

# Mayor and Council Communication

**DATE:** 05/10/22

**M&C FILE NUMBER:** M&C 22-0330

**LOG NAME:** 21 CHILD CARE ASSOCIATES

**SUBJECT**

(CD 3) Authorize Execution of a Ground Lease Agreement with Child Care Associates for the Construction and Operation of a Head Start Facility on a Portion of the City's Property Located at 8201 Calmont Avenue, Fort Worth, Texas 76116, Authorize a Waiver of Fair Market Rent, and Find That the Waiver of Fair Market Rent Will Serve a Public Purpose

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**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of a ground lease agreement with Child Care Associates for the construction and operation of a Head Start facility on a portion of the City's property located at 8201 Calmont Avenue, Fort Worth, Texas 76116; and
  2. Authorize a waiver of fair market rent and authorize a nominal rental amount of one dollar per year; and
  3. Find that the waiver of fair market value rent will accomplish the public purpose of providing academic, social, and economical growth through quality early education and child care and that the ground lease agreement includes sufficient controls to ensure that the public purpose is carried out.
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**DISCUSSION:**

On March 19, 2019, the City Council approved Mayor and Council Communication (M&C) L-16192 for the acquisition of property located at 8201 Calmont Avenue, Fort Worth, Texas 76116 and retained 0.69 acres of the property as non-park land for the future location of a Child Care Associates (CCA) Head Start facility.

Approval of this M&C would authorize the City of Fort Worth (City) to execute a ground lease agreement with CCA for approximately 0.69 acres of unimproved land located on the LVTRise campus at 8201 Calmont Avenue, Fort Worth, Texas 76116 (Leased Premises). The ground lease would have an initial term of 30 years and include an option to extend for one renewal term of ten years at CCA's discretion. A waiver of fair market rent is necessary to accomplish the public purpose served by the Head Start facility and rent would be charged at the nominal rate of one dollar per year.

CCA currently intends to install a modular building on the Leased Premises in which to operate the Head Start program. With the City's approval, CCA may construct other improvements on the Leased Premises. CCA will retain ownership of the improvements during the term of the ground lease, and, upon the termination of the ground lease, the City may elect to assume ownership of the improvements and require CCA to restore the property to its previous condition. CCA will be responsible for securing all appropriate zoning, licenses, certificates, and permits necessary for the intended use of the leased property. CCA shall also be responsible for all utility costs.

Due to CCA's use of Federal Head Start funds administered by the United States Department of Health and Human Services, Administration for Children and Families ("HHS/ACF") to place and operate the Head Start facility, HHS/ACF will have a federal interest in the ground lease and improvements for a period of fifteen (15) years. The HHS/ACF interest secures the right of HHS/ACF to recover the remaining value of the improvements in the event that the lease is terminated prior to the expiration of its initial term and includes any additional improvements funded by future HHS/ACF awards.

This property is located in COUNCIL DISTRICT 3.

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 execution of the agreement, funds will be deposited into the General Fund. The Property Management Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

**Originating Business Unit Head:** Steve Cooke 5134

**Additional Information Contact:** Ricky Salazar 8379

Expedited