



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/5/2018

District C

Item Creation Date: 8/13/2018

25RS206 - First Amendment to Lease Agreement at 2100 Travis Street for the Housing and Community Development Department

Agenda Item#: 31.

Summary:

ORDINANCE approving and authorizing a first amendment to the lease agreement between MIDTOWN CENTRAL SQUARE, LLC., as landlord, and the City of Houston, Texas, as tenant, for additional office space at the property located at 2100 Travis Street, Houston, Texas, for use by the Housing and Community Development Department and its contractors working on disaster recovery activities; containing findings and other provisions relating to the foregoing subject; and declaring an emergency.

Background:

RECOMMENDATION: Approve and authorize First Amendment to Lease Agreement between Midtown Central Square, LLC (Landlord) and the City of Houston (Tenant) for approximately 21,923 square feet of leased space at 2100 Travis Street to be utilized by the Housing and Community Development Department for disaster recovery efforts.

SPECIFIC EXPLANATION: On February 28, 2018, City Council passed ordinance 2018-0153 approving a lease agreement with Midtown Central Square, LLC for approximately 43,846 square feet of space located on the ninth and tenth floors of 2100 Travis Street. This agreement also included an option to lease space on the fourth floor if necessary to provide additional offices for the Housing and Community Development Department (HCDD). HCDD anticipated that this lease will save the City approximately \$2.3 million over its ten-year term.

In accordance with the original lease agreement, the City desires to exercise its option to lease additional space on the fourth floor of the building. The additional space will house HCDD employees and contractors working on disaster recovery activities. Colocation of contractors and City employees will promote greater efficiency and oversight of disaster recovery activities.

The major provisions of the first amendment to lease agreement are as follows:

- Term - commences March 1, 2019, for a term of five years with two five-year renewal options at the then-prevailing market rate.
Funding Breakdown - year one (\$537,114.00) of the 5-year term will be paid from Fund 5030, and all subsequent years will be paid from either Fund 5030 or Fund 5000.
Operating Expenses - the City's pro rata share of operating expenses is 23.57%. Operating expenses include heating, cooling, ventilation, electrical, lighting, water and plumbing systems, etc. serving the building. Non-controllable operating expenses are capped at 6% per annum and controllable operating expenses are capped at 3% per annum cumulative and compounded.
Additional Expense - Landlord will provide 40 unreserved parking spaces at no cost to the City for the first three years of the term; thereafter, the cost will be \$65 per space per month.
Tenant Improvement - Landlord will build out the expansion space at no cost to the City.
Maintenance - the Landlord is responsible for maintenance, utilities and janitorial services.

The total monthly rental breakdown is as follows:

Table with 6 columns: Year, Adjusted Monthly Base Rent Payment, Estimated Monthly Operating Expenses, Estimated Monthly Parking Expenses, Estimated Total Monthly Payment, Estimated Total Annual Payment. Rows 1-5 showing increasing costs over time.

FUNDING SUMMARY:

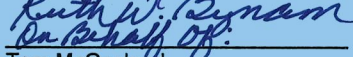
\$1,699,033.00 Rent
\$ 67,548.00 Estimated Parking
\$1,202,675.00 Estimated Operating Expenses
\$2,969,256.00 Total

FISCAL NOTE: No fiscal note is required on grant items.

DIRECTOR'S SIGNATURE/DATE:

 8-27-18

C. J. Messiah, Jr
General Services Department


On behalf of:

Tom McCasland
Housing and Community Development Department

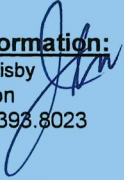
Prior Council Action:

Ordinance No. 2018-0153; February 28, 2018

Amount of Funding:

\$2,969,256.00 - Federal State Local – Pass Through Fund
Fund 5030
Hurricane Harvey Disaster Assistance

Contact Information:

Jacquelyn L. Nisby 
Council Liaison
Phone: 832.393.8023

ATTACHMENTS:

Description

ORD 2018-0153
Map - 2100 Travis
Prior Council Action
First Amendment to Lease Agreement
Ordinance
Funds Reservation Form
Grant Funding Verification-CN
Coversheet (revised)

Type

Ordinance/Resolution/Motion
Backup Material
Backup Material
Backup Material
Ordinance/Resolution/Motion
Financial Information
Backup Material
Signed Cover sheet