

Mayor and Council Communication

DATE: 08/22/23

M&C FILE NUMBER: M&C 23-0696

LOG NAME: 21PDA, PROPERTY DAMAGE APPRAISERS, AKA, ALACRITY SOLUTIONS

SUBJECT

(CD 9) Authorize Early Termination of Office Lease with Property Damage Appraisers, LLC, Formerly Known as Property Damage Appraisers, Inc., for Suite 1900 in the Future City Hall Located at 100 Energy Way, Fort Worth, Texas 76102 in Exchange for a Payment from Property Damage Appraisers, LLC in the Amount of \$1,098,189.95, Adopt Appropriation Ordinances, and Amend the Fiscal Year 2023 Adopted Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the early termination of office lease with Property Damage Appraisers, LLC, formerly Known as Property Damage Appraisers, Inc., for suite 1900 in the future City Hall building located at 100 Energy Way, Fort Worth, Texas 76102;
2. Accept a one-time payment of \$1,098,189.95 from Property Damage Appraisers, LLC for the early termination of the office lease;
3. Adopt the attached appropriation ordinance to increase appropriations in the General Fund in the amount of \$1,098,189.95, for the purpose of transferring to the General Capital Projects Fund;
4. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Capital Projects Fund City Hall Move 100 Energy Way Project in the amount of \$1,098,189.95 for the purpose of funding operating costs associated with the renovation of Suite 1900 at the future City Hall (City Project No. 103133); and
5. Amend the Fiscal Year 2023 Adopted Budget.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize an early termination of the office lease with Property Damage Appraisers, LLC, formerly Known as Property Damage Appraisers, Inc., for suite 1900, consisting of the entirety of the 19th floor or approximately 22,414 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 assignment of the building's existing leases, including the lease with Property Damage Appraisers, Inc. (M&C 20-0910).

The total remaining amount of rent and electricity payable to the City of Fort Worth (City) under the lease as of January 1, 2024 is \$3,858,032.85. However, Property Management staff has determined that an early termination of the office lease in exchange for a one-time payment of \$1,098,189.95 would be in the best interests of the City. If approved, the office lease would be amended to provide for a termination date of October 31, 2023. Property Damage Appraisers, LLC would continue to pay rent until they vacate the premises, amounting to approximately \$103,020.87. The lease would also be amended to provide that any holdover of the lease after November 30, 2023 would be paid by Property Damage Appraisers, LLC at a prorated amount of 150% of the current lease rent schedule outlined in the office lease.

An early termination of the office lease will allow the City to more quickly program and utilize space on the 19th floor. The City intends to use the revenue from the early termination payment of \$1,098,189.95 to offset future borrowing requirements related to improvements associated with the new City Hall. Staff will return to Council with an M&C to appropriate the revenue at the time debt is issued for this purpose.

The property is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations and authorization of the amendment, funds will be deposited into the General Capital Projects Fund. The Property Management Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

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Additional Information Contact:

