

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 04/06/21 M&C FILE NUMBER: M&C 21-0225

LOG NAME: 17PID7 MIDYEARFY21

SUBJECT

(CD 4 and CD 7) Adopt Attached Resolution Amending the Fiscal Year 2020-2021 Budget and Five-Year Service Plan for Public Improvement District 7 – Heritage, Authorize an Amendment to City Secretary Contract No. 54791, a Management and Improvement Services Agreement with FirstService Residential Texas PID, LLC, to Increase the Management Fee by \$26,675.00 for a Total Amount Not to Exceed \$154,603.00, and Adopt Attached Appropriation Ordinance

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached resolution approving the revised Fiscal Year 2020-2021 Budget and Five-Year Service Plan for Public Improvement District 7 – Heritage to reflect amendments associated with a mid-year review;
2. Authorize an amendment to City Secretary Contract No. 54791, a Management and Improvement Services Agreement with FirstService Residential Texas PID, LLC, to increase the management fee by \$26,675.00 for a total fee amount not to exceed \$154,603.00; and
3. Adopt the attached appropriation ordinance increasing receipts and appropriations in the Fort Worth Public Improvement District 7 - Heritage Fund in the amount of \$252,000.00 in Fiscal Year 2020-2021, from available, unreserved fund balance.

DISCUSSION:

The City of Fort Worth Department of Economic Development 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, have conducted mid-year reviews of the Public Improvement District 7 - Heritage (Heritage PID) Annual Budget (Budget) and recommend the following adjustments.

The City contracts with FirstService Residential Texas PID, LLC (FirstService) to manage the Heritage PID. FirstService has identified the need to increase the Heritage PID Budget by the use of fund balance in the amount of \$252,000.00, in order to align expenses with actual activities in the Budget and Five-Year Service Plan. The expense increase can be attributed primarily to increases in insurance, additional water irrigation meters, and contract adjustments to landscaping and maintenance. The proposed increase in the use of fund balance for Heritage PID will decrease reserves in the fund balance. Removal of the insurance line item does not relieve FirstService from acquiring insurance in the types and amounts required under the contract. All such insurance costs are built into the current management fee.

Revenue adjustments:

Line Items to be Adjusted	Previously Approved FY21 Budget Item	Recommended Mid-Year Adjustment	Amended FY21 Budget Item
PID Assessments	\$1,802,016.00	\$0.00	\$1,802,016.00
COFW Payment in lieu of Services	\$191,096.00	\$0.00	\$191,096.00
PID Generated Revenue	\$35.00	\$0.00	\$35.00
Use of Fund Balance	\$478,218.00	\$252,000.00	\$730,218.00
Totals	\$2,471,365.00	\$252,000.00	\$2,723,365.00

Expenditure adjustments:

Line Items to be Adjusted	Previously Approved FY21 Budget Item	Recommended Mid-Year Adjustment	Amended FY21 Budget Item
Management Fee	\$127,928.00	\$26,675.00	\$154,603.00

Utilities	\$300,500.00	(\$70,000.00)	\$230,500.00
Landscaping/Tree Maintenance	\$1,120,000.00	\$88,000.00	\$1,208,000.00
Capital Improvements	\$200,000.00	\$227,500.00	\$427,500.00
Insurance	\$12,675.00	(\$12,675.00)	\$0.00
Annual Review	\$10,000.00	(\$7,500.00)	\$2,500.00
<b>Totals</b>	<b>\$1,771,103.00</b>	<b>\$252,000.00</b>	<b>\$2,023,103.00</b>

Staff recommends an increase of \$26,675.00 in the management fee line item of the current Budget and Five-Year Service Plan. The insurance costs are considered administrative costs and, therefore, are being rolled into the Management Fee line item. The increase will also cover costs associated with the purchase of an all terrain vehicle, which will be used for the benefit of the Heritage PID. 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 the Fiscal Year 2020-2021 will be \$2,723,365.00. This mid-year budget adjustment will decrease the unaudited, unassigned fund balance by a total of \$252,000.00. 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 adjustments (City Secretary Contract No. 54791). The proposed changes to the Heritage PID Budget maintain compliance with reserve requirements.

The Heritage PID is located in COUNCIL DISTRICTS 4 & 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, in the FWPID #7 - Heritage 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:** Jay Chapa 5804

**Originating Business Unit Head:** Robert Sturns 2663

**Additional Information Contact:** Crystal Hinojosa 7808