

**CITY OF EL PASO, TEXAS**  
**AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** City Development, Real Estate Services

**AGENDA DATE:** August 7, 2012

**CONTACT PERSON/PHONE:** Bill Studer/Bertha Ontiveros

**DISTRICT(S) AFFECTED:** District 8

**SUBJECT:**

Discussion and Action on Resolution to authorize the City Manager to negotiate and execute, on behalf of the City of El Paso, a Contract of Sale with Luther Acquisition LP for the purchase Lots 11-14, Block 230 Campbell Addition, El Paso County Texas, municipally known as 218 N. Campbell in the amount not to exceed \$17,431,000, provided that the Closing will occur after the Seller has completed the renovation, remodeling and adaptation to bring the property to compliance with building codes and modern building standards for the City's use for information technology operations, offices and related uses, consistent with the terms and conditions attached to the Resolution, subject to the review and approval of the City Attorney; authorize the City Manager to sign all documents and take all actions necessary to effectuate this transaction; and directing the City Manager to initiate the process to a) add this project to the City's Capital Improvement Program.

**BACKGROUND/DISCUSSION:**

The property located in Downtown El Paso at 218 North Campbell, will be used for offices, technical operations, additional data center redundancies, and workshop facilities of the joint City and County Information Technology (IT) Department. On December 22, 2009 City Council approved an Interlocal Agreement between the City of El Paso and the County of El Paso establishing a shared services IT organization for the purpose of increasing departmental performance standards, operating efficiencies, leverage infrastructure overlap and lays the groundwork for consolidation.

The reorganization of City and County IT staff based on departmental core functions has been implemented. However, the physical location of City IT staff is scattered throughout City facilities. The ongoing need for sufficient office and technical operations facilities for staff limits the realization of the full potential benefits of the joint City and County IT Department by limiting the increased operating efficiencies, leveraged infrastructure and other consolidated benefits.

The building is located in Downtown El Paso across from The 9-1-1 District facility and near other critical City and County facilities. The property's unique location offers additional benefit by utilizing the building for Office of Emergency Management functions such as primary location for Continuation of Operations Plan (COOP) and secondary Emergency Operations Center (EOC) operations.

The proposed use of this building will cause the restoration, renovation and reactivation of a currently vacant and blighted property with rich local history in Downtown El Paso.

**PRIOR COUNCIL ACTION:**

On April 24, 2012, Council considered a proposal to execute a 20 year lease with option to purchase at the end of the lease. At that time, the Council voted to postpone consideration of the resolution and was interested in pursuing purchase only.

**AMOUNT AND SOURCE OF FUNDING:**

To be funded through the issuance of Certificates of Obligation or other sources as may be determined.

**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A

NA

CITY CLERK DEPT.  
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## **RESOLUTION**

WHEREAS, on June 26, 2012, City Council of the City of El Paso passed a resolution authorizing the City Manager to take the steps necessary to make the site currently occupied by City Hall and related properties be made available for the redevelopment of the site as a ballpark facility;

WHEREAS, the City Manager was further authorized to formulate a short-term and long-term plan for the relocation of City operations to other locations in the downtown area;

WHEREAS, the City Manager has presented a relocation plan to the City Council and has recommended in that plan that the City purchase the Luther Building to relocate IT functions and other offices and uses to be determined at a later date;

WHEREAS, the Luther Building has been vacant for approximately 15 years and does not comply with the current building codes, is not ADA accessible and is not suitable for office use without substantial renovation, remodeling, adaption and modification of improvements; and

WHEREAS, the City desires to purchase the Luther Building after the owner has renovated, remodeled and adapted the property to meet all applicable building codes and modern building standards, including, but not limited to, fiber optic cabling and connectivity, to allow the City to use the property for information technology operations and office uses.

### **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

1. That the City Manager is authorized to negotiate and execute, on behalf of the City of El Paso, a Contract of Sale with Luther Acquisition LP for the purchase Lots 11-14, Block 230 Campbell Addition, El Paso County Texas, municipally known and numbered as 318 N. Campbell, and the improvements located thereon, for a purchase price not to exceed \$17,431,000, provided that the Closing will occur after the Seller has completed the renovation, remodeling and adaptation to bring the property to compliance with building codes and modern building standards for the City's use for information technology operations, offices and related uses, consistent with the terms and conditions attached to this Resolution as Exhibit "A", subject to the review and approval in form and substance by the City Attorney;
2. Authorize the City Manager to sign all documents and take all actions necessary to consummate the purchase of the Luther Building;
3. That the City Manager is directed to initiate the process to add this project to the City's Capital Improvement Program.

