

Mayor and Council Communication

DATE: 04/07/20

M&C FILE NUMBER: M&C 20-0231

LOG NAME: 20CFA DEVELOPER GAP FUNDING

SUBJECT

Authorize Transfer of \$900,000.00 of Available Funds from the TPW Gas Lease Project Legacy Fund to the General Gas Lease Capital Projects Fund and Adopt Ordinance Appropriating Transferred Funds for Inspection Fees for Community Facility Agreement Projects and Delegating Authority to Effect Transfers within the Inspection Fee Project Up to the Budgeted Total (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the transfer of \$900,000.00 of available funds from the TPW Gas Lease Project Legacy Fund to the General Gas Lease Capital Projects Fund for inspection fees for community facility agreements; and
 2. Adopt the attached ordinance, increasing receipts and appropriations in the General Gas Lease Capital Projects Fund CFA Bucket programmable project (City Project No. P00001) in the amount of \$900,000.00 and delegating authority to the City Manager of his designee to effect transfers within the project up to its appropriated total.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to transfer available money from an old capital fund (TPW Gas Lease Project Legacy) that is slated for closure to a more current fund and appropriate the money in its new location for the purpose of addressing funding gaps in inspection fees for community facility agreements (CFA) where the fees assessed and collected from the developer do not cover the actual costs to inspect the infrastructure.

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. The revised framework was intended to better align the fees assessed to the actual cost of inspections. However, there will be 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.

These funds will be used to ensure that services can be provided and paid for and subsequently balance and close the CFA projects once all work is complete without halting construction of a developer's 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 will evaluate the fee structure biennially and recommend 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 transfer \$900,000.00 of available gas well revenue funds to the current Gas Lease Capital Projects 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 programable project to individual CFA projects within the General Gas Lease Capital Projects 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.

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 upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the General Gas Lease Capital Project (General Gas Lease Capital Prj) Fund 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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