

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 05/05/20 M&C FILE NUMBER: M&C 20-0274

LOG NAME: 13PID12 MIDYEARFY20

SUBJECT

Adopt Resolution Amending the Fiscal Year 2019-2020 Budget and Five-Year Service Plan for Fort Worth Public Improvement District 12 – Chapel Hill, Authorize an Amendment to City Secretary Contract No. 52904, a Management Services Agreement for Public Improvement District 12 - Chapel Hill, and Adopt Appropriation Ordinance (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached resolution approving the revised Fiscal Year 2019-2020 Budget and Five-Year Service Plan for Public Improvement District 12 – Chapel Hill to reflect amendments associated with a mid-year review;
2. Authorize an amendment to City Secretary Contract No. 52904, a Management and Improvement Services Agreement for Public Improvement District 12 - Chapel Hill, to increase the Management Fee by \$2,672.00; and
3. Adopt the attached appropriation ordinance increasing receipts and appropriations in the Fort Worth Public Improvement District 12 – Chapel Hill Fund in the amount of \$19,184.00, from available, unreserved fund balance.

DISCUSSION:

The City of Fort Worth Department of Financial Management Services (Finance) administers the City's Public Improvement Districts (PIDs) in accordance with Chapter 372 of the Texas Local Government Code. The City's PID Policy outlines the need to proactively work with the PID managers to oversee the services being provided by the PIDs and their associated financial positions. Staff, along with the contracted PID management companies, has conducted mid-year reviews of the Fiscal Year 2019-2020 Budget (Budget) for the Public Improvement District 12 - Chapel Hill (Chapel Hill PID) and recommend the following adjustments.

The City contracts with FirstService Residential Texas PID, LLC (FirstService) to manage the Chapel Hill PID. FirstService has identified the need to increase the Chapel Hill PID Budget by \$19,184.00 to cover expenses associated with the management fee, landscaping/irrigation, and audit line items in the Budget and Five-Year Service Plan. The expenses include additional costs associated with increases in insurance and contract fees.

Revenue Adjustments:

| Line Items to be Adjusted | Previously Approved FY20 Budget Item | Recommended Mid-Year Adjustment | Amended FY20 Budget Item |
|---------------------------|--------------------------------------|---------------------------------|--------------------------|
| PID Assessments           | \$69,361.00                          | -                               | \$69,361.00              |
| Use of Fund Balance       | -                                    | \$19,184.00                     | \$19,184.00              |
| Total Budget Revenue      | \$69,361.00                          | \$19,184.00                     | \$88,545.00              |

Expenditure Adjustments:

| Line Items to be Adjusted | Previously Approved FY20 Budget Item | Recommended Mid-Year Adjustment | Amended FY20 Budget Item |
|---------------------------|--------------------------------------|---------------------------------|--------------------------|
| Management fee            | \$11,200.00                          | \$2,672.00                      | \$13,872.00              |
| Landscaping               | \$13,941.00                          | \$8,452.00                      | \$22,393.00              |

| Line Items to be Adjusted | Previously Approved FY20 Budget Item | Recommended Mid-Year Adjustment | Amended FY20 Budget Item |
|---------------------------|--------------------------------------|---------------------------------|--------------------------|
| Landscaping Enhancement   | -                                    | \$2,000.00                      | \$2,000.00               |
| Pond Maintenance          | \$2,340.00                           | \$60.00                         | \$2,400.00               |
| Audit                     | \$1,000.00                           | \$1,500.00                      | \$2,500.00               |
| Irrigation Repairs        | \$500.00                             | \$4,500.00                      | \$5,000.00               |
| <b>Totals</b>             | <b>\$28,981.00</b>                   | <b>\$19,184.00</b>              | <b>\$48,165.00</b>       |

Staff recommends an increase of \$2,672.00 in the management fee line item of the current Budget and Five-Year Service Plan. The management fee line item includes any and all insurance and administrative costs incurred by the FirstService to perform its duties and responsibilities under the contract. Staff supports FirstService's recommended mid-year budget adjustments. All other previously approved line items not mentioned above remain the same. Upon approval of the above recommendations, the total budgeted expenses for Fiscal Year 2019-2020 will be \$88,545.00. This mid-year budget adjustment will decrease the unaudited, unassigned fund balance by a total of \$19,184.00. The revised Budget and Five-Year Service Plan will take effect upon approval by City Council. The City and FirstService will amend the existing management contract to reflect the mid-year adjustment (City Secretary Contract No. 52904).

FirstService took over managing the Chapel Hill PID in fiscal year 2019-2020 and identified the need for necessary unbudgeted expenditures. The proposed changes to the Chapel Hill PID Budget are recommended to address drainage issues and other necessary expenditures. The Chapel Hill PID is expected to end the year with a fund balance of \$6,957.77. The estimated reserve requirement is \$9,965.65. The Finance Department along with FirstService Residential agree that the mid-year budget adjustment reflect necessary expenditures and will work together to ensure that reserves are compliant in the FY21 budget process.

The Chapel Hill PID is located in COUNCIL DISTRICT 7.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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#### **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 of the FWPID #12-Chapel Hill Fund. Prior to any expenditure being incurred, the Financial Management Services Department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Kevin Gunn 2015

**Originating Business Unit Head:** Reginald Zeno 8517

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