undergoing a $6 M renovation to the approximately 10 year old Travelodge Hotel on the corner of Portage and Colony.

All of these projects have been initiated privately without civic subsidies.

The administration is concerned that the City may be providing the Fort Garry Hotel with a potentially unfair economic advantage over other competing hotels within the City. All hotels and motels undergo regular and significant renovations to their facilities due to normal wear and tear, functional obsolescence, fashion and franchise décor trends, industry standards, as well as individual marketing requirements. Renovations to ten and twenty year old hotels also cause building code issues to be resolved during the time of construction. The City should not be seen as subsidizing one hotel at the expense of others.

c) HCTC Eligibility:

The administration concurs with the Fort Garry Hotel's basic points, as summarized within the previous section of this Report. The Conservation Report submitted by the Fort Garry Hotel is very thorough and, under the general wording of the HCTC Program, the owners have suggested that $8.1 M of their expenditures would be eligible for the HCTC. The administration recommends a lower HCTC than requested on the basis of other factors including, the effect on the Hotel industry, Council's original intent, and precedent (as outlined herein).

Furthermore, the enhanced tax revenues generated by the project as suggested by the applicant, are of immediate benefit to the other levels of government, while the City is negatively impacted for an approximate 10 year period until the tax credits have been fully applied, or the timeframe for their use has expired.

E. Council Intent of the HCTC Program / Precedent:

Winnipeg City Council adopted the "Heritage Support-Policy and Programs" report which laid out the rules to be used as the basis of an incentive strategy to support heritage buildings. One rule adopted was that the City would extend financial assistance for heritage conservation only when it expected to receive full value from the investment. Included in this rule was the requirement that the property owner be committed to future repair and upkeep of their heritage structure.

The administration believes that only $1.2 M, of the proposed $13.1 M the owners propose to invest, meet the criteria and intent of the HCTC program. The administration further believes that the remaining investment of $11.9 M can be considered as a business expense required by the owner primarily for the purpose of increasing or maintaining its current and future income stream.

The administration is also concerned that all other HCTC Projects were for the adaptive re-use of primarily vacant buildings that were not contributing to the City's tax base. In this instance, the Fort Garry Hotel is, by all accounts, a profitable success story. Should Council approve the HCTC as requested, unlike the other HCTC projects, the City will experience a real loss to its tax base as discussed within the Financial Impact section of the report.

The administration believes that a precedent would be set in this instance, should Council approve the HCTC as requested. This more liberal interpretation of Council's original intent and policy may allow for further applications that may have a negative short term impact on the City's tax base.

The administration wishes to have this matter addressed by Council following the mandated three year review of the HCTC Program.

It is believed that one other heritage hotel will be watching Council's decision on this matter closely.

F. Administrative Recommendation:

The administration recommends that a maximum $1.2 M in eligible costs should be approved resulting in a $600,000.00 HCTC (based at 50% of eligible expenses). This recommendation is based upon our previous restoration experience with other designated spaces within the Hotel.

The Provencher Ballroom, the Mezzanine, and the Palm Room are all interior designated spaces within the Fort Garry Hotel. The administration's recommendation is based upon the knowledge that the owner's investment in the historic restoration of these spaces would not normally result in an adequate return on investment.

G. Financial Impact

Of the additional $13.1 M that the owners propose to invest, they are requesting the City to credit their taxes for $4.05 M.

Utilizing the Downtown Heritage Tax Credits previously approved, the Hotel was given a full credit for its municipal portion of its property and business taxes for the years 2000 and 2001 (a total credit of $148,773.00).

The estimated 2002 municipal tax levy, based on an assessed value of $13 M, is $251,300.00. The estimated 2002 business tax levy is $144,600.00. This amounts to a total estimated tax load (subject to HCTC) of $395,900.00 per year. With the existing Downtown Heritage Conservation Tax Credit fully applied in 2002, the Fort Garry Hotel would be responsible for an estimated payment (directed to City revenues) of $294,673.00 ($395,900.00 minus the remaining $101,227.00 tax credit).

The realty assessment for the year 2002 (reference year 1999) is $13 M. This is based upon the income approach to market value. The estimate of assessed value following the $13 M of capital enhancements is, at this time, indeterminable without substantial analysis of projected income and expense information for the subject property. However, it should be noted that the impact of this investment on the future assessed value of the property may be minimal, as experienced with other HCTC projects. This being the case, any investment by the City of additional tax credits may not be recovered through increased taxes.

