

Mayor and Council Communication

DATE: 06/25/24

M&C FILE NUMBER: M&C 24-0551

LOG NAME: 17OPERATING CASH FLOW ADVANCE - PID 11

SUBJECT

(CD 2) Adopt Appropriation Ordinance Increasing Estimated Receipts and Appropriations in the Fort Worth Public Improvement District No.11 - Stockyards Fund by \$100,000.00, from Available Unreserved Fund Balance, and Approve a Request for Operating Cash Flow Advance in an Amount Not to Exceed \$100,000.00 for Fort Worth Stockyards, Inc. in Accordance with Chapter 372.023 of the Texas Local Government Code and Section VI.11 (a) of the Operating Public Improvement District Policy

RECOMMENDATION:

It is recommended that the City Council adopt attached ordinance increasing estimated receipts and appropriations in the Fort Worth Public Improvement District 11 - Stockyards Fund in the amount of \$100,000.00, from available unreserved fund balance, and approve the operating cash flow advance in an amount not to exceed \$100,000.00 for Fort Worth Stockyards, Inc in accordance with Chapter 372.023 of the Texas Local Government Code and section VI.11 (a) i of the Operating Public Improvement District Policy.

DISCUSSION:

The purpose of this Mayor & Council Communication (M&C) is to appropriate funds in the amount of \$100,000.00, from available unreserved fund balance and approve the written request for operating cash flow (seed money) advance for Fort Worth Stockyards, Inc. (FWSI).

In accordance with the City's Policy for Operating Public Improvement Districts (O-PID Policy), as a general rule, the City will not provide monetary advances to a Management Company to carry out its management obligations. However, the Director of Economic Development may consider written requests for such advances from a Management Company in certain circumstances. Section VI. 11(a) of the O-PID Policy authorizes the advance payment of operating cash flow, or seed money, as follows:

a. Operating Cash Flow (Seed Money) Advance:

i. The Director of Economic Development may consider a written request for an advance of operating cash flow (i.e., seed money) from Management Company if (1) the advance is requested as part of the establishment/creation of the O-PID or (2) when a new Management Company begins managing an existing O-PID, an operating cash flow advance is subject to approval by the Director of Finance and City Council.

On May 1, 2024, FWSI assumed management of Fort Worth Public Improvement District (PID) 11 – Stockyards, taking over as the new Management Company for PID 11.

In accordance with Chapter 372.023 of the Texas Local Government Code and the O-PID Policy, the City typically issues disbursements to the PID Management Company as reimbursements for the prior month's expenses. The estimated average monthly reimbursement ranges between \$25,000.00 and \$30,000.00, provided the entity maintains sufficient operating cash flow to cover these expenses upfront.

FWSI lacks sufficient operating cash flow to cover initial expenses and is therefore requesting that PID 11 provide 100% seed money advance for May, June, and July 2024 in an amount not to exceed \$100,000.00. This advance will enable FWSI to establish its finances to a point where it can independently sustain the funding of PID 11 expenses. FWSI commits to reimbursing PID 11 for 100% of all expenses incurred during this period, with the payment to be issued by check in August 2024.

The Director of Economic Development and the Director of Finance have given their approvals via the signed memo attached to this Mayor and Council Communication.

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 fund balance within the FWPID #11 - Stockyards Fund and upon approval of the above recommendation and adoption of the attached appropriation ordinance, funds will be available in the FWPID #11 - Stockyards Fund. Prior to an expenditure being incurred, the Economic Development Department has the responsibility of verifying the availability of funds.

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Expedited