

Mayor and Council Communication

DATE: 06/14/22

M&C FILE NUMBER: M&C 22-0425

LOG NAME: 21COTTEN SCHMIDT EARLY TERMINATION

SUBJECT

(CD 9) Authorize Execution of Amendment to Sublease with Cotten Schmidt L.L.P. for Office Space in the Future City Hall Located at 100 Energy Way, Fort Worth, Texas 76102 to Provide for an Earlier Termination Date, Authorize a Waiver of Rent and Other Charges, and Find That the Waiver of Rent and Other Charges Serves a Public Purpose

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of an amendment to the sublease with Cotten Schmidt L.L.P. for office space in the future City Hall located at 100 Energy Way, Fort Worth, Texas 76102 to provide for a termination date of January 31, 2023;
2. Authorize the waiver of rent and other charges due to the City through December 31, 2022 in the amount of \$183,294.00; and
3. Find that the waiver of rent and other charges will accomplish a public purpose by allowing the City to more expediently complete renovations and begin occupancy of the new City Hall.

DISCUSSION:

The purpose of this Mayor and City Council Communication (M&C) is to authorize the execution of an amendment to the sublease agreement (Sublease) with Cotten Schmidt L.L.P. for Suite 2000, consisting of one-half of the 20th floor, or approximately 10,183 rentable square feet of space, in the future City Hall building located at 100 Energy Way, Fort Worth, Texas 76102. On December 15th, 2020, the City Council authorized the acquisition of the building from Hertz Fort Worth Energy Way L.P. and accepted the assignment of the building's existing leases, including the Sublease with Cotten Schmidt L.L.P. (M&C 20-0910). The term of the Sublease is currently scheduled to expire on December 31, 2023.

The Property Management Department recommends amending the Sublease to: (1) provide for a termination date of January 31, 2023, eleven months earlier than the termination date currently included under the Sublease; (2) allow for the waiver of base rent and other fees owed to the City from April 1, 2022 through December 31, 2022 in the amount of \$183,294.00; and (3) provide that Cotten Schmidt L.L.P. will be responsible for the daily pro-rata rent and other charges based on a monthly rent of \$20,366.00 for any occupancy of the space in January of 2023. The amendment will allow the City to more quickly complete the renovations necessary for the 20th floor, a space that will eventually become offices for the Mayor, City Council, and City management.

The City Council chambers are slated to be completed in the Fall of 2023. The City's highest-ranking officials will be more effective, efficient, and productive if they are located with the other City departments upon the finish-out and completion of the new City Council chambers. The alternative would require bringing the contractor back at a later date to complete the 20th floor, resulting in additional mobilization costs and risking increased costs due to inflation and supply shortages.

The property is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and execution of the amendment, any funds received will be deposited in the General Fund. The Property Management Department and Financial Management Services are responsible for the collection and deposit of any funds as agreed upon in the amended lease.

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