



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 3/25/2025

District D

Item Creation Date: 1/9/2025

25CF157 Lease Agreement - 2500 Fannin

Agenda Item#: 25.

Summary:

ORDINANCE approving and authorizing a Lease Agreement between **2500 FANNIN, L.P.**, Landlord and the City of Houston, for space at 2500 Fannin, Houston, Texas, as Tenant for the Administration and Regulatory Affairs Department - \$4,469,937.33 - Park Houston Special Revenue Fund - **DISTRICT D - EVANS-SHABAZZ**

Background:

RECOMMENDATION: Approve and authorize a Lease Agreement between 2500 Fannin, L.P., landlord, and City of Houston, tenant, for office space at 2500 Fannin, Houston, Texas 77002 for the Parking Management Division of the Administration and Regulatory Affairs Department (ARA).

SPECIFIC EXPLANATION: The General Services Department recommends approval of a Lease Agreement with 2500 Fannin, L.P. for the 14,016 square foot office building and 20 parking spaces at 2500 Fannin, Houston, Texas 77002 for the Parking Management Division of ARA. Parking Management will use the lease space for Administration and Customer Service, Parking Compliance, Parking Programs, and Meter Operations Divisions responsible for regulating on-street parking. ARA Parking Management has leased the 11,411 square-foot office building at 2020 McKinney since March 9, 2011, currently pays \$19,969.25 (\$239,631.00 annually) and 2015 base year overage of taxes and insurance estimated at \$41,800.00 annually. The current lease at 2020 McKinney expires April 11, 2025. The owner of 2020 McKinney has been negotiating the sale of 2020 McKinney with the Texas Department of Transportation under threat of condemnation relating to the redesign and rebuilding of Interstate 45.

The lease at 2500 Fannin will be 120 months, commencing upon completion of tenant improvements which is estimated to occur by June 30, 2025. The monthly base rent will commence at \$13.35 per square foot and increase in \$.50 intervals per square foot annually. The Landlord will reconfigure and renovate the leased premises at Landlord's sole cost. The tenant will provide property management, utilities, property taxes, and property insurance at their expense.

Expenses shall be as follows:

Months	Rent/RSF/YR (14016 SF)	Monthly Rent	Annual Rent	OE/RSF/YR *Estimated (14016 SF)	Monthly OE	Annual OE	Monthly Rent and Monthly OE	Annual Rent and Annual OE
1-12	\$13.35	\$15,592.80	\$187,113.60	\$11.22	\$13,090.74	\$157,088.89	\$28,683.54	\$344,202.49
13-24	\$13.85	\$16,176.80	\$194,121.60	\$11.78	\$13,745.28	\$164,943.33	\$29,922.08	\$359,064.93
25-36	\$14.35	\$16,760.80	\$201,129.60	\$12.37	\$14,432.54	\$173,190.50	\$31,193.34	\$374,320.10
37-48	\$14.85	\$17,344.80	\$208,137.60	\$12.99	\$15,154.17	\$181,850.03	\$32,498.97	\$389,987.63
49-60	\$15.35	\$17,928.80	\$215,145.60	\$13.64	\$15,911.88	\$190,942.53	\$33,840.68	\$406,088.13
61-72	\$15.85	\$18,512.80	\$222,153.60	\$14.32	\$16,707.47	\$200,489.65	\$35,220.27	\$422,643.25
73-84	\$16.35	\$19,096.80	\$229,161.60	\$15.04	\$17,542.84	\$210,514.14	\$36,639.64	\$439,675.74
85-96	\$16.85	\$19,680.80	\$236,169.60	\$15.79	\$18,419.99	\$221,039.84	\$38,100.79	\$457,209.44
97-108	\$17.35	\$20,264.80	\$243,177.60	\$16.58	\$19,340.99	\$232,091.84	\$39,605.79	\$475,269.44
109-120	\$17.85	\$20,848.80	\$250,185.60	\$17.41	\$20,308.04	\$243,696.43	\$41,156.84	\$493,882.03
Total			\$2,186,496.00			\$1,975,847.17		\$4,162,343.17

FUNDING SUMMARY:

\$ 00.00 Rent and operating expenses FY25 (0 months)
\$4,162,343.17 Rent and operating expenses (out-going years)
\$4,162,343.17 Total rent and operating expenses

\$ 86,976.00 DAC Access Control and CCTV Surveillance Equipment
 \$ 17,679.30 Firetrol Security Intrusion System and Program Monitoring
 \$ 30,269.18 NetSync Switches
 \$ 53,102.68 Selrico Cabling
 \$ 34,567.00 Moving and Salvage
 \$ 45,000.00 Contingency for Security, Information Technology and Moving

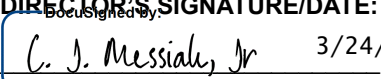
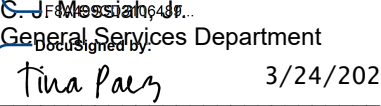
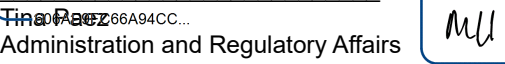
\$ 40,000.00 Contingency for tenant improvements exceeding Landlord's improvements
\$ 307,594.16 Total one-time cost in FY2025
\$ 4,469,937.33 Total

FISCAL NOTE: Funding for this item is included in the FY2025 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

Estimated Spending Authority:

Department	FY2025	Out-Years	Total
Administration and Regulatory Affairs	\$307,594.16	\$4,162,343.17	\$4,469,937.33

DIRECTOR'S SIGNATURE/DATE:

Docusigned by:
 3/24/2025
C. J. Messiah, Jr.
Docusigned by:
 3/24/2025
Tina Perez
Docusigned by:
 3/24/2025
Tina Perez
Administration and Regulatory Affairs

Amount and Source of Funding:

\$4,469,937.33
Park Houston Special Revenue Fund
Fund 8700

Contact Information:

Enid M. Howard, Council Liaison
General Services Department
Phone: 832.393.8023

ATTACHMENTS:

Description	Type
Coversheet (revised)	Signed Cover sheet
Caption	Other
COF ARA ParkHouston Office Lease 1-23-25	Backup Material
RCA Map 2500 Fannin	Backup Material
SAP Outline Agreement	Financial Information
Lease Agreement	Contract/Exhibit
Client Signed Coversheet	Signed Cover sheet
Funds Reservation Form	Backup Material
Ordinance	Ordinance/Resolution/Motion
Funding Information	Financial Information