In addition, it is important to note that the Hotel has made application to the Board of Revision regarding their $13 M 2002 assessed value. Should the Hotel be successful with its appeal, the following discussion on the estimated 2002 total tax levy and number of years for the Hotel to utilize its tax credits would be correspondingly affected.

On the basis of known information, should Council approve the $600,000.00 in HCTC as recommended, the Fort Garry Hotel would receive approximately one and a half years of total tax relief from the City of Winnipeg.

Also on the basis of known information, should Council approve the $4.05 M in HCTC as requested, the Hotel would provide virtually none of its anticipated (existing) tax revenue to the City for virtually the entire 10 year period. In the event the market value of the Hotel increases as a result of significant new revenue or reduced operating expenses (and therefore increased profit) as produced by the capital renovations, then additional municipal portion of realty tax and business tax revenues could be anticipated to reduce the number of years in which the HCTC would be fully applied. However, as noted above, it is not unreasonable to assume that the proposed investment will have a minimal effect on the Hotel's future realty and business tax.

The owners have requested the reserved right to formally request the City to consider additional tax credits should they be required to spend more money than anticipated on structural and other conservation problems. This provision is currently allowed for under the existing HCTC Program.

The Executive Policy Committee recommends:

I. That Council approve a Heritage Conservation Tax Credit of $600,000.00 to the Fort Garry Hotel to undertake heritage restoration work.

II. That Council approve an additional Heritage Conservation Tax Credit of $2,080,000.00 to the Fort Garry Hotel to undertake additional capital renovations.

Elevator foyer and hallway reconstruction (10 floors x $120,000 per floor)	$1,200,000.00
Sprinkler system for hallways and elevator	280,000.00
New doors and frames for all guestrooms	600,000.00
TOTAL	$2,080,000.00

III. That Council approve the Heritage Investment Reserve as the source of the project funding and that the necessary funds, as required, be identified within the current budgets of the Planning, Property, and Development Department as line items to cover such support.

IV. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council.

V. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

Tax Credit to Acetek Joint Venture (Air Canada-Acsion Industries)
File FI-1.2 (Vol. 1)

5. The Executive Policy Committee has been advised that Acetek wishes to open a facility at 590 Moray Street and to expand its operations onto adjoining lands at this location. Air Canada (negotiating on Acetek's behalf) had been considering other cities in which to place this operation and requested certain incentives in order for it to be located in Winnipeg.

The City of Winnipeg considers support to such a venture as a strategic, long-term economic development investment in Winnipeg's economy, particularly in the aerospace industry, which is one of Winnipeg's key economic sectors. The project in question meets the necessary criteria as laid out in the City's Homegrown Economic Development Strategy.

The City of Winnipeg was approached by Air Canada in the summer of 2001 concerning their intention to proceed with this project. Air Canada indicated that they would be looking for City support in the amount of approximately $1,000,000.00. In an August 7, 2001 letter from Air Canada, they announced

their joint venture with Acsion Industries and their request for the property south of 590 Moray Street. They commented that the provision of this land would definitely make the 590 Moray site an attractive one for their initiative.

1) Proposal

Acetek has proposed to lease the current building at 590 Moray Street and to invest $8.5-9 million in the facility and necessary equipment. Possible second and third phases could see an additional $9.5-10 million spent on buildings and equipment on the site adjacent to 590 Moray Street.

Acetek has indicated that this business venture is likely to create 250 jobs over six years.

2) Support Principles

- The tax credit is based on the "Schneiders Model" in that it is based on a three-year "grant" to the company in question.

- The incentive provided reflects the strategic importance of the aerospace industry to Winnipeg's economy and is commensurate with the guidelines outlined in the Council adopted Homegrown Economic Development Strategy.

- Funds approved by Council would be sourced by The City of Winnipeg in a designated account to pay down actual charges (e.g. property and business taxes).

- Municipal and business taxes at 590 Moray Street would increase by a minimum of $50,000.00-60,000.00 annually, in addition to the taxes that would accrue with development on the adjacent property.

