



## COUNCIL AGENDA ITEM MEMORANDUM

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### **DEPT./DIVISION SUBMISSION & REVIEW:**

Kathryn Davis, City Attorney

**ITEM DESCRIPTION:** Consider adopting a resolution approving a contract for the purchase of the downtown Texell office building and two associated parking lots, and authorizing closing costs associated with the purchase in an estimated total not to exceed amount of \$3,325,000 as well as declare an official intent to reimburse a portion of the expenditure with the issuance of the 2025 Utility Revenue Bonds.

**BACKGROUND:** The City of Temple is experiencing significant and sustained growth, ranking among the top 20 fastest-growing cities in the United States. According to the City's latest demographic study, Temple's population is projected to reach 200,000 within the next 20 years. This rapid growth underscores the need for expanded municipal services and increased staffing levels to ensure the continued delivery of exceptional services to residents and businesses.

Currently, the City's municipal complex is operating at full capacity, leaving no room to accommodate future staff increases or the expansion of critical services. To address these pressing needs, the City has adopted a comprehensive, multi-tiered strategy in alignment with the Downtown City Facility Master Plan. This strategy includes:

1. Expansion of Existing Spaces: Efforts are underway to expand the municipal complex, with schematic designs currently in development to address both immediate and long-term requirements.
2. Acquisition of Additional Office Space: Strategic property acquisitions, such as the Texell Building, provide an immediate solution to address space constraints while aligning with the City's broader downtown redevelopment goals.

The recently vacated Texell Building, a three-story downtown office building encompassing approximately 23,200 square feet, offers the City a timely opportunity to house additional departments and accommodate staff growth. Additionally, the building's associated parking facilities will support the municipal complex and replace parking spaces that may be repurposed as part of future expansion plans. This acquisition is a pivotal step in ensuring that the City of Temple remains equipped to support its growing population and evolving municipal needs.

During a walkthrough and preliminary inspection of the Texell property, several deficiencies of varying degrees were identified. Most notably, the roof is in need of maintenance, repair and potential replacement, which will be determined by a more in-depth evaluation; the HVAC system's preventative maintenance needs to be completed; plumbing lines extending from the HVAC system need proper support; and various maintenance items need to be addressed throughout, including the removal of all Texell signage and branding both inside and outside of the building. Further evaluations by roofing, elevator, plumbing and HVAC contractors will be made to fully identify any issues prior to closing. Texell will either address these repairs and maintenance items prior to closing or give an allowance towards the purchase price so the City can make the repairs.

The total purchase price of the building and parking facilities prior to any potential allowance being applied is \$3,300,000, with \$2,250,000 allocated towards purchase of the building and \$750,000 allocated towards purchase of the associated parking lots. \$3,000,000 will be paid upon closing, and the remaining not to exceed amount of \$300,000 will be paid in five annual installments of up to \$60,000, beginning on February 15, 2026.

The office building and adjoining parking lot are located at 17 S. 1st and are further identified by Bell CAD Property ID No. 35704 & 14563. The second parking lot located on the west side of 1st Street is identified as 10 S. 1st St. (Bell CAD Property ID No. 35701), 12 S. 1st (Bell CAD Property ID No. 35702) and 14 S. 1st (Bell CAD Property ID No. 35703).

Texell will maintain ownership of the small branch office at 5 S. 1st St, and the City will grant an access easement from the parking lot to that facility.

Staff estimates we may incur approximately \$25,000 in closing costs, making the total estimated not to exceed amount \$3,325,000.

**ALIGNMENT WITH ADOPTED PLANS:**

Plan	Comments
Strategic Plan	This item supports the City of Temple's Strategic Plan goal of "A City that supports well-managed growth and development to promote a thriving economy," and the Strategic Plan commitment of "Facilitate high quality, safe, and strategic community growth."

**STAFF RECOMMENDATION:** Approve item as presented.

**BOARDS & COMMISSIONS RECOMMENDATION:** This item was not reviewed by any of the official boards and commissions.

**FISCAL IMPACT:** Funding for the purchase of the downtown Texell office building and two associated parking lots, and authorizing closing costs associated with the purchase in an estimated total not to

exceed amount of \$3,325,000 will be split as follows:

A budget adjustment is being presented to Council for approval to appropriate funding for the purchase of the Texell building and two associated parking lots. After approval of the budget adjustment, funding in the amount of \$2,575,000 will be available in account 351-1100-513-6310, project 103462.

The remaining amount of \$750,000 for the purchase of the Texell building and two associated parking lots is being funded with the issuance of the 2025 Utility Revenue Bonds. We are declaring an official intent to reimburse for this expenditure. A budget adjustment will be prepared at the time of the bond sale to reimburse expenditures incurred prior to the issuance of the bonds. Funding will be available in the amount of \$750,000 in account 561-5000-535-6310, project 103462.

**ATTACHMENTS:**

Resolution

Budget Adjustment

Resolution