



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 12/8/2020

District I

Item Creation Date: 11/9/2020

25CF84 Lease for Houston Fire Department at 500 Jefferson

Agenda Item#: 33.

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**Summary:**

ORDINANCE approving and authorizing a lease agreement between **JEFFERSON SMITH, LLC**, landlord, and the City of Houston, Texas, tenant, for approximately 55,109 sq. ft. of office space located at 500 Jefferson, Houston, Texas 77002, for occupancy by the Houston Fire Department - \$16,331,139.53 - General Fund - **DISTRICT I - GALLEGOS**

**Background:**

**RECOMMENDATION:** Approve and authorize a Lease Agreement between Jefferson Smith, LLC (Landlord) and City of Houston (Tenant) for office space and parking at 500 Jefferson Street for the Houston Fire Department (HFD).

**SPECIFIC EXPLANATION:** The General Services Department recommends approval of a Lease Agreement with Jefferson Smith, LLC (Landlord) for approximately 55,109 square feet of office space and 66 parking spaces at 500 Jefferson Street for HFD. The leased space is comprised of a portion of the basement, Suites 240 and 260 on the concourse level, the entirety of Floors 16 and 17, and a portion of the 19<sup>th</sup> floor. HFD will operate its headquarters from this location which includes its Office of Emergency Medical Services, Public Affairs and Community Outreach, Command Staff, and Administration. The office space will accommodate approximately 165 current employees, 28 rotating light duty employees, and 18 future positions.

Currently, HFD operates out of 63,850 square feet of leased office space and 166 parking spaces at 600 Jefferson. This lease expires February 28, 2021. HFD considered more than a dozen properties as relocation options for its headquarters. It was determined that 500 Jefferson best meets HFD's space and parking requirements and will result in approximately \$6 million in savings during the initial 10 year term over relocation or renewal of the current lease. Approval of the proposed Lease Agreement will benefit HFD by providing a layout that allows for more efficient use of space, including easy access to HFD Human Resources representatives on the concourse level; proximity to the Central Business District; parking provided in the 500 Jefferson Garage; and convenient access to the City's parking lot at 500 Brazos which HFD uses for visitors.

The proposed Lease Agreement provides for a ten-year initial term and an option to renew for two additional five-year terms at specified rent for the first five-year renewal term, and at the then prevailing market rental rate for the second five-year renewal term. The Landlord, at its sole cost and expense, will build-out the space to meet HFD's specifications and provide turn-key delivery to the City, including all furniture and workstations. The Lease provides for commencement on or before April 1, 2021, or the date after substantial completion of the tenant improvements.

The City shall pay base rent, its pro rata share of operating expenses (OE), and fees for 66 parking spaces. Council will be requested to approve a parking license for additional parking under a separate Council action.

The estimated rental costs are as follows:

| Months             | Total Annual Payments  | Total Monthly Payments |
|--------------------|------------------------|------------------------|
| 4/1/2021-3/31/2022 | \$1,143,575.00         | \$95,297.92            |
| 4/1/2022-3/31/2023 | \$1,233,947.30         | \$102,828.94           |
| 4/1/2023-3/31/2024 | \$1,327,075.05         | \$110,589.59           |
| 4/1/2024-3/31/2025 | \$1,422,958.25         | \$118,579.85           |
| 4/1/2025-3/31/2026 | \$1,522,147.99         | \$126,845.67           |
| 4/1/2026-3/31/2027 | \$1,632,564.27         | \$136,047.02           |
| 4/1/2027-3/31/2028 | \$1,686,571.09         | \$140,547.59           |
| 4/1/2028-3/31/2029 | \$1,796,231.54         | \$149,685.96           |
| 4/1/2029-3/31/2030 | \$1,857,953.62         | \$154,829.47           |
| 4/1/2030-3/31/2031 | \$1,924,084.42         | \$160,340.37           |
| <b>TOTAL</b>       | <b>\$15,547,108.53</b> |                        |

**FUNDING SUMMARY:**


\$ 285,893.76 (3 months FY21)  
\$15,261,214.77 (Out-going years)  
**\$15,547,108.53 Total Rent** (includes base rent, estimated OE and overtime HVAC and parking fees)  
 \$ 509,031.00 One-time (IT, security, physical move, salvage)  
\$ 275,000.00 Contingency (OE variance over the initial ten-year term)  
**\$16,331,139.53 TOTAL**

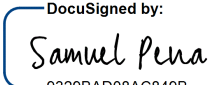
**Estimated Spending Authority:**

|   | <b>FY2021</b> | <b>Out-Years</b> | <b>Total</b>    |
|---|---------------|------------------|-----------------|
| <b>Rent:</b> base rent, OE, overtime HVAC, parking              | \$285,893.76  | \$15,261,214.77  | \$15,547,108.53 |
| <b>One-time:</b> IT, security, physical move, salvage           | \$509,031.00  |                  | \$ 509,031.00   |
| <b>Contingency:</b> OE variance over 10 years, other unforeseen |               | \$ 275,000.00    | \$ 275,000.00   |
| <b>TOTAL</b>  | \$794,924.76  | \$15,536,214.77  | \$16,331,139.53 |

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

**DIRECTOR'S SIGNATURE/DATE:**

DocuSigned by:  
  
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 C. J. Messiah, Jr.  
 General Services Department

DocuSigned by:  
  
 0329BAD08AC849B...  
 Samuel Peña  
 Fire Chief  
 Houston Fire Department

**Amount of Funding:**

\$16,331,139.53  
 General Fund  
 Fund 1000

**Contact Information:**

Calvin Curtis  
**Phone:** 832.393.8024

**ATTACHMENTS:**

| <b>Description</b> | <b>Type</b>                 |
|--------------------|-----------------------------|
| SAP RX             | Backup Material             |
| Ordinance          | Ordinance/Resolution/Motion |

Funding Information

Financial Information