

Mayor and Council Communication

DATE: 08/13/24

M&C FILE NUMBER: M&C 24-0690

LOG NAME: 21512 W 4TH ST CENTRAL LIBRARY PURCHASE

SUBJECT

(CD 9) Authorize the Fee Simple Acquisition of Approximately 0.46 Acres of Improved Property Known as the Center for Transforming Lives Building Located at 512 West 4th Street, Fort Worth, Tarrant County, Texas 76102 for the Downtown Library from Center for Transforming Lives in the Amount of \$6,455,000.00, Authorize the Payment of Closing Costs in an Amount Up to \$32,008.00 for a Total Cost of \$6,487,008.00, Authorize a Leaseback of the Property for a Term Not to Surpass May 31, 2025, Adopt Appropriation Ordinances, Amend the Fiscal Year 2024 Adopted Budget, and Amend the Fiscal Years 2024-2028 Capital Improvement Program

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the fee simple acquisition of the Center For Transforming Lives building consisting of approximately 31,537 square feet on approximately 0.46 acres, being Lots 2 and 3, Block 47, of Fort Worth Original Town, an addition of the City of Fort Worth, Tarrant County, Texas and also known as 512 West 4th Street, Fort Worth, Tarrant County, Texas 76102 from Center For Transforming Lives in the amount of \$6,455,000.00;
2. Authorize execution of a seller leaseback agreement for the property with Center for Transforming Lives as tenant, effective upon the closing date of the purchase and expiring January 31, 2025 for \$1.00 for the initial term, with an option to extend the leaseback up to four additional months to expire May 31, 2025 for \$55,000.00 for each month of the extended leaseback from funds escrowed with the title company at closing;
3. Authorize the payment of estimated closing costs in an amount up to \$32,008.00;
4. Authorize the City Manager or his designee to accept the conveyance and execute and record the appropriate instruments;
5. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Fund in an amount not to exceed \$6,487,008.00, from the Fiscal Year 2023 General Fund assigned fund balance from the sales of the central library, for the purpose of transferring to the General Capital Projects Fund for the Central Library Project (City Project No. 104599);
6. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Capital Projects Fund in an amount not to exceed \$6,487,008.00, transferred from the Fiscal Year 2023 General Fund assigned fund balance, for the purpose of funding the Central Library Project (City Project No. 104599);
7. Amend the Fiscal Year 2024 Adopted Budget and the Fiscal Years 2024-2028 Capital Improvement Program.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize the fee simple acquisition of land and improvements located at 512 West 4th Street (Property) from the Center for Transforming Lives (CTL) for use as the Downtown Library.

On December 13, 2022 (M&C 22-1056), Fort Worth City Council (Council) approved the sale of the former downtown library at 500 W. 3rd Street and entered into a one-year leaseback with the new owner to allow time to establish a temporary library at 200 Texas Street and conduct a search to identify a location for a new downtown library.

After an extensive search for properties to lease or purchase, a property that would be more cost-effective than a long-term lease was identified for purchase.

The Property, commonly known as the Center for Transforming Lives Building, is an approximately 31,537-square-foot, historic-designated six-story office building located in the Fort Worth Central Business District. The land and improvements will provide Library services and programming in a downtown, central location.

The property owner has agreed to a purchase price of \$6,455,000.00. Upon closing, the City of Fort Worth (City) has agreed to lease the Property back to the CTL until January 31, 2025, for one dollar, with an option to extend the lease on a month-to-month basis not to exceed four months. CTL will escrow \$220,000.00 at closing and provide written notice to the City if the leaseback will be extended. If the leaseback is extended, \$55,000.00 will be paid to the City from the escrow account for each month of the extension. The mineral estate will not be acquired, and the deed will contain a surface waiver for the exploration of the minerals. The real estate taxes will be pro-rated, and the seller will be responsible for taxes up to the closing date. The City will pay estimated closing costs in an amount up to \$32,008.00.

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

Property Ownership	Property Interest	Property Size	Property Address/Legal Description	Amount
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Center for Transforming Lives	Fee Simple and Improvements	0.46 Acres	Lots 2 and 3, Block 47, Fort Worth Original Town Addition	\$6,455,000.00
			Total Estimated Closing Costs	\$32,008.00
				\$6,487,008.00

The action in this M&C will amend the Fiscal Year 2024 Adopted Budget as approved in connection with Ordinance 26453-09-2023, Section 1, as listed on page 2.

Fund / Department Budget Category	FY2024 Adopted Budget	Authority	Budget Change (Increase/Decrease)	Revised FY2024 Budget
Revenues				
Charges for Services	\$166,210.00			\$166,210.00
Fines	\$42,370.00			\$42,370.00
Other Revenue	\$930.00			\$930.00
Use of Fund Balance		M&C 24-0001	\$239,540.00	\$239,540.00
	\$209,510.00		\$239,540.00	\$449,050.00
Expenditures				
Library	\$27,822,947.00	M&C 24-0001	\$239,540.00	\$28,062,487.00
Transfer to Capital Fund		This M&C Rec 5	\$6,487,008.00	\$6,487,008.00
	\$27,822,947.00		\$6,726,548.00	\$34,549,495.00

Funding for this project was not included in the FY2024-2028 Capital Improvement Program because a location for the New Central Library had not been identified. The action in this M&C will amend Library's contribution to the Fiscal Years 2024-2028 Capital Improvement Program as approved in connection with Ordinance 26453-09-2023, as follows:

Capital Fund Name	Project Name	Existing Appropriations	Authority	Additional Appropriations	Project Total
30100 - General Capital Projects Fund	104599 - Central Library Purchase	\$0.00	This M&C Rec 6	\$6,487,008.00	\$6,487,008.00
Project Total		\$0.00		\$6,487,008.00	\$6,487,008.00

Funding is available for appropriation from the General Fund fund balance to purchase the Property t within the General Capital Project Fund. As part of the Fiscal Year 2023 process, funds from the proceeds of the central library sale were set aside for future library capital needs, and an available fund balance from the General Fund was assigned for this purchase.

This project is located in COUNCIL DISTRICT 9.

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 General Capital Projects Fund for the Central Library Purchase 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 Library Departments have the responsibility of verifying the availability of funds.

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