



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/20/2020

District I

Item Creation Date: 10/1/2020

25CF78 – Increase spending authority for HFD Lease at 600 Jefferson

Agenda Item#: 17.

Background:

RECOMMENDATION: Approve an Ordinance to increase the spending authority by \$668,949.87, from \$13,737,753.17 to \$14,406,703.04 for the Lease Agreement between G&I VIII Jefferson LP successor in interest to Cullen Continental II Co. L.P. (Landlord) and the City of Houston (Tenant) for the property located at 600 Jefferson Street, for the Houston Fire Department (HFD).

SPECIFIC EXPLANATION: On September 1, 2010, by Ordinance No. 2010-705, City Council approved a lease agreement with Cullen Continental II Co. L.P., for approximately 63,850 square feet of office space, on Floors 6, 7 and 8, and 166 parking spaces at 600 Jefferson Street. HFD operates its headquarters from this location which houses its Office of Emergency Medical Services, Public Affairs and Community Outreach, Command Staff and administrative personnel.

The lease agreement provides for a base term of ten years with an option to renew for up to ten years at the then current market rate, in an amount not to exceed \$13,737,753.17. The lease commenced on January 21, 2011 for Suite 700; January 28, 2011 for Suite 800; and February 4, 2011 for Suite 600 and will terminate on February 28, 2021 for all three suites. The approved spending authority will be exhausted at the end of November 2020, resulting in a deficit of \$140,697.55 during the base term. Additionally, HFD is exploring other rental properties in the Central Business District and has chosen not to exercise the option to renew. HFD anticipates that it will exercise the holdover provision under the lease for four months for the period of March 2021 through June 2021, while it secures other rental space. The monthly holdover rent is \$132,063.08, totaling \$528,252.32. The deficit amount and the holdover rent total \$668,949.87 (\$140,697.55+\$528,252.32=\$668,949.87). Therefore, the General Services Department recommends that City Council approve an increase in spending authority of \$668,949.87 for the lease at 600 Jefferson Street, for HFD.

FISCAL NOTE: Funding for this item is included in the FY2021 Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

DIRECTOR'S SIGNATURE/DATE:

DocuSigned by:

C.J. Messiah, Jr. 10/6/2020

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C. J. Messiah, Jr.

General Services Department

DS

DocuSigned by:

Samuel Peña

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Fire Chief

Houston Fire Department

Prior Council Action:

Ordinance No. 2010-705; September 1, 2010

Amount of Funding:

\$668,949.87 – FY2021 General Fund (1000)

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DS

JLN