

Mayor and Council Communication

DATE: 06/27/23

M&C FILE NUMBER: M&C 23-0570

LOG NAME: 20MELCHER - OPEN SPACE ACQUISITION

SUBJECT

(CD 3) Authorize Acquisition of a Fee Simple Interest in Approximately 39.98 Acres of Land Located at 7321 and 7325 FM 1187 W. and 7600 McDaniel Road, Fort Worth, Tarrant County, Texas 76244 from John Q. Melcher and The Melcher Family Trust in the Amount of \$1,360,000.00 for the Open Space Conservation Program, Pay Estimated Closing Costs in an Amount Up to \$30,000.00, Authorize Up to \$25,000.00 for Pre-Acquisition Costs, Authorize Up to \$100,000.00 for One-Time Projects at the Property in Preparation for Public Use, Adopt Appropriation Ordinances, Authorize the Naming of the Open Space Property as The Jack W. Melcher Natural Area, and Amend the Fiscal Years 2023-2027 Capital Improvement Program (2022 Bond Program)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the acquisition of a fee simple interest in approximately 39.98 acres of land located at 7321 and 7325 FM 1187 W. and 7600 McDaniel Road, Fort Worth, Tarrant County, Texas 76244 from John Q. Melcher and The Melcher Family Trust in the amount of \$1,360,000.00 and pay estimated closing costs in an amount up to \$30,000.00 for the Open Space Conservation Program (City Project No. 104894);
2. Authorize expenditure of Open Space Conservation Program funds in an amount up to \$25,000.00 for pre-acquisition costs and staff time;
3. Authorize expenditure of Open Space Conservation Program funds in an amount up to \$100,000.00 for one-time projects at the property including fencing, signs, natural surface trail, vegetation management, and parking improvements to make the property ready for open space purposes;
4. Adopt the attached appropriation ordinance adjusting appropriations in the 2022 Bond Program Fund by increasing appropriations in the OSAcq-Melcher Project (City Project No. 104894) in the amount of \$1,415,000.00 and decreasing appropriations in the Open Space Appropriations Project (City Project No. PA0001) by the same amount;
5. Adopt the attached appropriation ordinance adjusting estimated receipts and appropriations in the General Gas Lease Capital Project Fund by increasing estimated receipts and appropriations in the OSAcq-Melcher Project (City Project No. 104894) in the amount of \$100,000.00 and decreasing estimated receipts and appropriations in the Open Space Appropriations Project (City Project No. PA0001) by the same amount;
6. Authorize the City Manager or designee to execute the necessary contract of sale and purchase, accept the conveyance, and to execute and record the appropriate instruments;
7. Authorize the naming of the open space property as The Jack W. Melcher Natural Area; and
8. Amend the Fiscal Years 2023-2027 Capital Improvement Program.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize the acquisition of 39.983 acres of natural, undeveloped land to preserve it as open space through the Open Space Conservation Program and to authorize one-time projects to prepare the site for open space purposes.

The Open Space Working Group assessed the property utilizing the Open Space Tool, which identified the property as a high priority for conservation based on available data, as well as site visits performed by City staff. The property includes part of the Clear Fork Trinity River that flows into Benbrook Lake through United States Army Corps of Engineers property. It includes established old-growth riparian tree canopy and can serve as an enhanced open space site in an area under significant development pressure. This property is currently in City of Fort Worth Extraterritorial Jurisdiction and would be in future Council District 3, but acquiring now will enable the City to ensure the natural area remains for current and future City residents as the City grows. Conservation of this property supports Open Space Conservation Program goals including ecosystem preservation, flood control, and stream, river, and lake health.

The current property owners proposed naming the open space property for their father, Jack W. Melcher (1910-1976), in the honor of his memory. The Open Space Working Group recommends naming the open space property as The Jack W. Melcher Natural Area in recognition of the family's decision to work with the City to preserve the land that their family has owned for more than 100 years for future generations to enjoy.

