

**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 9/12/2023

District K

Item Creation Date: 8/23/2023

25CF123 First Amendment - Lease Agreement - 9250 Kirby Dr.

Agenda Item#: 12.

Background:

RECOMMENDATION: Approve and authorize a First Amendment to Lease Agreement between IND HOUTX TTP LEGACY, LLC (Landlord) and City of Houston (Tenant) for office space and parking at 9250 Kirby Drive, Suite 100, Houston, Texas 77054, for the Houston Health Department.

SPECIFIC EXPLANATION: The Houston Health Department (HHD) entered into a Lease Agreement by Ordinance No. 2020-0913 (October 21, 2020) with IND HOUTX TTP LEGACY, LLC (Landlord) for office space and parking at 9250 Kirby Drive. The leased space is used for general office purposes, including a call center for COVID-19 contact tracing. The call center houses 400-450 employees who identify, monitor, and support individuals who may have been exposed to a person with COVID-19 to protect public health and mitigate the risk of the spread of the virus.

The Lease Agreement initially provided for 76,011 square feet (SF) of office space and 304 parking spaces but was subsequently revised to include an additional 7,489 square feet of adjacent expansion space and 30 parking spaces, totaling 83,500 square feet which encompasses the entire building and 334 parking spaces. The lease term was two years at \$24.00/SF for the first year and \$24.50/SF for the second year, with two-twelve (12) month renewal options at \$25.00/SF for the first option year and \$25.50/SF for the second option year. The first option year was exercised, extending the term's expiration to October 31, 2023.

The Landlord, at its sole expense, built out the premises to meet HHD's specifications. The 76,011 square feet of space lease commenced on November 1, 2020. The lease for the adjacent expansion space commenced on March 16, 2021.

HHD is responsible for electricity, telephone, other communication equipment, alarm and security, janitorial services, and supplies. The Landlord furnished the leased premises with office furniture for HHD's use during the term, including cubicles, desks, and conference room tables. The office furniture remains the property of the Landlord.

HHD now desires to extend the term of the lease for five years commencing November 1, 2023, and expiring October 31, 2028, and amend the lease terms to include the landlord's work as defined and incorporated in the Lease Agreement at the Landlord's sole expense. Tenant shall have one further option to extend for an additional five years commencing November 1, 2028, and expiring October 31, 2033, at specified rental commencing at \$28.00 per square foot per year and increasing in \$.50 per square foot per year increments.

PROPERTY LOCATION: 9250 Kirby Drive, Suite 100, Houston TX 77054.

The following is a breakdown of rental costs:

Months	Annual Rent/SF	Monthly Rent	Annual Rent
11/1/2023-10/31/2024	\$25.50	\$177,437.50	\$2,129,250.00
11/1/2024-10/31/2025	\$26.00	\$180,916.67	\$2,171,000.00
11/1/2025-10/31/2026	\$26.50	\$184,395.83	\$2,212,750.00
11/1/2026-10/31/2027	\$27.00	\$187,875.00	\$2,254,500.00
11/1/2027-10/31/2028	\$27.50	\$191,354.17	\$2,296,250.00
Total			\$11,063,750.00

Therefore, the General Services Department recommends approval of a First Lease Amendment with IND HOUTX TTP LEGACY, LLC (Landlord) for 83,500 square feet of building space and 334 parking spaces at 9250 Kirby Drive, for HHD to continue using the space for general office purposes and the COVID-19 public health emergency.

FUNDING SUMMARY:

\$ 2,129,250.00 (8 months FY2024)

\$ 8,934,500.00 (Out-Years)

\$11,063,750.00 **Total**

DISASTER RECOVERY NOTE: This item is related to the impact of COVID-19 and it is the City's intent to use other federal funding sources for eligible expenditures, namely the Coronavirus Relief Fund.

FISCAL NOTE:

No Fiscal Note is required on grant items.

Funding for this item will be included in the FY25 Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Estimated Spending Authority:

Estimated Spending Authority			
Department	FY2024	Out-Years	Total
Houston Health Department	\$2,129,250.00	\$8,934,500.00	\$11,063,750.00

DIRECTOR'S SIGNATURE/DATE:

DocuSigned by:

C. J. Messiah, Jr. 8/29/2023

C. J. Messiah, Jr.

General Services Department

DocuSigned by:

Stephen Williams ^{DS}

Stephen Williams, M.Ed., M.P.A.

Houston Health Department

Prior Council Action:

Ordinance 2020-0913; Oct. 21, 2020

Amount and Source of Funding:

\$ 2,129,250.00 Federal Government – Fund 5000

\$ 8,934,500.00 Essential Public Health Services - Fund 2010

\$11,063,750.00

Contact Information:

Enid M. Howard ^{DS}

Council Liaison

Phone: 832.393.8023

ATTACHMENTS:**Description**

[9250 KIRBY 1ST AMEND](#)

[RCA Map](#)

Type

Signed Cover sheet

Backup Material