

Mayor and Council Communication

DATE: 03/08/22

M&C FILE NUMBER: M&C 22-0142

LOG NAME: 13GAS LEASE CONSULTANT FEES FY2022

SUBJECT

(ALL) Adopt Ordinances Increasing Estimated Receipts and Appropriations in Multiple Funds by a Combined Total Amount Up to \$164,000.00, Allocated Proportionately, to Properly Record Fees Paid to Wells Fargo Bank, National Association, for Banking, Mineral-Lease-Administration Services, and Trust/Asset Management Services Provided in Fiscal Year 2022 Under City Secretary Contract No. 45281

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Aviation Endowment Gas Lease Fund in the amount of \$120,000.00 from available funds, for the purpose of funding banking and mineral-lease-administration services and for the trust/asset management services (City Project No. 100801);
 2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Endowment Gas Lease Fund in the amount of \$20,000.00 from available funds, for the purpose of funding banking and mineral-lease-administration services and for the trust/asset management services (City Project No. 100801);
 3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the PACS Endowment Gas Lease Fund in the amount of \$11,000.00 from available funds, for the purpose of funding banking and mineral-lease-administration services and for the trust/asset management services (City Project No. 100801); and
 4. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Water/Sewer Endowment Gas Lease Fund in the amount of \$13,000.00 from available funds, for the purpose of funding banking and mineral-lease-administration services and for the trust/asset management services (City Project No. 100801).
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to appropriate funds for the costs of banking and mineral-lease-administration services and for the costs of trust/asset management services for the identified City funds. Each participating fund is allocated its proportionate share of the total cost based on the relative percentage that mineral revenues for that fund for the year bear to the total mineral revenues received during the year.

The total revenue generated for all funds from the gas wells from October 2021 through January 2022 is \$4,430,079.06. Revenue by fund for the first four months of FY22: Fund 13001 \$252,991.35; Fund 13002 \$589,703.44; Fund 33001 \$1,148,162.74; Fund 33002 \$264,146.29; Fund 33004 \$58,268.54; Fund 33005 \$624,624.46; Fund 53001 \$636,853.62; Fund 53003 \$54,056.99; Fund 53004 \$163,890.08.

In December 2012, the City Council approved an Agreement with Wells Fargo Bank, National Association (Wells Fargo), to provide banking and trust services associated with the collection and management of the City-owned mineral interest revenues from multiple gas companies (M&C P-11467; City Secretary Contract No. 45281) (the Agreement). The Agreement has a term of five years with two renewals of two years each, with the fee for banking and mineral-lease-administration services set at \$16,000.00 per month. Additionally, the Agreement provides for trust/asset management services with fees based on the size of the assets in the trust and increasing as the size of the trust increases.

In accordance with the terms of the Agreement and the current Financial Management Policy Statements, the banking fee is proportionately allocated to the various gas-related funds. A number of impacted funds already have sufficient appropriations for their payments. Approval of this M&C and adoption of the attached ordinances will enact appropriations for the funds that do not have sufficient appropriations for these payments.

In accordance with the terms of the Agreement, Wells Fargo pays itself throughout the year. Thus, approval of this M&C does not further reduce the mineral revenues in Fiscal Year 2022 but only formally appropriates the additional funds.

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 adoption of the attached appropriation ordinance, funds will be available in the Aviation Endowment Gas Lease Fund, General Endowment Gas Lease Fund, PACS Endowment Gas Lease Fund, and the Water/Sewer Endowment Gas Lease Fund.

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