(Signatures follow on next page)

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

CITY OF EL PASO

\_\_\_\_\_  
John F. Cook  
Mayor

ATTEST:

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

\_\_\_\_\_  
Bertha A. Ontiveros  
Assistant City Attorney

\_\_\_\_\_  
William F. Studer, Jr., Deputy City Manager  
Development and Tourism

**ATTACHMENT "A"**

**TERMS AND CONDITIONS  
FOR LUTHER BUILDING CONTRACT OF SALE**

Seller: Luther Acquisition Company LP

Buyer: City of El Paso

Property: 218 N. Campbell, El Paso, Texas 79901

Land Area: Approximately .2865 acres, 12,480 sf

Building Area: Approximately 73,677 gross sf

Purchase Price: Not to Exceed \$17,431,000

Earnest Money Deposit: Not to exceed 10% of the negotiated purchase price

Terms and Conditions at Execution:

1. City approval of final specifications
2. Usual title, survey review contingencies, as necessary

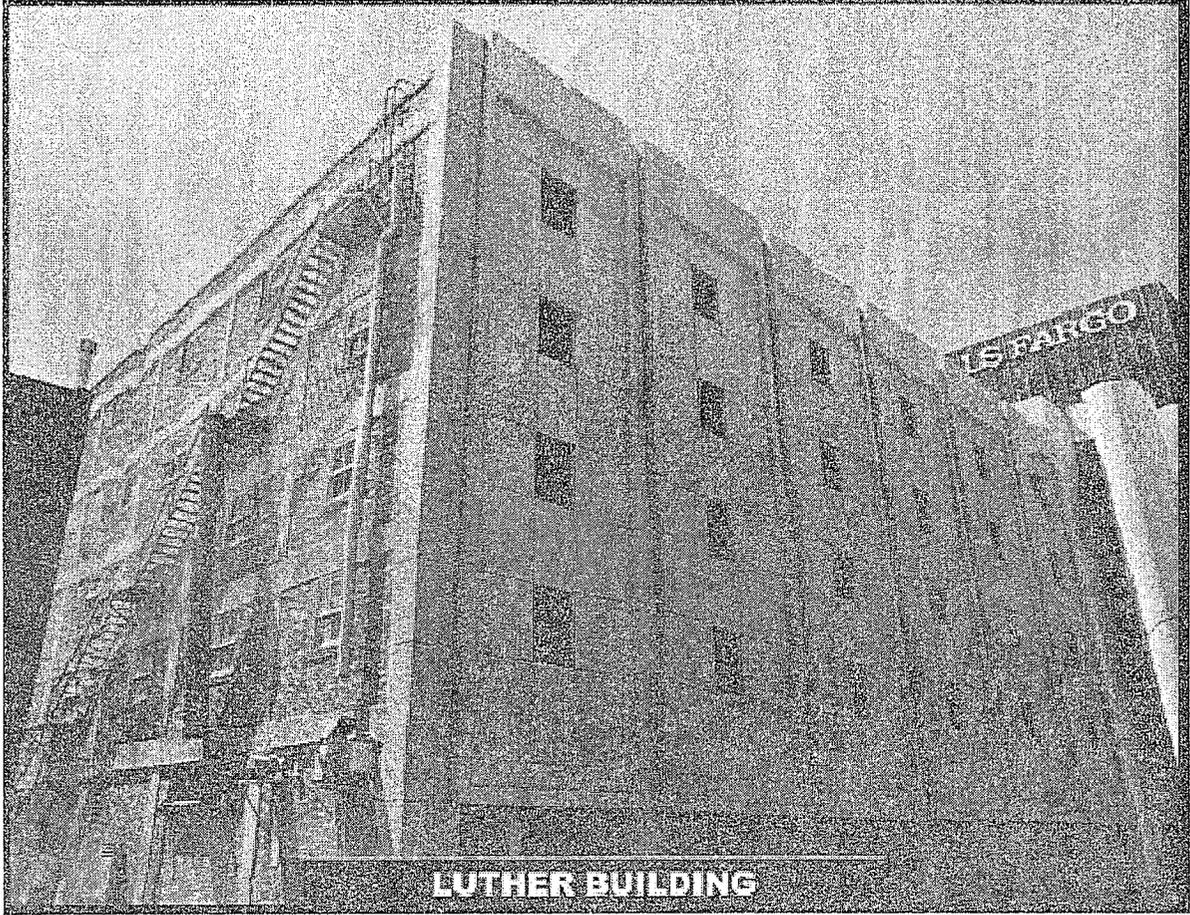
Closing: Approximately 30 days after satisfaction of the Conditions of Closing specified below

Closing Costs: City will pay title, survey, escrow fees.  
Seller will pay all other closing costs.  
Taxes will be prorated as of the Closing Date.

Conditions of Closing;

1. Seller will substantially complete the renovation, remodeling, adaption and modification of the building to bring Property up to compliance with all building codes for information technology operations and office and other uses to be determined.
2. Upon completion of the improvements, City, at its own cost, will appraise property to include all renovations, remodeling and adaptation of Property and appraised value will be sufficient to legally justify the negotiated purchase price
3. Seller will deliver fee title to the property free and clear of all liens, included but not limited to those related to the construction
4. Affidavit of payment and waiver of liens from all vendors, contractors and subcontractors for materials and work performed on the property
5. Assignment of all guarantees and warranties, licenses and permits

6. Other contractual provisions: Negotiations have not been completed regarding the final contract but before execution by City Manager, it will be approved in form and substance by City Attorney



LUTHER BUILDING

✓



Purchase Price: \$17,181,000 fully renovated