

To the Mayor and Members of the City Council

July 10, 2012

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SUBJECT: EXECUTION OF INTERFUND LOAN AGREEMENT BETWEEN TRANSPORTATION & PUBLIC WORKS AND AVIATION DEPARTMENTS FOR IMPROVEMENTS TO NORTH RIVERSIDE DRIVE BETWEEN HERITAGE TRACE PARKWAY AND NORTH TARRANT PARKWAY

Background

Due to increased development along North Riverside Drive and North Tarrant Parkway, traffic congestion has increased and safety has become a concern. To help alleviate this problem, the Tax Increment Reinvestment Zone Number Seven (TIF 7) Board of Directors approved funding for improvements to North Riverside Drive between Heritage Trace Parkway and Dalton Street on April 30, 2010.

On September 14, 2010, the City's Housing & Economic Development Committee recommended supporting additional improvements to North Riverside Drive in-line with the community's priorities. In response to the Committee's recommendations, on September 30, 2010, the TIF 7 Board of Directors approved the execution of a Development Agreement with the City of Fort Worth for the widening of North Riverside Drive between Heritage Trace Parkway and Golden Triangle Boulevard (City Contract No. 41452 -Phase II), with the project to be financed through an Interfund Loan Agreement of mineral interest revenues from the Aviation Department to the Transportation & Public Works Department.

Interfund Loan Agreement Terms

Once approved by City Council, the Interfund Loan Agreement between the Transportation & Public Works and Aviation Departments will authorize the Aviation Department to loan \$10,400,000.00 needed for road improvements to North Riverside Drive in accordance with the Revenue and Expenditure Policies for Gas Lease Revenues as outlined in the City's Financial Management Policy Statements (FMPS).

Pursuant to the FMPS, loan repayment must be from an independent revenue source and *not* from the City's General Fund. In this case, the loan between the Transportation & Public Works and Aviation Departments will be reimbursed by increment collected in the TIF 7 district. It is estimated that the TIF 7 district would re-pay the loan in annual payments, including interest within seven years. As this seven-year period is longer than the five-year payback policy outlined in the City's FMPS, approval of the Interfund Loan Agreement will require suspension of the FMPS policy to re-pay the loan within five years. There is no penalty for repaying the loan within a shorter timeframe.

Lower Design and Construction Cost Estimates

As design progressed, it became clear that the road improvement project would come in under budget. Therefore, the TIF 7 Board of Directors approved Amendment No. 1 to the Development Agreement on June 25, 2012 to expand the definition of "Project" to include design and construction costs to improve North Riverside Drive from Golden Triangle Boulevard to Shiver Road (Phase III). Additionally, if it is determined the full \$10,400,000.00 is sufficient to accomplish the goals of Phase III, the Amendment would also allow for design and



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construction costs for road improvements to North Riverside Drive from Shiver Road to North Tarrant Parkway (Phase IV).

Next Steps

On July 17, 2012, City staff will present an M&C to City Council authorizing the proposed Interfund Loan Agreement between the Transportation & Public Works and Aviation Departments.

Should any questions arise, please contact Jay Chapa, Director of Housing and Economic Development at 817-392-5804.

**Tom Higgins
City Manager**