

Mayor and Council Communication

DATE: 11/17/20

M&C FILE NUMBER: M&C 20-0857

LOG NAME: 13ROCK CREEK RANCH PID BUDGET AND RELATED MATTERS

SUBJECT

(CD 6) Approve the Fiscal Year 2021 Budget and Assessment Rolls for Fort Worth Public Improvement District No. 17 - Rock Creek Ranch and Adopt Fiscal Year 2020 and 2021 Appropriation Ordinances

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the attached Fiscal Year 2021 Budget and Assessment Rolls for Fort Worth Public Improvement District No. 17 - Rock Creek Ranch;
 2. Adopt the attached ordinance increasing estimated receipts and appropriations in the Fort Worth Public Improvement District 17 - Rock Creek Ranch Fund in the amount of \$1,742,840.85, which consists of \$1,677,000.00 in annual installment revenues and \$65,840.85 in available fund balance in the administrative expense accounts, for the purpose of establishing the fiscal year 2020-2021 operating budget;
 3. Adopt the attached ordinance increasing receipts and appropriations in the Rock Creek Ranch PID Debt Service Fund in the amount of \$81,721.00, from available funds, for the purpose of redeeming bonds; and
 4. Adopt the attached fiscal year 2020 appropriation ordinance making the following adjustments to receipts and appropriations in the Rock Creek Special Assessment Capital Project Fund to reflect reallocation among projects: (i) decrease the Water Related Major Improvements Project (City Project No. 101174) by \$52,973.00, (ii) increase the Sanitary Sewer Improvements Project (City Project No. 101175) by the same amount; (iii) decrease the University Water Improvements Project (City Project No. 101177) by \$1,545.00; and (iv) increase the University Sanitary Sewer Improvements Project (City Project No. 101179) by the same amount.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take a variety of actions associated with the budget and appropriations of Fort Worth Public Improvement District No. 17 (Rock Creek Ranch) (PID).

The Rock Creek Ranch PID was created pursuant to the PID Act (Chapter 372, Texas Local Government Code) and a resolution of the Mayor and City Council passed on December 13, 2016 to finance certain authorized improvements for the benefit of the property in the PID. Pursuant to the PID Act, the Service and Assessment Plan for a PID must be reviewed and updated annually, and an annual budget must be established.

An initial Service and Assessment Plan (SAP) for the PID was approved by the City Council on August 15, 2017 for the major improvements (water and sewer) in both the eastern and western improvement areas of the PID and subsequently updated on June 5, 2018 to include certain roadway improvements to be provided in the western improvement area.

The SAP identified the water, sewer, and roadway improvements; the costs thereof; the indebtedness to be incurred; and the manner of assessing the assessed property within the PID for the same. City Council approved the issuance and sale of Special Assessment Revenue Bonds, Series 2017 (Fort Worth Public Improvement District No. 17 – Rock Creek Ranch – Major Improvement project) in the aggregate principal amount of \$12,685,000.00 and the sale of Special Assessment Revenue Bonds, Series 2018 (Fort Worth Public Improvement District No. 17 – Rock Creek Ranch – Roadway Improvement project), in the aggregate principal amount of \$5,155,000.00. Each issuance of bonds include a limited amount of proceeds allocated to capitalized interest to be used toward initial repayments on the bonds.

Annual Budget and Assessment Rolls

As noted, the above SAP must be reviewed and updated annually. In addition, an annual budget must be approved in order for billing and payment to occur. The FY2021 budget has been finalized; however, the City and developer are currently in conversation regarding portions of the SAP addressing the major improvements.

To ensure that assessments are billed and paid in a timely manner, staff is recommending that City Council approve the attached budgets for the major improvement and roadway improvement annual installments (See Tables B-5 and B-6), along with the corresponding assessment rolls that are attached (See Appendices A-1, A-2, and A-3).

As soon as the discussions regarding the SAP are concluded, an updated or amended SAP will be presented for City Council consideration. Any updates or revisions to the SAP will not impact the FY2021 budget or assessment rolls, and the budget and assessment rolls attached to this Mayor and Council Communication (M&C) will be incorporated into the SAP document in substantially the same form.

Approval of this M&C will establish the fiscal year 2021 budget for the Rock Creek Operating Fund and the Assessment Rolls for tax year 2020 and fiscal year 2021.

The fiscal year 2020-2021 budget for the operating fund is summarized in the table below:

Revenues	
Annual Installment Income	\$1,677,000.00*
Use of Administrative Expense Acct Fund Balance (Operating Fund)	\$65,840.85
Total Revenues**	\$1,742,840.85
Expenditures	
Administrative Expenses	\$131,586.32
Debt Service	\$1,569,118.64
Deposit to Delinquency & Prepayment Reserves***	\$42,135.89
Total Expenditures	\$1,742,840.85

*Of the FY21 annual installment income, \$1,569,118.64 will be used for current year debt service payments.

**Because the debt service funds (DSF) were previously appropriated as part of the annual budget, the revenue attributable to the reserve account in the DSF does not need to be appropriated here.

***An additional \$46,659.15 has accrued in the debt service fund from income generated off of the required reserve amount. Those dollars will also be allocated to the delinquency and prepayment account, resulting in a total of \$88,795.04 available for appropriation for future use.

Other Actions

The other recommendations address appropriations to support extraordinary optional redemption of bonds as previously authorized by the City Council (Resolution 20-1012) and adjustments as between the major improvement projects (water and sewer) to reallocate some savings on the water project to cover overruns on the portion of the sewer project that was constructed.

The appropriation in recommendation 3 augments the debt service payment included as part of the annual debt service appropriation for the PID. The PID received prepayments of assessments for 12-acres of donated land, and there are sufficient prepayment funds amassed to redeem a total of \$75,000 in principal of bonds - \$10,000.00 of Major Improvement Bonds and \$65,000.00 of Roadway Improvement Bonds - plus accrued interest through redemption. As governed by the applicable indenture, the prepayment funds received are used to redeem bonds. As such, an optional bond redemption is scheduled for December 1, 2020, with the attached ordinance formally appropriating the funds for the redemption.

The ordinance attached for recommendation 4 reallocates water project savings to cover cost overruns in the completed sewer project for FY20 within the Rock Creek Special Assessment Capital Project Fund. Utilizing funds in this manner is allowable under the terms of section 3.2 of the Reimbursement Agreement as approved by City Council on August 15, 2017 (Resolution 4830-08-2017).

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 funds are currently available in the RCP-Major Water Imp. and the RCP-University Water Imp. projects within the Rock Creek Spl Assessment CP Fund that upon approval of the above recommendations and adoption of appropriation ordinances, funds will be available in the Fiscal Year 2020 and 2021 operating and capital budgets, as appropriated, in the FWPID #17 - Rock Creek, Rock Creek PID Debt Service, and Rock Creek Spl Assessment CP Funds for the RCP-Major Sanitary Sewer Imp. and the RCP-Univ. San. Sewer Imp. projects. Prior to an expenditure being incurred, the Financial Management Services and Water Departments have the responsibility to validate the availability of funds.

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