This M&C authorizes up to \$100,000.00 in funding for one-time projects to provide fencing, signs, a natural surface trail, vegetation management, and parking improvements to make the property ready for open space purposes.

This M&C also authorizes funding for pre-acquisition costs and staff costs associated with the acquisition process. It is estimated that funding from the OSAcq-Melcher Project (City Project No. 104894) in the amount of \$25,000.00 is needed for initial site investigation activities, earnest money, staff time, a Phase I Environmental Site Assessment, and other applicable costs associated with evaluating and acquiring the property.

An independent appraisal established fair market value for the property and the property owner has agreed to a negotiated amount of \$1,360,000.00 for the fee simple interest in the land. The real estate taxes will be pro-rated with the seller being responsible for taxes due up to the closing date. The City will pay total estimated closing costs in the amount up to \$30,000.00. Funding for this acquisition will come from the Open Space Conservation Program.

Upon the completion of the acquisition, any unused funding for land acquisition, closing costs, and pre-acquisition costs will be returned to the 2022 Open Space Bond Fund. Upon project completion, any unused funding for one-time site preparation activities will be returned to the Open Space Appropriations Capital Project.

Upon acquisition, and after initial site preparation, the estimated annual operation costs to maintain the property in a natural condition will be \$9,700.00. Based on the planned projects, an additional estimated annual amount of \$7,636.00 would be needed to maintain the improvements. The property will be general City property under the Open Space Conservation Program and not parkland; however, maintenance will be provided by the Park and Recreation Department. Funds for annual maintenance will be budgeted in the Park and Recreation Department annual operating budget. This acquisition is estimated to increase the acres to be maintained by the Park and Recreation Department by 39.983 acres and annual maintenance by \$17,336.00 beginning in FY2024. As of April 2023, the cumulative total of all previously approved M&Cs increased the Park and Recreation Department's acreage by an estimated 37.334 acres and estimated annual maintenance by \$1,001,069.00 beginning in FY2024.

Upon City Council approval, Staff will proceed with acquiring the fee simple interest in the property except for the mineral estate. The deed to the City will contain a surface waiver for the exploration of the mineral estate.

This project is included in the 2022 Bond Program. The City's Extendable Commercial Paper (ECP) (M&C 22-0607; Ordinance 25675-08-2022) provides liquidity to support the appropriation. Available resources will be used to make any interim progress payments until debt is issued. Once debt associated with a project is sold, debt proceeds will reimburse the interim financing source in accordance with the statement expressing official Intent to Reimburse that was adopted as part of the ordinance canvassing the bond election (Ordinance 25515-05-2022).

Funding for this project was not included in the Fiscal Years (FY) 2023-2027 Capital Improvement Program. Accordingly, this M&C will also amend the FY2023-2027 Capital Improvement Program as approved in connection with Ordinance 25773-09-2022.

The following table demonstrates the funding for the acquisition:

| Activity | Fund | Amount |
|-------------------------------------|--|-----------------|
| Fee Simple Interest in 39.983 Acres | 34027 – 2022 Bond Program Fund – 22050099 Prop E Open Spaces (City Project No. PA0001) | \$1,360,000.00 |
| Pre-Acquisition & Staff Costs | 34027 – 2022 Bond Program Fund – 22050099 Prop E Open Spaces (City Project No. PA0001) | \$25,000.00 |
| Estimated Closing Costs | 34027 – 2022 Bond Program Fund – 22050099 Prop E Open Spaces (City Project No. PA0001) | \$30,000.00 |
| Capital Projects | 33005 – General Gas Lease Capital Project (City Project No. PA0001) | \$100,000.00 |
| | Total: | \$ 1,515,000.00 |

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.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the Open Space Appropriations programmable project within the 2022 Bond Program and the General Gas Lease Capital Prj Funds, and upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the 2022 Bond program and the General Gas Lease Capital Prj Funds for the OSAcq-Melcher project to support the approval of the above recommendations and acquisition of land. Prior to an expenditure being incurred, the Property Management Department and Transportation & Public Works Department have the responsibility of verifying the availability of funds.

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Expedited