

Mayor and Council Communication

DATE: 02/18/20

M&C FILE NUMBER: M&C 20-0089

LOG NAME: 25CATTLEBARNVENUEPROJECT101094

SUBJECT

Adopt Ordinance Decreasing Appropriations in the Cattle Barn Project of the Venue Capital Project Fund by \$650,000.00 to Reflect Reversal of a Transfer and Return of Interim Financing to the Culture & Tourism Project Finance Zone (PFZ) Fund, Adopt Ordinance Reallocating \$15,622.85 in Remaining Project Appropriations in the Cattle Barn Project of the Venue Capital Project Fund for a Transfer to the Venue Debt Service Fund, and Memorialize Remaining Credits on the City and Events Facilities Fort Worth (EFFW) Land Exchange Contract (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance, decreasing appropriations in the Cattle Barn Project (City Project No. 101094) of the Venue Capital Project Fund by \$650,000.00 to reflect reversal of a transfer and return of interim financing for an ornamental fence along the southern boundary of the Will Rogers Memorial Center campus (WRMC) to the PFZ;
2. Adopt the attached ordinance reducing project appropriations in the Cattle Barn Project by \$15,622.85 and increasing appropriations for a transfer to the Venue Debt Service Fund by the same amount to reflect reallocation of remaining project surplus toward repayment of venue-tax-backed revenue bonds issued to fund the Cattle Barn Project and other related Venue Project improvements; and
3. Establish the balance of the City & EFFW Exchange Contract (CSC 45622-EX) Credit as \$258,076.30 as of February 18, 2020.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions associated with closing out a capital project for the Cattle Barn 1 and Poultry Barn Renovations (Cattle Barn Project), including reversing the unneeded interim funding source and programming remaining surplus toward debt service.

Background

On June 6, 2017, with M&C G-19020, the City Council authorized the sale of venue-tax-backed revenue bonds for the purpose of paying the City's portion of the costs of constructing the new Multi-Purpose Dickies Arena (Arena) and other adjacent support facility improvements at WRMC. Among the funded improvements was the Cattle Barn Project.

By the fall of 2018, renovations on the barns were nearing completion, and it was projected that residual bond proceeds would exist. A proposal was made to use those residual proceeds to add the construction of ornamental fencing along the southern boundary of the WRMC campus to the Cattle Barn Project. Because the exact amount of residual bond funds was not known at the time, another source of interim funding was needed to cover costs and contingencies associated with the change order adding the fence. The City Council approved the change to the project scope and authorized transferring \$650,000.00 from the Culture & Tourism Project Finance Zone Fund as interim funding, if needed, for the fence improvements. (M&C C-28861)

In that M&C it was noted that, to extent bond proceeds could not cover the cost of the fencing, EFFW agreed to reimburse that expense. The M&C also reflected that, as of that date, EFFW owed the City an outstanding balance of \$302,886.30 from a prior land swap (Credit; M&C L-16061; CSC 45622-EX) and stated that the amount of the Credit would be subject to a dollar-for-dollar reduction for (i) a \$44,810.00 payment EFFW had made for design of the fence and (ii) any amounts paid by EFFW to the City toward the fence project.

Project Closeout

The Cattle Barn Project was completed in December 2018. The final project costs, including the added fence, were within the budget and amount of bond proceeds. As a result, no PFZ funds were actually used toward the fence costs, and no reimbursement was needed or is being sought from EFFW for the fence. Therefore, EFFW will only receive a reduction in land-swap credits for the \$44,810.00 for design costs the non-profit incurred.

M&C 28861 noted that "Upon completion of the fence and repayment of any excess costs by EFFW, the funds used for interim financing will be returned to the Project Financing Zone Fund." Adoption of this M&C will accomplish that action by reversing the transfer and returning the \$650,000.00 to the PFZ.

Following the return of the PFZ funds, the Cattle Barn Project will have a remaining budget surplus of \$15,622.85. This M&C seeks to reduce the project appropriations by the amount of remaining surplus and increase appropriations for a transfer to debt service in the same amount. These actions will facilitate the allocation of surplus project funds toward repaying the debt for the venue-tax-backed revenue bonds authorized by the City

Credit Balance

As of the September 25, 2018 approval of M&C C-28861, EFFW owed the City a total of \$302,886.30. This balance was the result of the City & EFFW entering into an Exchange Contract (CSC 45622-EX) through M&C L-15678 on May 21, 2014, by which the City conveyed to EFFW a remainder tract from a parcel acquired for the Chisholm Trail Parkway project (Chisholm Tract), and EFFW agreed to pay the cost of the City to acquire a tract of land on Bryce Avenue near Montgomery Street (Bryce Tract) to be incorporated into use for the WRMC. Because the value of the Chisholm Tract was greater than the value of the Bryce Tract, additional consideration was owed by EFFW to the City in the amount of \$397,544.00, and as such the Credit was established.

The Credit was first reduced in August 2017, when M&C L-16061 ratified a purchase and sale agreement with EFFW for right-of-way acquisition and an easement along Montgomery Street in exchange for a reduction in the Credit of \$94,667.70, for the fair market value of the properties, and an increase to the Credit of \$10.00 for the City’s recording costs. Following those adjustments, the balance of the Credit was \$302,886.30.

As noted above, EFFW incurred a cost of \$44,810.00 for design of the fence by Hahnfeld Hoffer & Stanford, LLC (HHS). Rather than reimburse design costs in cash, EFFW proposed that the Credit balance be reduced by the amount of that expense. In approving M&C C-28861, City Council authorized entering into an agreement with EFFW for the Fence Project “with each dollar paid or provided by EFFW toward the Fence Project reducing its outstanding land-swap balance of \$302,886.30.” Following the reduction for the design costs paid by EFFW, the balance of the Credit now stands at \$258,076.30.

A summary of the land-swap credit and adjustments made is provided in the table below.

Date	Authorization	Reason	Amount	Balance
May 6, 2014	CS 45622-EX	Land Exchange	\$397,544.00	\$397,544.00
August 15, 2017	M&C L-16061	ROW Acquisition	-\$94,667.70	\$302,876.30
August 15, 2017	M&C L-16061	COFW recording cost	\$10.00	\$302,886.30
September 25, 2018	M&C C-28861	Hahnfeld Fence Design	-\$44,810.00	\$258,076.30

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 funds will be available in the capital budgets of the Culture & Tourism Project Finance Zone (Culture & Tour Proj Fin Zone) and Venue Capital Project Fund. Prior to any transfers being completed and/or application of surplus funds to the Venue Debt Service Fund being made, the Public Events and Financial Management Services Departments have the responsibility to validate the availability of funds.

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