




Howard County

Internal Memorandum

Subject: Testimony & Fiscal Impact Statement
Council Bill No. 4-2020, an Act pursuant to Section 612 of the Howard County Charter, approving a Lease Agreement between Howard County, Maryland and Micros Systems, Inc., a wholly owned subsidiary of Oracle America, Inc., a Delaware corporation, for 32,028 square feet of space at 7031 Columbia Gateway Drive, authorizing the County Executive to enter into the Agreement and to make changes to the Agreement before executing it, under certain conditions; and generally relating to a multi-year lease of certain premises by Howard County from Micros Systems, Inc.

To: Lonnie R. Robbins,
Chief Administrative Officer

From: James M. Irvin, Director
Department of Public Works 

Date: December 30, 2019

The Department of Public Works has been designated coordinator for preparation of testimony relative to approval of a Lease Agreement for the leased space.

The County is in need of space for the Department of Police.

Micros Systems, Inc., a wholly owned subsidiary of Oracle America, Inc., a Delaware corporation (the "Landlord"), is the owner of approximately 14.567 acres of real property improved with an office building known as 7031 Columbia Gateway Drive (the "Building") containing approximately 247,624 square feet of leasable space.

The County proposes to lease 32,028 square feet of the Building from the Landlord for the use of the Department of Police.

The County and Landlord desire to enter into a Lease Agreement, attached, for a term of ten (10) years, with the option to extend the term for two (2) additional periods of five (5) years each. The Lease Agreement requires payment by the County of funds from an appropriation of in later fiscal years and therefore requires County Council approval as a multi-year agreement pursuant to Section 612 of the Howard County Charter. The 10-year schedule starts at a base rental rate of \$24.00/square foot, and then escalates 2.5% yearly and continues every twelve-month period thereafter. See schedule below.

Period	Base Rent per square foot	Monthly Installment of Annual Rent Based on 32,028 square feet	Annual Rent Based on 32,028 square feet
Year 1 (subject to abatement per Section 3(b))	\$24.00 per square foot	\$64,056.00	\$384,336.00 (indicates only 6 months of payment because of abatement)
Year 2	\$24.60 per square foot	\$65,657.40	\$787,888.80
Year 3	\$25.22 per square foot	\$67,298.84	\$807,586.02
Year 4	\$25.85 per square foot	\$68,981.31	\$827,775.67
Year 5	\$26.49 per square foot	\$70,705.84	\$848,470.06
Year 6	\$27.15 per square foot	\$72,473.48	\$869,681.81
Year 7	\$27.83 per square foot	\$74,285.32	\$891,423.86
Year 8	\$28.53 per square foot	\$76,142.45	\$913,709.46
Year 9	\$29.24 per square foot	\$78,046.02	\$936,552.19
Year 10	\$29.97 per square foot	\$79,997.17	\$959,966.00

Representatives of this department will be present at the public hearing to answer any questions or concerns. If you require any further information concerning this matter or have any additional questions, please do not hesitate to contact me at your convenience.

cc: Jennifer Sager
File