

# Mayor and Council Communication

**DATE:** 12/15/20

**M&C FILE NUMBER:** M&C 20-0910

**LOG NAME:** 13DELEGATED AUTHORITY TO PURCHASE NEW CITY HALL BUILDING

**SUBJECT**

(CD 9) Authorize the Acquisition of Approximately 11.9 Acres of Land and Improvements Located at 100 Energy Way, Fort Worth, Tarrant County, Texas from Hertz Fort Worth Energy Way, L.P., and Pay Estimated Closing Cost for the New City Hall Building, Accept Assignment of Related Service and Lease Agreements, Adopt Appropriation Ordinances, and Amend the FY2021-2025 Capital Improvement Program

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of a contract of sale and purchase agreement with Hertz Fort Worth Energy Way, L.P. for the acquisition of approximately 11.9 acres of land and improvements, being Lot 1R, Block 1 of the Pier 1 Addition, located at 100 Energy Way, Fort Worth, Texas, in the amount of \$69,500,000.00;
2. Authorize the payment of estimated closing costs in the amount of \$550,000.00;
3. Authorize the City Manager or his designee to accept the conveyance and execute and record the appropriate instruments;
4. Authorize the City Manager to accept assignment of all existing leases and service agreements;
5. Adopt attached ordinance increasing receipts and appropriations in the amount of \$5,000,000.00 from available fund balance in the General Fund, for the purpose of transferring to the Tax Notes 2021A Fund for interim funding of earnest money costs related to the purchase, with such appropriations subject to reduction and related transfer subject to reversal, upon the sale of notes and receipt of proceeds;
6. Adopt attached ordinance increasing receipts and appropriations in the amount of \$5,000,000.00 in the Tax Notes 2021A Fund transferred from the General Fund for the New City Hall project (City Project No. 103133) to pay interim funding of earnest money costs related to the purchase, with such appropriations subject to reduction and related transfer subject to reversal, upon the sale of notes and receipt of proceeds; and
7. Amend the FY2021-2025 Capital Improvement Program.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to seek approval to acquire a fee simple interest in land and improvements located at 100 Energy Way for use as a municipal facility.

The property, commonly known as the Pier 1 Building, is a 440,000 square-foot, class AA office building located on the western edge of Fort Worth's central business district along the Trinity River at North Forest Park Boulevard and Belknap Street in downtown Fort Worth. The land and improvements are necessary for the new City Hall, which will consolidate the City's operations and functions. The purchase will reduce long term operating expenses by replacing older buildings with modern, efficient spaces tailored to city services as well as eliminate annual payments associated with leased facilities and partially offset the acquisition costs through the sale of administrative buildings and surface parking lots.

The property owner has agreed to a purchase price of \$69,500,000.00, subject to an independent appraisal. The mineral estate will not be acquired, and the deed will contain a surface waiver for the exploration of the mineral estate. The real estate taxes will be pro-rated with the seller being responsible for taxes due up to the closing date. The City will pay estimated closing costs up to \$550,000.00.

Upon City Council approval, staff will proceed with acquiring the fee simple interest in the property with improvements except for the mineral estate.

Property Ownership	Property Interest	Property Size	Property Address/Legal Description	Amount
Hertz Fort Worth Energy Way, L.P.	Fee Simple and Improvements	11.9 Acres	Lot 1R, Block 1, Pier 1 Addition	\$69,500,000.00
			Total Estimated Closing Cost	\$550,000.00
				<b>\$70,050,000.00</b>

As part of the acquisition, the City will take assignment of all building service agreements, as well as the following leases:

Tenant	Suite	Expiration Date
PAE Applied Technologies, LLC	1500	9/30/2030

Burns & McDonnell Engineering Co	1700	8/31/2024
Ulrich Barn Builders, LLC	1800A	6/30/2025
Property Damage Appraisers, Inc.	1900	11/30/2029
Cotten Schmidt & Abbott, LLP	2000	12/31/2023

Separate M&Cs are on today's agenda for the issuance and sale of tax notes for the acquisition and renovation costs with any remaining funds to be used toward renovating the existing City Hall facility for continued municipal use. Funding for this project was not included in the FY2021-2025 Capital Improvement Program due to a change in strategy to expand the facilities for City Hall. The action in this M&C will amend the FY2021-2025 Capital Improvement Program as approved in connection with Ordinance 24446-09-2020. Budgets and appropriations in the accompanying 2021 Tax Note M&Cs will reflect the funding that supports the CIP change.

Because the real estate transaction requires payment of \$5,000,000.00 in earnest money prior to the anticipated closing of the notes, the attached ordinance appropriates available unencumbered fund balance to make that payment. The City will reimburse itself out of proceeds of the sale of the notes, with language to that effect included in the notes ordinance.

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 ordinances, funds are will be available in the General Fund and in the Tax Note 2021 A Fund for the City Hall Move 100 Energy Way project to support the approval of the above recommendations and the acquisition of the property. Prior to an expenditure being incurred, the Property Management and Financial Management Services Department have the responsibility of verifying the availability of funds.

**Submitted for City Manager's Office by:** Jay Chapa 5804

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