

# Mayor and Council Communication

DATE: 09/27/22

M&C FILE NUMBER: M&C 22-0735

LOG NAME: 06AAECFA17-0192AMEND3

## **SUBJECT**

(CD 5) Authorize Execution of Amendment No. 3 to City Secretary Contract No. 51820, an Enhanced Community Facilities Agreement with American Airlines, Inc. for the Construction of Road Improvements on Trinity Boulevard, American Boulevard and US Highway 360 Frontage Road Increasing City Participation by \$103,609.90, City Participation with Regional Toll Revenue by \$191,990.40, and Extending the Completion Deadline to January 30, 2022, Authorize Execution of Change Order No. 2 to City Secretary Contract No. 51820 for a Revised Contract Amount of \$3,544,671.10, Adopt Appropriation Ordinances, and Amend the Fiscal Years 2022-2026 Capital Improvement Program

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## **RECOMMENDATION:**

It is recommended that City Council:

1. Authorize the execution of Amendment No. 3 to City Secretary Contract No. 51820, an Enhanced Community Facilities Agreement with American Airlines, Inc. for the construction of road improvements on Trinity Boulevard, American Boulevard and US Highway 360 Frontage Road, increasing City Participation by \$103,609.90 and City Participation with Regional Toll Revenue by \$191,990.40, and extending the completion deadline to January 30, 2022;
2. Adopt the attached appropriation ordinance adjusting appropriations in the 2014 Bond Program Fund in the amount of \$487,703.00 by increasing appropriations in the CFA-AA Headquarters P & T Sign project (City Project No. 101828) and by decreasing appropriations in the CFA-American Airlines Pvn & SG project (City Project No. 101314) by the same amount;
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Government Community Facilities Agreement Fund in the amount of \$14,473.39 for the purpose of funding development fees for the CFA-AA Headquarters P&T Sign project (City Project No. 101828); and
4. Amend the Fiscal Years 2022-2026 Capital Improvement Program.

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## **DISCUSSION:**

On November 10, 2015, the City Council adopted Ordinance No. 21968-11-2015, Mayor and Council Communication (M&C) G-18605, designating Tax Abatement Reinvestment Zone No. 91, and approved execution of a Tax Abatement Agreement with American Airlines, Inc., (Developer), and the Dallas/ Fort Worth International Airport Board for development of a corporate headquarters facility (Headquarters Project) on property at Dallas-Fort Worth International Airport located within the City of Fort Worth, City Secretary Contract No. 47341, as amended. Under the Tax Abatement Agreement, the City agreed to abate a maximum of between 75 to 90 percent of the incremental real and personal property taxes from the site for a period of one year provided that Developer expended at least \$200 million in real property improvements by December 31, 2019 on property in the reinvestment zone and consider up to \$2,000,000.00 in enhanced community facility funds for public infrastructure projects associated with the Headquarters Project. As part of the project, the Developer anticipated expending approximately \$1,650,000.00 for the construction of road improvements including deceleration lanes, turn lanes, signaling, sidewalks and street light improvements on Trinity Boulevard, American Boulevard, US Highway 360 Frontage Road Public Infrastructure.

On June 13, 2017, the City Council authorized execution of an Enhanced Community Facilities Agreement (ECFA), M&C C-28274, under which the City would reimburse Developer up to \$950,000.00 of construction costs. The Developer proposed to expand the scope of the Public Infrastructure project to include widened roadways and turn lanes on Trinity Boulevard, US Highway 360 Frontage Road, and American Boulevard to accommodate the planned additional employee traffic at a total approximate cost of \$7,000,000.00.

On June 12, 2018, by M&C C- 28730, the City Council rescinded M&C C-28274 to cancel the 2017 ECFA that was never executed and authorized execution of a new ECFA with City participation in an amount not to exceed \$1,700,000. 00. After further design and discussions with the Developer, through approval of M&C C-28898, the City Council rescinded M&C C-28730 and authorized entering into a new agreement increasing the City's participation in the Public Infrastructure project to \$2,000,000.00 representing the entire commitment in the original tax abatement agreement. The M&C authorized execution of an Advance Funding Agreement (AFA) between the City and the State of Texas, acting through Texas Department of Transportation, for Regional Toll Revenue (RTR) for the public infrastructure improvements along Trinity Boulevard, American Boulevard and US Highway 360 Frontage Road. The M&C also authorized the execution of one or more ECFAs with the Developer consisting of the RTR funds as well as Non- RTR Funds comprised of ECFA funds and Transportation Impact Fee funds in an amount not to exceed \$2,000,000.00 for the Public Infrastructure. The AFA (City Secretary Contract No. 82071), provided the City with RTR funds in an amount not to exceed \$4,170,491.00, with a twenty percent local match requirement of \$1,042,623.00. The ECFA, (City Secretary Contract No. 51820) was executed on January 31, 2019. The Developer is responsible for all costs exceeding the RTR funds received by the City under the AFA and the City's participation with Non-RTR funds.

