



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/2/2018

District I

Item Creation Date: 8/21/2018

GSD Lease at 500 Jefferson for HFSC, LLC

Agenda Item#: 17.

Summary:

ORDINANCE approving and authorizing Lease Agreement between **JEFFERSON SMITH, LLC**, Landlord, and the **CITY OF HOUSTON, TEXAS**, Tenant, for approximately 83,080 sq. ft. of office space located at 500 Jefferson, Houston, Texas 77002, for occupancy by Houston Forensic Science Center, Inc. - **DISTRICT I - GALLEGOS**

Background:

RECOMMENDATION: Approve and authorize Lease Agreement between Jefferson Smith, LLC (Landlord) and City of Houston (Tenant) for the leasing of office space, firing range, and forensic science laboratory at 500 Jefferson Street, Houston, Texas, for Houston Forensic Science Center, Inc.

SPECIFIC EXPLANATION: Pursuant to First Interlocal Agreement between the City of Houston and Houston Forensic Science Center, Inc., the Houston Forensic Science Center (HFSC) governs, provides guidance, and operates an independent Forensic Science Center, pursuant to criminal law, to provide the City with accurate and timely analysis of forensic evidence and related services to enhance the welfare and safety of the public. Forensic operations include toxicology, seized drugs, forensic biology, firearms, latent prints, digital and multimedia, crime scene, and vehicle examination.

HFSC employs approximately 200 staff and currently operates out of three City facilities: Houston Police Department Headquarters, 1200 Travis Street (45,953 square feet); 1620 Crockett Street (2,500 square feet); 1305 Dart Street (3,731 square feet); and one leased facility at 1301 Fannin Street consisting of approximately 27,477 square feet; for a combined total of 79,661 square feet of space.

HFSC's lease at 1301 Fannin Street expires in April 2019, at an annual rental of \$1,032,000.

HFSC desires to combine forensic science functions at one location to provide improved laboratory reliability and flexibility, and to promote greater efficiency and oversight. Therefore, HFSC proposes to lease approximately 80,080 square feet of space at 500 Jefferson Street on the 13th, 14th, 15th, and 18th floors, and 3,000 square feet of space in the basement, including a 25' long firing range. The proposed Lease Agreement provides for a term of 30 years, commencing March 1, 2019 for the 13th, 14th, and 15th floors, and commencing October 1, 2019, for the 18th floor and basement. Vehicle examination and forensic training will continue at the Dart and Crockett Street locations, respectively. All space will be released at 1200 Travis Street during 2019, to be future occupied by the Houston Police Department.

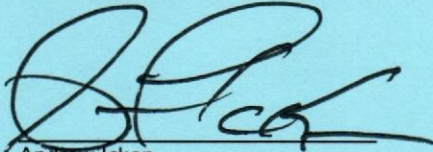
The major provisions of the proposed Lease Agreement are as follows:

- **Rental Rate for Floors 13, 14, 15, and 18 (80,080 square feet):**
 - o 03/01/2019-02/28/2029 - \$17.50 psf - \$1,401,400.00/YR - \$116,783.33/MO
 - o 03/01/2029-02/28/2039 - \$21.18 psf - \$1,696,094.40/YR - \$141,341.17/MO
 - o 03/01/2039-02/28/2049 - \$26.82 psf - \$2,147,745.60/YR - \$178,978.83/MO
- **Rental Rate for Basement (3,000 square feet)**
 - o 03/01/2019-02/28/2029 - \$12.50 psf - \$37,500.00/YR - \$3,125.00/MO
 - o 03/01/2029-02/28/2039 - \$15.13psf - \$45,360.00/YR - \$3,782.50/MO
 - o 03/01/2039-02/28/2049 - \$17.55 psf - \$52,650.00/YR - \$4,387.50/MO
- **Operating Expenses** – HFSC shall pay its pro rata share of operating expenses, estimated at \$10 per square foot for 2019. Increase in controllable expenses shall be capped at 7% annually. Operating expenses include heating, cooling, ventilation, electrical, lighting, water, and plumbing systems, alarm service, and Landlord accounting, legal, and administrative costs.
- **Parking spaces** - Landlord shall provide 25 reserved, undercover, fenced parking spaces for crime scene unit vehicles and pool cars at no cost for the first five years; \$125 per space per month for the second five years; and market rate thereafter.
- **Tenant Improvement** - Landlord shall be responsible for the cost of tenant improvements (turnkey project).
- **Right of First Refusal and Preferential Right to Lease** - HFSC shall have a continuing and recurring right of refusal and preferential right to lease any space which from time to time shall be or becomes available for direct lease on the floors in the same elevator bank of the HFSC occupied floors at the then market rate.
- **Termination** - HFSC shall have a right to terminate the Lease Agreement after ten years by providing a five-year written notice in the 10th, 15th or 20th year of the lease term.

Per the Interlocal agreement, funding for HFSC, including funding for this lease, is part of the City of Houston budget approved by Council on an annual basis. Out year funding for the lease agreement will be included in future annual budgets.

FISCAL NOTE: Funding for this item is included in the FY2019 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

DIRECTOR'S SIGNATURE/DATE:



Andrew Icken
Chief Development Officer
Mayor's Office of Economic Development

Prior Council Action:

Ordinance 2014-0165, passed February 26, 2014

Amount of Funding:

\$550,550.00 - General Fund (1000) – FY19 amount (4 months)

Contact Information:

Andy Icken,
Mayor's Office of Economic Development
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ATTACHMENTS:

Description

ORDINANCE (finalized)

Prev Ord 2014-165

Funding Information

Coversheet

Type

Ordinance/Resolution/Motion

Backup Material

Financial Information

Signed Cover sheet