

CITY OF ATLANTA

DEPARTMENT OF FINANCE

ATLANTA, GEORGIA 30303

July 15, 1969

TO: Jay Fountain

FROM: General Staff *la*

SUBJECT: West End Redevelopment Area, Project GA. R-90

The following is a review of the changes incorporated in Amendatory Application No. 1 for the West End Urban Renewal Area as requested in your memo of June 20, 1969:

- (1) With reference to the 34 parcels determined not to be feasible for rehabilitation, but which will be added to acquisition: there is no breakdown provided in the narrative statement as to the cost of acquiring these parcels. As a result, this portion of the summary cannot be verified.
- (2) Similarly, the individual parcel costs (which will be deleted from Acquisition Expenses) are not listed in the narrative statement, so these cannot be checked against originally projected costs of acquisition.
- (3) The reuse designations of four parcels will have no affect on cost of projects.
- (4) Street widening activities being undertaken by the City on Gordon Street are not reported in the narrative statement. From a conversation with Mr. Jim Hunter of Street Engineering, it was learned that the cost of the widening activities is estimated at \$90,000.00. In the Project Cost Estimate and Financing Plan (line A-20), the revised estimate for noncash local grants-in-aid increased by \$270,734 of which this \$90,000.00 would make up approximately one-third. However, we have no supporting schedules with which to check these figures and thus cannot determine how much, if any, of this increase is applicable to Gordon Street.
- (5) With regard to the increased interest costs, there appears to be an error in the narrative statement accompanying the Project Expenditures Budget. Computation of total interest cost from March 31, 1969, indicates total interest of \$624,500 and a net increase of \$493,400.00. When the unencumbered balance of \$131,441.00 is deducted from the total interest cost of \$624,500.00, the net increase of \$493,059.00, which differs from their computation by \$341.00. In addition, the interest to DHUD is increased by \$10,653.00 with the only explanation being a correction for a small overrun; it appears that more information should be disclosed by the Housing Authority with reference to this increase. (It is somewhat frightening to note that the extension in time will cost the City over one-half million dollars in interest.)

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(6) The requested increase in administrative costs is also confusing. It is stated that the present costs in this line item are computed at the rate of \$19,800.00 per month. Based on this rate, they arrive at a total cost (from April, 1969, to the completion date of July, 1971--a period of 28 months) of \$443,400.00. With an unencumbered balance of \$193,505, a net adjustment (increase) of \$360,900 is requested. Based on the total cost as shown by AHA, the correct net adjustment would be \$249,895; however, \$19,800 per month for 28 months gives a total cost of \$554,400 which when reduced by the unencumbered balance requires a net adjustment of \$360,895--a difference of \$5 from their request. Their indicated total cost would cover a period of only 22.4 months, based on the rate given. This does not conform to the extension period of April 1, 1969, through July, 1971.

Although two-thirds of the Summary of Changes could not be checked for verification due to the lack of information from AHA, it is hoped that the above findings will be helpful to you.