

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 04/22/25M&C FILE NUMBER: M&C 25-0368

LOG NAME: 17PID07 MIDYEAR FY25

**SUBJECT**

(CD 4 and CD 10) Adopt Ordinance Amending Public Improvement District 7 – Heritage Fiscal Year 2024-2025 Adopted Budget and Five-Year Service Plan; Authorize the Execution of an Amendment to the Associated Management and Improvement Services Agreement with Castle Group, LLC to Align with these Changes; and Adopt Appropriation Ordinances

**RECOMMENDATION:**

It is recommended that the City Council:

1. Adopt the attached ordinance amending Public Improvement District 7 – Heritage Fiscal Year 2024-2025 Adopted Budget and Five-Year Service Plan to reflect amendments associated with a mid-year review; and direct the City Secretary to record the same in the real property records of Tarrant County, Texas no later than the seventh (7<sup>th</sup>) day after adoption by the City Council; and
2. Authorize the execution of an amendment to the associated Management and Improvement Services Agreement with Castle Group, LLC (City Secretary Contract No. 62757) to align with these changes; and
3. Adopt the attached appropriation ordinance reallocating estimated receipts and appropriations in the Park & Recreation Department of the General Fund by decreasing appropriations in the General Operating & Maintenance category in the amount of \$43,605.00, and increasing appropriations in the Transfers & Other category by the same amount, for the purpose of funding the Fort Worth Public Improvement District 7 – Heritage Fund for the Payment In-Lieu of Services; and
4. Adopt the attached appropriation ordinance reallocating estimated receipts and appropriations in the Public Improvement District 7 – Heritage Fund 1) by increasing in the amount of \$43,605.00, transferred from Park and Recreation Department, 2) decreasing the use of fund balance in the amount of \$26,891.00, and 3) increasing other contractual services account in the amount of \$16,714.00, for the purpose of funding expenditures related to the mid-year adjustment.

**DISCUSSION:**

The City of Fort Worth's Department of Economic Development administers the City's Public Improvement Districts (PIDs). The City's PID Policy outlines the need to proactively work with the City's PID management companies to oversee the services being provided within each of the PIDs. PID 7 – Heritage (Heritage PID) is managed by Castle Group, LLC (Castle).

On September 17, 2024, City Council adopted Ordinance No. 27160-09-2024, approving the Fiscal Year (FY) 2024-2025 Budget, Five-Year Service Plan, Assessment Plan, and Tax Year 2024 Assessment Roll for the Heritage PID. On December 10, 2024, following the PID Board's recommendation, the City identified the need for a new management company for the Heritage PID, and after a competitive selection process by the Heritage HOA Board, issued a termination letter to FirstService Residential effective January 31, 2025, selecting Castle Group Texas, LLC as the new management company, pending agreement approval, to serve from February 1, 2025, through September 30, 2025, for the remainder of Fiscal Year 2024-2025. On January 28, 2025, City Council authorized the execution on an agreement with Castle Group, LLC, to provide management of the improvements and services in the PID. After conducting a mid-year review of the Heritage PID's budget, City staff and Castle have identified the need to increase Heritage PID's allocations by \$16,714.00 to account for \$43,605.00 additional payment in-lieu of services. The additional revenue increase will result in a reduction to the original use of fund balance in the amount of \$26,891.00. The primary factors driving expenditure adjustments include increased costs associated with onboarding a new management company and reductions in association employee salaries due to a position structure realignment

The City's Payment In-Lieu of Services is a supplement to the PID budget and intended to provide for the standard level of improvements and services as comparable to what would be provided by the City for the taxpayers generally.

**Revenue Adjustments:**

Line Items	Previously Approved FY25 Budget Item	Recommended Mid-Year Adjustment	Amended FY25 Budget Item
PID Assessments	\$2,142,508.00	\$0.00	\$2,142,508.00
COFW Payment in lieu	\$206,392.00	\$43,605.00	\$249,997.00

of Services			
COFW Assessment	\$18,473.00	\$0.00	\$18,473.00
Use of Fund Balance	\$434,282.00	(\$26,891.00)	\$407,391.00
<b>Totals</b>	<b>\$2,801,655.00</b>	<b>\$16,714.00</b>	<b>\$2,818,369.00</b>

**Expenditure Adjustments:**

Line Item	Previously Approved FY25 Budget Item	Recommended Mid-Year Adjustment	Amended FY25 Budget Item
Management Fee	\$148,050.00	\$24,724.00	\$172,774.00
Utilities	\$270,486.00	\$0.00	\$270,486.00
Landscaping	\$1,176,910.00	\$0.00	\$1,176,910.00
Common Area Maintenance	\$194,203.00	\$0.00	\$194,203.00
Security Enhancements	\$102,500.00	\$0.00	\$102,500.00
Advertising	\$500.00	\$0.00	\$500.00
Public Events	\$81,500.00	\$0.00	\$81,500.00
Association Employees	\$110,823.00	(\$26,019.00)	\$84,804.00
Insurance	\$0.00	\$0.00	\$0.00
Capital Improvements	\$666,336.00	\$18,009.00	\$684,345.00
Annual Review	\$3,000.00	\$0.00	\$3,000.00
City Administration Fee	\$47,347.00	\$0.00	\$47,347.00
<b>Totals</b>	<b>\$2,801,655.00</b>	<b>\$16,714.00</b>	<b>\$ 2,818,369.00</b>

Upon approval of the above recommendations, the total budgeted expenses for FY 2024-2025 will be \$2,818,369.00. The revised Budget and Five-Year Service Plan will take effect upon approval by City Council. The City and Castle will amend the existing management contract to reflect the mid-year adjustments (City Secretary Contract No. 62757).

The Heritage PID is located in COUNCIL DISTRICTS 4 & 10.

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 General Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the FWPID #7 – Heritage Fund. Prior to an expenditure being incurred, the Economic Development Department has the responsibility of verifying the availability of funds.

**Submitted for City Manager's Office by:**    Jessica McEachern    5804

**Originating Business Unit Head:**                      Kevin Gunn                      2015

**Additional Information Contact:**                      Crystal Hinojosa                      7808

Expedited