The Province of Manitoba's support of the Acetek development proposal is another important fundamental component of the project. The Province will provide approximately $2.5 million in training support and $3.9 million in a repayable, low interest loan.

3) Conditions of Support

That an agreement between The City of Winnipeg and Acetek for purposes of supporting the introduction of the Acetek facility be finalized by the Chief Administrative Officer, subject to the following conditions:

a) That Acetek reach an agreement with the owners of the land at 590 Moray Street to lease the property in question.

b) The Acetek facility to be developed as outlined on Schedule "A".

c) That Acetek establish and at all times maintain and operate the project in accordance with all laws, by-laws, directions, rules and regulations and obtain any and all necessary permits and licenses of any federal, municipal or provincial authority having jurisdiction as may be required to construct and operate the project.

d) That property taxes are paid in full when due for each taxation year.

e) That, should Acetek relocate its facility outside of Winnipeg, or cease operations altogether, the land gifted to them revert back to the ownership of The City of Winnipeg.

f) Any such other terms and conditions as deemed necessary by the City Solicitor/Manager of Legal Services for the purposes of implementing the intent of Council.

4) Benefits of the Proposal

a) It is estimated that The City of Winnipeg's increased annual revenues due to the project at 590 Moray Street will be as follows:

Assessed Value	Municipal Taxes	Business Taxes	Total (annual)
$1.7 m	$35,520.00	$22,500.00	$58,020.00

Additionally, the property adjacent to 590 Moray Street will generate municipal and business taxes of approximately $10,000.00 annually.

b) According to Acetek's projections, this project would generate approximately 250 new positions over six years.

c) This project will serve as a significant long-term, strategic investment in Winnipeg's and Manitoba's economy, particularly in the aerospace industry, which is a key economic sector.

d) Acetek's future plans include the likelihood of continued expansion and investment at the property adjacent to 590 Moray Street.

The Financial Impact Statement is outlined on Schedule "B". An adjustment to the current and/or capital budget will be required.

For the information of Council, the Economic Development Committee will be reporting back to the Executive Policy Committee, for referral to the Standing Committee on Fiscal Issues, on funding for this initiative.

The Executive Policy Committee recommends:

I. That City Council approve the following recommendation as it pertains to a proposed agreement between The City of Winnipeg and Acetek with regard to the latter's proposal to locate its business at 590 Moray Street.

a) That the parcel of City-owned property immediately south of 590 Moray Street (Roll No. 07081302700) be gifted to Acetek;

b) That an investment credit of $205,000.00 be made available to Acetek;

c) That a boulevard cut be made at Moray Street which would enable access to the property south of 590 Moray Street from both directions on Moray, at the City's cost (estimated to be approximately $75,000.00).

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

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Appendix "B" referred to in Clause 1 of the Report of the Executive Policy Committee dated October 17, 2001

Financial Impact Statement:

Project Name: 95-2001 Provision of Alarm System Monitoring Service

Date: October 9, 2001 First Year of Program

	0	1	2	3	4
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 8,304	$ 8,304	$ 8,304	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ 8,304	$ 8,304	$ 8,304	$ -	$ -

Additional Comments: Funding for this Contract is through the budgets of the various user departments. This service is used by various City Departments during the term of the Contract. The financial impact of these price changes will have to be determined by the user departments on an individual basis. The work of the Contract is performed on a scheduled basis.

(original signed by Radhika Abeysekera)

Manager of Finance & Administration

Appendix “A” referred to in Clause 5 of the Report of the Executive Policy Committee dated October 17, 2001

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Appendix "B" referred to in Clause 5 of the Report of the Executive Policy Committee dated October 17, 2001

Financial Impact Statement:

Project Name: Acetek Joint Venture

Date: October 11, 2001 First Year of Program **2002**

	2002	2003	2004	2005	2006
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 144,000	$ 68,000	$ 68,000		
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 144,000	$ 68,000	$ 68,000	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ 144,000	$ 68,000	$ 68,000	$ -	$ -

Additional Comments: The above analysis does not include a potential opportunity cost of $430,000 (estimated fair market value) if the parcel of City-owned property is gifted to Acetek. The Economic Development Reserve does not have funding available for this project since all funds have been encumbered. The above analysis does not include the incremental tax revenue since it must be transferred to the Economic Development Reserve to repay the original investment.

P. Bodnar
Senior Financial Accountant

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