

# Mayor and Council Communication

DATE: 08/08/23

M&C FILE NUMBER: M&C 23-0611

LOG NAME: 032022GO BOND PROGRAM SERIES 2023 APPROPRIATION

**SUBJECT**

(ALL) Adopt Ordinance Increasing Appropriations in the 2022 Bond Program Fund by \$85,600,000.00, from Available Funds, for Expenditures Associated with 2022 Bond Projects and Reallocating \$8,534,651.00 of the Extendable Commercial Paper Appropriation Capacity Being Used for Bond Projects on an Interim Basis; and Amend the Fiscal Years 2023-2027 Capital Improvement Program (2022 Bond Program)

**RECOMMENDATION:**

It is recommended that the City Council:

1. Adopt the attached ordinance increasing appropriations in the 2022 Bond Program Fund, in the amount of \$85,600,000.00, from available funds, for expenditures associated with 2022 Bond Program projects and reallocating a portion of the extendable commercial paper appropriation capacity in the amount of \$8,534,651.00 that is being used for bond projects on an interim basis; and
2. Amend the Fiscal Years 2023-2027 Capital Improvement Program.

**DISCUSSION:**

The purpose of the Mayor and Council Communication (M&C) is to appropriate the proceeds of the recent bond sale and to reallocate the capacity within the extendable commercial paper appropriation to allow projects to keep moving forward until the next bond sale in spring of 2024.

**Background**

In May of 2022, Fort Worth voters approved issuance of \$560,000,000.00 in bonds across five propositions.

Prior to 2014, the City would issue voter-authorized bonds in advance, which often resulted in large amounts of proceeds sitting idle in bank accounts for projects that were not yet ready to move forward – an approach that resulted in a more complicated arbitrage rebate process and the incurring of borrowing costs before bond dollars had been put to work. Beginning with the 2014 bond program, the City began a process of issuing bonds in arrears by (1) adopting an official reimbursement-intent statement, (2) utilizing available pooled cash balances to commence work, and (3) issuing the bonds in a series of annual installments with proceeds used to repay the interim funding source and provide a modicum of funding for the upcoming year’s projects.

Given the size of the 2022 bond program, it was determined that pooled cash alone would be insufficient to facilitate the in-arrears approach. So, staff recommended and City Council approved a \$300,000,000.00 extendable commercial paper (ECP) program as a liquidity facility (M&C 22-0607) with the resulting \$300,000,000.00 in appropriation authority allocated among the five propositions (M&C 22-0599) and subsequently readjusted (M&C 22-0772 and M&C 22-0772R).

The first tranche of the 2022 bonds were authorized for sale earlier this year in a total amount of \$85,600,000.00 (M&C 23-0252), but the M&C omitted the ordinance to appropriate those funds. The first part of the attached appropriation ordinance for Recommendation 1 appropriates those proceeds. The second part of the ordinance makes further adjustments to the allocation of the ECP to allow projects to continue moving forward through next spring’s sale of the second tranche of 2022 bonds.

The following chart depicts how the funds from the recent sale are being appropriated and the ECP allocation is being adjusted:

Proposition	2023 Appropriation (Bond)	Prior ECP Appropriation	Appropriation Adjustment (ECP)	Revised ECP Appropriation
Streets and Mobility	\$68,774,000	\$238,364,944	(\$8,534,651)	\$229,830,293
Parks and Recreation	\$11,270,500	\$33,581,921	\$305,000	\$33,886,921
Public Library	\$712,500	\$1,681,709	\$0	\$1,681,709
Public Safety	\$4,843,000	\$14,500,327	\$5,100,750	\$19,601,077
Natural Area and Open Space	\$0	\$11,871,099	\$3,128,901	\$15,000,000
<b>Total</b>	<b>\$85,600,000</b>	<b>\$300,000,000</b>	<b>\$0</b>	<b>\$300,000,000</b>

Given the size of appropriation for Prop A (Streets and Mobility) from the recent bond sale, Transportation and Public Works has indicated they will be able to cash-fund some expenses, rather than using the ECP authority. This change frees up \$8,534,651.00 previously set aside for Prop A for use among other projects that are planned to move forward prior to the next bond sale.

The projects receiving additional funding from the reallocation provided through the ECP include:

- Proposition B: Fort Worth Public Art (Project PB0013) for \$305,000.00
- Proposition D: The Northwest Patrol (Project 101919) for \$5,100,750.00
- Proposition E: The Natural Area and Open Space (Project PA0001) for \$3,128,901.00

Funding for the three noted projects was not included in the Fiscal Years (FY) 2023-2027 Capital Improvement Program. The action in this M&C will amend the FY2023-2027 Capital Improvement Program as approved in connection with Ordinance 25773-09-2022. Attached in Exhibit A are the projects and funding to support this appropriation.

The 2022 Bond Projects are located in ALL COUNCIL DISTRICTS.

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

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 ordinance, funds will be available in the 2022 Bond Program Fund for the specified projects. Prior to an expenditure being incurred, the Transportation and Public Works, Park and Recreation, Library, Police, Fire, and Financial Management Services Departments have the responsibility of verifying the availability of funds.

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Expedited