




THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER

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BRAD S. LANDER  
COMPTROLLER

COMPTROLLER'S MEMORANDUM  
#22-01

**To:** Agency Heads/Fiscal Officers

**From:** Jacqueline Thompson  
Deputy Comptroller for Accountancy 

**Date:** August 17, 2022

**Subject:** Amendment to the Office of the Comptroller's *Directive #10 – Charges to the Capital Projects Fund*.

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This Comptroller's Memorandum reflects an amendment to the Office of the Comptroller's *Directive #10 – Charges to the Capital Projects Fund*. The amendment involves an update to Section 4.5 of the Directive, *Demolitions*.

Currently, Section 4.5 states:

**4.5 Demolitions**

*Demolishing an existing building or structure is an eligible Capital Project when:*

- 1) The demolition and removal of the building or structure is necessitated by, or is in anticipation of, the preparation of the site for the construction of a new City-owned building, structure, facility or other element of infrastructure (or such elements owned by a City component unit as reported in the City's Annual Comprehensive Financial Report (ACFR)); or*

- 2) *The demolition is undertaken for the purpose of removing a hazardous or potentially hazardous condition, provided that the building or structure is City-owned or owned by a City component unit as reported in the ACFR.*

The amended text is the following<sup>1</sup>:

#### **4.5 Demolitions**

*Demolishing an existing building or structure is an eligible Capital Project when the demolition and removal of the building or structure, is necessitated by, or is in anticipation of, the preparation of the site for the construction of a new City-owned building, structure, facility or other element of infrastructure (or such elements owned by a City component unit as reported in the City's Annual Comprehensive Financial Report - ACFR).*

Although the amended text eliminates subsection (2) of Section 4.5, it's understood that demolition undertaken for the purpose of removing hazardous or potentially hazardous conditions is considered capital eligible when the demolition is necessitated by or is in anticipation of the preparation of the site for construction of a new City-owned structure. Therefore, the amended language covers all demolition scenarios when the demolition falls within the stated parameters as outlined above.

#### ***Effective Date***

This Comptroller's Memorandum is effective August 17, 2022 for all demolition capital projects for which the original Certificate to Proceed (CP) has not been approved as of August 17, 2022. CPs approved prior to August 17, 2022 as well as any amendments to such CPs for previously approved capital projects will not be considered under the new guidelines in this Comptroller's Memorandum. This revision supersedes Section 4.5 of the June 2019 Directive.

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<sup>1</sup> Governmental Accounting Standards Board statement no. 34 paragraph 18 states "...The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition—such as freight and transportation charges, site preparation costs, and professional fees." The current version of section 4.5(2) reads as if demolition for the purpose of removing hazardous conditions by itself is capital eligible, without clarifying that procuring the actual asset is the key element in the determination.