On June 3, 2019, the ECFA was amended to include the construction of additional public infrastructure improvements in the vicinity of American Blvd. that are were not funded by the AFA. On June 25, 2019 through M&C C-29166, the City Council authorized execution of an amendment to the ECFA and the Tax Abatement Agreement to extend the completion deadlines under the agreements pursuant to the force majeure provisions due to delays in the Texas Transportation Commission not approving the Regional Toll Revenue funding until January 31, 2019.

The purpose of this M&C is to authorize the execution of Amendment No. 3 to the ECFA in order to finalize the amount of City Participation owed to the Developer and close out the projects (City Project Nos. 101314 and 101828). The public infrastructure improvements were substantially completed on October 22, 2020. The final inspection was conducted on March 11, 2021. City staff have been working with the Developer, contractor and TxDOT on the final close out of the projects. Approval of this M&C, will authorize City staff to close out the projects and make the final payments to the Developer for all work that was completed. Upon approval of this M&C, City staff will execute Amendment No. 3 to the ECFA with the Developer and execute the corresponding Change Order No. 2 between the Developer and the contractor.

Funding for the CFA-American Airlines Pvn project is summarized in the table below:

<b>Fund</b>	<b>Existing Funding</b>	<b>Budget Change (Increase/Decrease)</b>	<b>Project Total</b>
30106- Intergovernmental Contribution	\$5,600,000.00	\$0.00	\$5,600,000.00
34014 2014 Bond Program Fund	\$1,275,000.00	\$(487,703.00)	\$787,297.00
31002 Grants Capital Project State	\$5,095,491.00	\$0.00	\$5,095,491.00
39001 2007 Critical Capital Projects	\$725,000.00	\$0.00	\$725,000.00
39008 Trans Impact Fee Cap Legacy	\$200,000.00	\$0.00	\$200,000.00
<b>Project Total</b>	<b>\$12,895,491.00</b>	<b>\$(487,703.00)</b>	<b>\$12,407,788.00</b>

Funding for the CFA-AA Headquarters P & TSign project is summarized in the table below:

<b>Fund</b>	<b>Existing Funding</b>	<b>Budget Change (Increase/Decrease)</b>	<b>Project Total</b>
30111 Govt Community Facilities Agmt	\$14,473.39	\$0.00	\$14,473.39
34014 2014 Bond Program Fund	\$0.00	\$487,703.00	\$487,703.00
<b>Project Total</b>	<b>\$14,473.39</b>	<b>\$487,703.00</b>	<b>\$502,176.39</b>

Funding for Enhanced Community Facilities Agreements was included in the 2014 Bond Program. Available resources within the General Fund will be used to provide interim financing until debt is issued. Once debt associated with the project is sold, bond proceeds will reimburse the General Fund in accordance with the statement expressing official Intent to Reimburse that was adopted as part of the ordinance canvassing the bond election (Ordinance No. 21241-05-2014) and subsequent actions taken by the Mayor and Council.

Funding for the CFA-AA Headquarters P&T Sign project was not included in the FY2022-2026 Capital Improvement Program. Funding in the amount of \$502,176.39 (\$14,473.39 from developer fees and \$487,703.00 from 2014 Bond Funds) is needed to cover construction fees and pay the final amount of City Participation owed to the Developer to close out the Project. This action in this M&C will amend the Fiscal Years 2022-2026 Capital improvement Program as approved in connection with Ordinance 25073-09-2021.

The CFA-AA Headquarters P&T Sign project previously received funding from the Government Community Facilities Agreement Fund in the amount of \$14,473.39 for developer fees that were previously paid by the Developer. Recommendation #3 will formalize the appropriation of these funds from the Government Community Facilities Agreement Fund, as the funds were transferred from the Unspecified project through

former delegated authority, which is no longer recognized.

The Project is located in COUNCIL DISTRICT 5.

A Form 1295 is not required because: This contract will be with a publicly-traded business entity or a wholly-owned subsidiary of a publicly-traded business entity: American Airlines

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are currently available in the CFA-American Airlines Pvn & SG project within the 2014 Bond Program Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the 2014 Bond Program Fund for the CFA-AA Headquarters P & TSign project to support the approval of the above recommendations and execution of the amendment and change order. Prior to an expenditure being incurred, the Transportation and Public Works department has the responsibility of verifying the availability of funds.

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