

Mayor and Council Communication

DATE: 01/23/24

M&C FILE NUMBER: M&C 24-0090

LOG NAME: 21W 3RD ST CENTRAL LIBRARY SALE APPROPRIATION REV

SUBJECT

(CD 9) Adopt Appropriation Ordinances Increasing Estimated Receipts and Appropriations in the General Fund by \$17,212,860.80 from the Sale of the Central Library and in the General Capital Projects Fund by \$50,000.00, Authorize Appropriated Transfers, Amend the Fiscal Year 2023 Budget, and Amend the Fiscal Years 2023-2027 Capital Improvement Program

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Fund in the amount of \$17,212,860.80 from the sale of Central Library, consisting of an increase in appropriations in the Library Department budget of the General Fund of \$1,145,000.00 for costs associated with the Central Library leaseback and an increase in budgeted transfers to the General Capital Projects Fund of \$16,067,860.80 allocated as follows:

- \$50,000.00 to City Project No. 105091 for costs associated with the buildout of the library located at 9336 Clifford Street, Fort Worth, Texas 76102; and
- \$16,017,860.80 to City Project No. 104599 for future use;

2. Authorize transfers from the General Fund to the General Capital Projects Fund totaling \$16,067,860.80;

3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Capital Projects Fund, transferred from the General Fund, in the amount of \$50,000.00 for costs associated with the buildout of the library located at 9336 Clifford Street, Fort Worth, Texas 76102 (City Project No. 105091); and

4. Amend the Fiscal Year 2023 Adopted Budget and the Fiscal Years 2023-2027 Capital Improvement Program.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize the use of proceeds from the sale of the Central Library located at 500 West 3rd Street, Fort Worth, Texas 76102. Per M&C 22-1056, the City accepted Dart's offer of \$18,000,000.00, which was the highest cash offer and included a mixed-use development project. After closing costs of \$787,139.20, the City's net proceeds from the sale were \$17,212,860.80.

Upon sale of the property, Dart agreed to lease the property back to the City for a one-year term with an option to extend for an additional year. The base rent for the first year will be \$400,000.00 with the City also being responsible for all taxes, estimated at \$445,000.00, as well as insurance and operational costs estimated at \$300,000.00, for an estimated total cost of \$1,145,000.00. This M&C will authorize the use of proceeds from the Central Library sale to pay for the leaseback, property taxes, insurance, and operating expenses for the first year. The base rent for the second year, if necessary, would be \$810,000.00. However, the City will not exercise the lease renewal option for the second year.

On September 12, 2023, the City Council also authorized the execution of the lease with Hickman Investments, LTD (Hickman) for 4,051 square feet of space in Suite 120, located at 9336 Clifford Street, Fort Worth, Texas 76108 for a new branch library located in District 7 (M&C 23-0769). Additional improvements to the leased premises will be at the City's expense and are estimated to be \$50,000.00. This M&C will authorize the use of proceeds from the Central Library sale to fund the improvements at the new branch location.

The \$16,017,860.80 in remaining proceeds from the sale of the Central Library will be transferred from the General Fund to the General Capital Projects Fund. The use of these funds will be presented to Mayor and Council for approval and appropriation in the future.

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

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the General Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the current operating and capital budgets, as appropriated, in the General Fund and the General Capital Projects Fund for the Clifford St. Library Buildout and the Central Library Sale projects. Prior to any expenditure being incurred, the Library and Property Management Departments have the responsibility to validate the availability of funds.

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