

# Mayor and Council Communication

**DATE:** 03/02/21

**M&C FILE NUMBER:** M&C 21-0145

**LOG NAME:** 20CFA GAP FUNDING FY21

## **SUBJECT**

(ALL) Adopt Appropriation Ordinances in the Amount of \$900,000.00 for Inspection Fees for Community Facility Agreement Projects within the Community Facility Agreement Developer Fund, Delegate Authority to Affect Financial Transactions within the Community Facility Agreement Projects Up to the Budgeted Total and Amend the FY 2021-2025 Capital Improvement Program

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing receipts and appropriations within the Community Facility Agreement Developer Fund for the Community Facility Agreement Bucket programmable project (City Project No. P00001) in the amount of \$900,000.00 from available funds in the Unspecified Project (City Project No. UNSPEC), and delegate authority to the City Manager or his designee to affect financial transactions within the community facility agreement projects up to the budgeted total; and
  2. Amend the Fiscal Year 2021-2025 Capital Improvement Program.
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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to transfer available funds from the TPW Community Facility Agreement Fund to the current CFA Developer Fund and appropriate the money in its new location for the purpose of addressing funding gaps in inspection fees for community facility agreements (CFAs) where the fees assessed and collected from the developer do not cover the actual costs to inspect the infrastructure. These funds will be used to ensure uninterrupted services without halting construction of a developer's project. If the actual construction days exceed the construction days that fees were assessed for, the difference will be collected from the Developer at contract closeout.

On May 5, 2019, the City Council adopted new policies for the assessment and collection of inspection fees for CFAs (M&C G-19532). Previously, the City charged developers a percentage of the total construction costs to cover inspection fees. Under the new process, the City charges \$245.00 per day for inspection fees. With the adoption of M&C 20-0682, effective April 1, 2021 the fee will increase to \$250.00 per day. The revised framework was intended to better align the fees assessed to the actual cost of inspections. However, there are times that the fees assessed are less than the actual cost of the work performed. In addition, if a project exceeds the estimated construction timeline, the City may incur inspection expenses before the City collects shortages from developers during reconciliation of the project.

### **CFAs and Delegated Authority**

As development occurs throughout the City of Fort Worth, developers enter into contracts with the City to undertake private construction of public infrastructure, such as roads or water lines (community facilities) needed to support private development plans. The CFA ordinance requires that developers construct community facilities in accordance with City standards and cover the costs of inspection oversight by the City to ensure City standards are being met.

Staff evaluates the fee structure biennially and recommends fee revisions during the fee structure review as part of the budget process. Gap funding sources are needed to cover City costs when they exceed the contribution rates. Staff recommends the City Council repurpose \$900,000.00 of available funds in the TPW Community Facility Agreement Fund and appropriate it into the CFA Bucket project for use in covering CFA inspection fees when developer contributions are insufficient to cover the total costs of providing the inspection services.

The attached ordinance also delegates authority to the City Manager or his designee, when a situation arises as outlined above, to enact and make transfers and allocations from the CFA Bucket programmable project to individual CFA projects within the Community Facility Agreement Developer Fund as needed. As transfers from the designated appropriations are made, the remaining appropriated and designated total would be reduced. As capital funds, once appropriated, the budgeted amounts would remain in the assigned CFA project until the money has been expended or the project is completed.

The delegated authority granted by the attached ordinance is subject to the restriction that the total amount of all such transfers within the CFA Bucket programmable project may not exceed the amount appropriated and designated for this purpose and is also subject to the requirement that the City Manager periodically report the transfers and allocations to the City Council throughout the fiscal year.

Funding for this project was not included in the FY2021-2025 Capital Improvement Program (CIP) because the CFA project gap funding needs were not quantified at the time of the CIP development. The action in this M&C will amend the FY2021-2025 Capital Improvement Program as approved in connection with Ordinance 24446-09-2020.

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

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the CFA Developer Fund for the CFA Bucket programmable project. Prior to an expenditure being incurred, the Transportation & Public Works Department has the responsibility of verifying the availability of funds.

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