

Mayor and Council Communication

DATE: 06/28/22

M&C FILE NUMBER: M&C 22-0514

LOG NAME: 21MINERAL MANAGEMENT ADMIN COSTS FY2021

SUBJECT

(ALL) Adopt Appropriation Ordinances for the Purpose of Transferring Gas Lease Related Revenues in the Amount of \$802,012.00 from Various Gas Revenue Funds to the General Fund for Reimbursement of Expenses Associated with the Management of City-Owned Mineral Interests

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Aviation Endowment Gas Lease Fund, in the amount of \$57,143.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the PARD Endowment Gas Lease Fund in the amount of \$22,676.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water/Sewer Endowment Gas Lease Fund in the amount of \$15,268.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
4. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Lake Worth Gas Lease Capital Project Fund in the amount of \$169,143.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
5. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the PARD Gas Lease Capital Project Fund in the amount of \$58,771.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
6. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Municipal Golf Gas Lease Capital Project Fund in the amount of \$26,037.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
7. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Gas Lease Capital Project Fund in the amount of \$162,382.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests;
8. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Aviation Gas Lease Capital Project Fund in the amount of \$192,250.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests; and
9. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water/Sewer Gas Lease Capital Project Fund in the amount of \$98,342.00, from available funds, for the purpose of transferring to the General Fund to cover the administrative costs of managing City-owned mineral interests.

DISCUSSION:

On September 15, 2015, through Mayor and Council Communication (M&C) G-18552, the City Council adopted Financial Management Policy Statements (FMPS) for the City and on November 1, 2016, through M&C G-18872, further revisions to the gas-related revenue and expense/expenditure policy were adopted. This policy includes a provision allowing periodic transfers of gas lease revenues to the General Fund to offset budgeted administrative costs in the Property Management Department associated with the management of City-owned mineral interests with the allocation of such costs being proportional among all gas revenue funds.

In accordance with the FMPS, the costs associated with the management of City-owned mineral interests and the distribution of revenues therefrom should be proportional among all gas revenue funds according to each fund's relative percentage of the total revenue collected in all funds during that reporting period.

The total administrative costs were allocated proportionately based upon revenues deposited into each gas lease associated fund during each Fiscal Year.

These total administrative costs for each fiscal year include the following budgeted categories: Employee Salaries and Benefits and Operational Expenses.

The total amount includes the estimated cost for Fiscal Year 2022 of \$265,996.00. The remaining amount of \$536,016.00 is for cleaning up prior years' Capital Projects budgets. The prior year transfers to the General Fund did occur, but the M&Cs were not created to move the funds.

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 Unspecified-Gas Lease Rev project within the Aviation Endowment Gas Lease Fund, Water/Sewer Endowment Gas Lease Fund, Lake Worth Gas Lease Capital Project Fund, PARD Gas Lease Capital Project Fund, Muni Golf Gas Lease Capital Project Fund, General Gas Lease Capital Project Fund, Aviation Gas Lease Capital Project Fund, and Water/Sewer Gas Lease Capital Project Fund and available in the Unspecified Restr Park Endowmt project within the PARD Endowment Gas Lease Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the General Fund. Prior to an expenditure being incurred, the Property Management Department has the responsibility of verifying the availability of funds.

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