

## Council Bill 40-2026 Fiscal Analysis

**Introduced:** June 1, 2026

**Fiscal Manager:** Yusef Ibrahim

**Legislative Intent:** Council Bill 40-2026 approves a lease agreement between Howard County and Gateway Crossing 95, LLC for approximately 38,285 square feet of office and warehouse space located at 7138 Columbia Gateway Drive, Columbia, Maryland.

### ANALYSIS

#### Fiscal Impact:

According to the Administration, the proposed lease would consolidate the Howard County Board of Elections office and warehouse operations, which are currently housed in separate leased facilities, into a single location. The proposed consolidation is intended to improve operational efficiency and provide additional space for staff, equipment storage, election judge training, and mail-in ballot canvassing activities. The office lease expires on March 31, 2027, and the warehouse lease expires on September 30, 2027.

The proposed lease term is twelve years with two optional five-year renewal periods. The lease includes a 365-day rent abatement period beginning on the lease commencement date. Following the abatement period, annual rent begins at approximately \$650,845 in Lease Year 1 and increases annually to approximately \$809,345 by Lease Year 12. The initial rental rate is \$17.00 per square foot and increases to \$21.14 per square foot over the term of the lease. See chart below:

Lease Year	Annual Rent per Square Foot	Monthly Installment of Annual Rent	Annual Rent Based on 38,285 SF
1	\$17.00	\$54,237.08	\$650,845.00
2	\$17.34	\$55,321.83	\$663,861.90
3	\$17.69	\$56,438.47	\$677,261.65
4	\$18.04	\$57,555.12	\$690,661.40
5	\$18.40	\$58,703.67	\$704,444.00
6	\$18.77	\$59,884.12	\$718,609.45
7	\$19.14	\$61,064.58	\$732,774.90
8	\$19.53	\$62,308.84	\$747,706.05
9	\$19.92	\$63,553.10	\$762,637.20
10	\$20.32	\$64,829.27	\$777,951.20
11	\$20.72	\$66,105.43	\$793,265.20
12	\$21.14	\$67,445.41	\$809,344.90

Based on the lease schedule provided in the Administration's testimony, total contractual rent payments over the initial twelve-year lease term are approximately \$8.73 million, excluding any operating expenses, tenant improvements, utility costs, moving expenses, furnishings, equipment purchases, or future renewal options.

**Budget Implications:**

Funding for lease payments associated with the proposed facility is included in the FY 2027 budget within the Department of General Services under Real Estate Management (FY27)<sup>1</sup>: \$8,474,547. Lease payments required under the proposed lease in future fiscal years would be subject to annual appropriation by the County Council through the County's budget process.

**Other Notes:**

The Administration provided additional information regarding the current lease costs associated with the Board of Elections' existing office and warehouse facilities. See table below:

<b>Facility</b>	<b>Annual Rent per Square Foot</b>	<b>Annual Rent</b>	<b>FY26 Estimated Common Area Rent</b>	<b>FY26 Total Rent</b>
Existing Office	\$28.37	\$230,654.94	\$46,000	\$276,654.94
Existing Warehouse	\$12.75	\$167,265.00	\$42,000	\$209,265.00
Combined Total	N/A	\$397,919.94	\$88,000	\$485,919.94

According to the Administration, approximately \$1,164,480 in furniture, equipment, and other relocation-related expenditures may be required as part of the consolidation effort. The Administration also provided a market analysis prepared by the County's Real Estate Advisor supporting the proposed lease rate<sup>2</sup>. In addition, the Administration provided a Program of Requirements supporting the proposed facility size and space needs<sup>3</sup>.

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<sup>1</sup> Page 170 in HC FY27 Approved Operating Budget

<sup>2</sup> See Attachment A

<sup>3</sup> See Attachment B