



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 4/2/2024

District I

Item Creation Date:

25CF146 Increase Spending Authority and Lease Agreement -2020 McKinney Street for
ARA Parking Management

Agenda Item#: 25.

Summary:

NOT A REAL CAPTION

ORDINANCE approving and authorizing third amendment to Lease Agreement between **ORANGESTONE MCKINNEY, LLC**, as Landlord, and City of Houston, Texas, as Tenant, for property located at 2020 McKinney, Houston, Harris County, Texas, for use by the Parking Management Division of the Administration and Regulatory Affairs Department - \$559,062.00 - ParkHouston Special Revenue Fund

Background:

RECOMMENDATION: The General Services Department recommends (i) approval of an increase in spending authority to cover the month to month lease cost (holdover lease) from the time of the expired contract until the new lease agreement is effective and (ii) approval of a new Lease Agreement with Orangestone McKinney, LLC., for 11,411 square feet of space at 2020 McKinney Street, for the Parking Management Division of the Administration and Regulatory Affairs Department (ARA). Parking Management currently occupies space at 2020 McKinney Street under an expired lease agreement. The new lease will enable Parking Management to occupy the premises until a new lease location is ready to occupy.

SPECIFIC EXPLANATION: The General Services Department recommends approval of an increase in spending authority to pay holdover lease cost and also recommends approval of a new Lease Agreement with Orangestone McKinney, LLC., for 11,411 square feet of office space and surface parking at 2020 McKinney Street for the Parking Management Division. Parking Management uses the lease space for Administration and Customer Service, Parking Compliance, Parking Programs, and Meter Operations Divisions responsible for regulating on-street parking.

The original Lease Agreement provided for a ten-year base term, with an option to renew the lease for up to ten years at the current market rate. The lease commenced on March 9, 2011, and the initial term expired on March 8, 2021. Because the leased property will be acquired by the Texas Department of Transportation, the lease was amended to extend the base term for an additional twelve-month period with one renewal period of twelve months. The monthly payment under the First Amendment remained the same at \$19,969.25 (\$239,631.00 per annum) and the 2015 base year for overage of taxes and insurance remained the same with the overage estimated at \$38,000.00. The lease term approved by the First Amendment was scheduled to expire on March 8, 2022.

In lieu of the twelve-month Renewal Term provided in the First Amendment, the Landlord agreed to extend the lease for twenty-four months, with no further renewal term as set forth in the Second Amendment. The Second Amendment extended the lease for twenty-four months commencing March 9, 2022, and expiring on March 8, 2024. The monthly payment remained the same at \$19,969.25 (\$239,631.00 annually) and the 2015 base year for overage of taxes and insurance remained the same with the overage estimated at \$38,000.00 for the extended term and \$41,800 for the amended term.

The Lease Agreement as amended by the First and Second Amendments expired on March 8, 2024. Parking Management continues to occupy the premises, paying 150% (\$29,953.88 per month; \$359,446.56/annually) base rent and the 2015 base year for overage of taxes and insurance estimated at \$44,000.00 annually.

The new Lease Agreement will provide for a period of twelve months, with no further renewal term. The monthly payment and the 2015 base year for the overage of taxes and insurance will remain the same.

FISCAL NOTE: Funding for this item is included in the FY2024 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

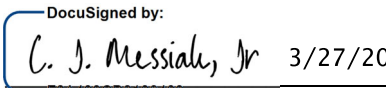
FUNDING SUMMARY:

\$ 119,815.52 (4 months holdover base rent at \$29,953.88 per month FY24)
 \$ 14,666.67 (4 months holdover overage for tax and insurance FY24)
 \$239,631.00 (Rent - Out years)
 \$ 44,000.00 (Overage for tax and insurance - Out years)
\$418,113.19 Total Rent

Estimated Spending Authority:

Department	FY2024	Out-Years	Total
Administration and Regulatory Affairs			
Rent - Holdover months	\$119,815.52		\$119,815.52
Overage for taxes and insurance - Holdover months	\$14,666.67		\$14,666.67
Rent - Out years		\$239,631.00	\$239,631.00
Overage for taxes and insurance - Out years		\$44,000.00	\$44,000.00
	\$134,482.19	\$283,631.00	\$418,113.19

DIRECTOR'S SIGNATURE/DATE:

DocuSigned by:

 C. J. Messiah, Jr. 3/27/2024
 C. J. Messiah, Jr.
 General Services Department

Tina Paez
 Administration and Regulatory Affairs

Prior Council Action:

Ordinance No. 2010-0734; September 22, 2010
 Ordinance No. 2020-1076; December 16, 2020
 Ordinance No. 2022-0077; February 2, 2022

Amount and Source of Funding:

\$418,113.19
 ParkHouston Special Revenue Fund
 Fund 8700

Contact Information:

Enid M. Howard
 Council Liaison
 Phone: 832.393.8023

ATTACHMENTS:

Description	Type
<u>MAPS</u>	Backup Material
<u>2020 McKinney Lease Agreement 2024</u>	Contract/Exhibit
<u>Lease Exhibit B Sub Completion</u>	Backup Material
<u>First Amendment 2020-1076</u>	Backup Material
<u>Second Amendment 2020-0077</u>	Backup Material
<u>Fiscal Form A - ARA ParkHouston</u>	Financial Information
<u>RCA_25CF82 Lease Renewal 12.16.2020</u>	Financial Information
<u>RCA_25CF99 Increase Spending Authority for Rent 2.2.2022</u>	Financial Information