

Mayor and Council Communication

DATE: 08/25/20

M&C FILE NUMBER: M&C 20-0597

LOG NAME: 25COVID-19CAPITALADJUSTMENTFY20

SUBJECT

(ALL) Adopt Ordinances to Revise Culture and Tourism Capital Plan to Return \$3,570,294.00 to the Culture and Tourism 2% Hotel Fund from Capital Project Deferrals Due to COVID-19 and to Provide Alternate Funding for a Fire Alarm Replacement Project and Update the FY2020-2024 Capital Improvement Plan

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance adjusting the Public Events Capital Fund to reduce receipts by \$3,570,294.00 and appropriations by \$3,350,000.00 to reflect cancellation of a planned transfer from operating funds;
 2. Adopt the attached ordinance reducing appropriations in the Culture and Tourism 2% Hotel Fund by \$3,570,294.00 to eliminate a planned transfer to capital to reflect deferral of capital projects due to the effects of the COVID-19 pandemic; and
 3. Adopt the attached appropriation ordinance increasing receipts and appropriations in the amount of \$850,000.00 from available funds in the Public Events Capital Fund for the WRMC Fire Alarm Replacement project (City Project No. 102327).
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions to eliminate a planned transfer from operating to capital, to adjust the Public Events Capital Plan to reflect deferral of capital projects due to the effects of the COVID-19 pandemic, and to provide alternate funding for one priority project from available unspecified capital funds.

Because of the impacts of the COVID-19 pandemic on the travel and tourism industry, hospitality tax collections in the Fort Worth market fell to nearly nothing in the last half of March and for the months of April through June of 2020. While tax collections began to recover in July, it is estimated that a recovery of tax revenues to pre-pandemic levels may take 2-3 years. This analysis was shared with City Council on June 5, 2020.

As part of the effort to ensure that the culture and tourism funds can meet operating expenses and debt service obligations over the next three years, selected capital projects (WRMC Minor Repairs and Renovations, FWCC Minor Repairs, and WRMC Fire Alarm Replacement) that were to have been funded from a transfer from operating revenues in the culture and tourism funds will not be funded from that source or will be suspended altogether. Approval of the first two recommendations and associated ordinances will take formal actions necessary to revise appropriations and eliminate the planned budgeted transfer. Additionally, the majority of capital projects in the Public Events Department (PED) FY2021- FY2025 Capital Improvement Plan (CIP) have been deferred into FY2022 and beyond.

Because of the urgent need to complete the fire alarm project, this Mayor and Council Communication will appropriate available unspecified project funds in the Public Events Capital Fund to replace the FY2020 CIP approved appropriation of \$850,000.00 in order to continue the completion of the WRMC Fire Alarm Replacement project. These systems have passed their service life and are starting to require more and more service calls, making it imperative that the project be completed to ensure safety standards are met. Funding for this project was included in FY2020 of the FY2020-2024 PED Capital Improvement Plan and is being adjusted due to the financial impacts of COVID-19 on the Culture and Tourism Funds. The action in this M&C will update the PED FY2020-2024 Capital Improvement Plan.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the Public Events Capital Fund for the WRMC Fire Alarm Replacement project. Prior to an expenditure being incurred, the Public Events Department has the responsibility of verifying the availability of funds.

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