

Mayor and Council Communication

DATE: 04/25/23

M&C FILE NUMBER: M&C 23-0311

LOG NAME: 17PID18 MIDYEARFY23

SUBJECT

(ALL) Adopt Ordinance Amending the Fiscal Year 2022-2023 Adopted Budget and Five-Year Service Plan for Public Improvement District 18 – Tourism and Adopt Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached ordinance amending the Fiscal Year 2022-2023 Budget and Five-Year Service Plan for Public Improvement District 18 – Tourism 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 (7th) day after adoption by the City Council; and
2. Adopt the attached appropriation ordinance increasing appropriations in the Fort Worth Public Improvement District 18 – Tourism Fund in the amount of \$2,895,000.00, for the purpose of funding mid-year budget adjustments.

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 18 – Tourism (Tourism PID) is managed by Fort Worth Tourism Public Improvement District Corporation (FWTPIDC) and the Fort Worth Convention and Visitors Bureau (FWCVB).

On September 13, 2022, City Council adopted Ordinance No. 25724-09-2022, approving the Fiscal Year (FY) 2022-2023 Budget, Five-Year Service Plan, Assessment Plan, and Tax Year 2022 Assessment Roll for the Tourism PID. After conducting a mid-year review of the Tourism PID’s budget, City staff and FWTPIDC and FWCVB have identified the need to increase the Tourism PID Budget by \$2,895,000.00 to align expenses with actual activities that are attributable primarily to revised assessment collection forecast for the current fiscal year and to reclaim additional revenue from prior fiscal year over the adopted budget allocation.

The Tourism PID is funded through a 2% assessment on the consideration received from occupancy of any sleeping room furnished by a hotel in the Tourism PID. Due to the most recent forecast analysis, Tourism PID assessment revenue is now projected to be 14.57% or \$795,000.00 more than originally budgeted. The additional increase of \$2,100,000.00 will be a contribution to fund balance as a result of additional revenue from the prior fiscal year. The budgeted expenses show an increase in each category line item for the current fiscal year service plan (see table below).

Revenue Adjustments:

| Line Items to be Adjusted | Previously Approved FY23 Budget Item | Recommended Mid-Year Adjustment | Amended FY23 Budget Item |
|---------------------------|--------------------------------------|---------------------------------|--------------------------|
| PID Assessments | \$5,455,000.00 | \$2,895,000.00 | \$8,350,000.00 |
| Totals | \$5,455,000.00 | \$2,895,000.00 | \$8,350,000.00 |

Expenditure Adjustments:

| Line Items to be Adjusted | Previously Approved FY23 Budget Item | Recommended Mid-Year Adjustment | Amended FY23 Budget Item |
|---|--------------------------------------|---------------------------------|--------------------------|
| Incentives & Sales Efforts | \$2,565,000.00 | \$377,625.00 | \$2,942,625.00 |
| Marketing and Research (Promotion/ Advertising) | \$1,890,000.00 | \$278,250.00 | \$278,250.00 |
| Site Visits & Familiarization Tours | \$270,000.00 | \$39,750.00 | \$39,750.00 |
| Cultural | | | |

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| Enhancements through Marketing and promotion of the Arts | \$405,000.00 | \$59,625.00 | \$59,625.00 |
| Operations & Administration | \$270,000.00 | \$39,750.00 | \$39,750.00 |
| City Administrative Fee | \$55,000.00 | \$0.00 | \$0.00 |
| Contribution to Fund Balance | \$0.00 | \$2,100,000.00 | \$2,100,000.00 |
| Totals | \$5,455,000.00 | \$2,895,000.00 | \$8,350,000.00 |

Staff supports FWTPIDC's and FWCVB's recommended mid-year budget adjustments. Upon approval of the above recommendations, the total budgeted expenses for FY 2022-2023 will be \$8,350,000.00. This mid-year budget adjustment will decrease the unaudited, unassigned fund balance by a total of \$2,895,000.00. The revised Budget and Five-Year Service Plan will take effect upon approval by City Council. The proposed changes to the Tourism PID's FY 2022-2023 budget complies with the City's reserve requirements.

Funding is available for appropriation in the fund balance of the FWPID #18 - Tourism Fund. The beginning balance is \$5,462,205.87, after this M&C, available balance will be \$2,567,205.87.

The Tourism PID properties 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.

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 current operating budget, as appropriated, in the FWPID #18 - Tourism Fund. Prior to any expenditure being incurred, the Economic Development Department has the responsibility to validate the availability of funds

Submitted for City Manager's Office by: William Johnson 5806

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