Planning, Program Development and Real Estate Committee

Item V-F

July 11, 2013

Approval to Negotiate and Execute a Term Sheet at Branch Avenue
Branch Ave Metro Station Amendment to GSA MOU

PRESENTATION SUMMARY:

Board approval is requested for an Amendment to the GSA MOU that could result in the relocation of a large federal agency to a new development project on Metro-owned land at the Branch Avenue Metro station. This is in furtherance of the Board-approved 2012 Memorandum of Understanding between Metro and the U.S. General Services Administration (GSA) to encourage GSA to locate Federal agencies on Metro-owned properties adjacent to Metro stations.

PURPOSE:

Request Board approval to negotiate and execute an Amendment to the MOU with GSA for development of an office building(s) for a Federal agency and related facilities at the Branch Avenue Metro station.

DESCRIPTION:

The Board approved a Memorandum of Understanding with GSA in February 2012 to encourage development of Federally-occupied buildings on Metro-owned land at Metro Stations. GSA has now proposed such a development at the Branch Avenue Metro Station (Green Line) in Prince George's County, Maryland. GSA, Metro and Prince George's County staff have been negotiating a term sheet for this project.

Key Highlights:

The benefits to Metro are (1) potential new reverse-commuting riders to office development at a terminus station, (2) a potential catalyst for private development on the approximately 30 acres, including those to be used for the GSA project but excluding the train storage yard, owned by Metro at Branch Avenue, and (3) an eventual rent stream from this project. GSA's proposed project would include one or two new office buildings totalling approximately 750,000 - 1,300,000 square feet and ancillary garage parking for the office use. In addition to the new parking to support the office use, Metro will receive, at no cost to Metro, a new parking garage to replace commuter surface parking that will be displaced and new bus and Kiss & Ride facilities. The cost of replacement of the new parking garage and these facilities would be the responsibility of the State of Maryland or Prince George's County, Maryland.

Background and History:

In February 2012, the Board approved a Memorandum of Understanding ("MOU") with GSA to encourage transit-oriented development anchored by federal agencies at Metro stations. The non-binding MOU memorializes an agreement in principle between Metro and GSA encouraging developments that would involve GSA ground leasing Metro-owned land.
Federal office development on Metro-owned property adjacent to Metrorail is consistent with Metro's own goals of increasing ridership -- and in this case encouraging reverse commuting -- and of being a good steward of Metro's assets and leading the creating of transit-connected communities. It is also beneficial to the economic and social goals of our jurisdictions and consistent with GSA's own goal of reducing the carbon footprint of federal facilities.

In 2012, GSA asked Metro to provide a list of sites owned by Metro that were large enough to accomplish these shared goals. Metro staff provided a list of various sites in Maryland, Virginia and the District of Columbia. GSA selected the Branch Avenue Metro station (Green line) in Prince George's County, Maryland as its pilot project.

Discussion:

Not including the train storage yard, the Metro-owned property at the Branch Avenue Metro Station consists of approximately 30 acres. Metro's property is separated by the Green Line tracks into two parcels. The northern parcel is approximately nine acres and currently is used exclusively for surface commuter parking lots. The southern parcel of approximately 21 acres consists of bus bays, Kiss & Ride, and surface commuter parking lots.

GSA has identified a preferred site on the southern parcel in the quadrant formed by the intersection of the Green Line tracks and Auth Way. This site is proposed to be developed with either one or two buildings, in either case totalling approximately 750,000 - 1,300,000 square feet, for occupancy by a Federal tenant. The building(s) may include some ground floor retail use as well, at GSA's discretion. GSA is estimating that its site footprint will be approximately seven acres, including its own parking garage serving its own building. One goal of the project is to use this GSA development to catalyze other development on Metro-owned land at Branch Avenue and to create a transit-oriented environment.

In addition, a new parking garage to be owned and operated by Metro will be built at no cost to Metro. This garage will replace the current surface parking that will be displaced by this project and will also be large enough to provide significant additional parking at Branch Avenue.

This site will be sold by Metro to GSA or to a private sector developer selected by GSA. GSA will choose a private sector developer to actually build the project. The developer will be responsible for designing, financing and constructing the improvements for GSA. The developer will then own those improvements and lease them to GSA under a space lease to be negotiated between them.

**FUNDING IMPACT:**

Define current or potential funding impact, including source of reimbursable funds: None.

<table>
<thead>
<tr>
<th>Project Manager:</th>
<th>Steven A. Teitelbaum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Department/Office:</td>
<td>Department of Finance and Administration/Office of Real Estate and Station Planning (LAND)</td>
</tr>
</tbody>
</table>

| TIMELINE: |
| Previous Actions | February 2012 - Board approved Memorandum of Understanding with GSA envisioning such projects. |
| Anticipated actions after presentation | Summer/Fall 2013 -- LAND staff and GSA to negotiate a Joint Development Agreement and ancillary documents for Board approval. |

**RECOMMENDATION:**

Approve the negotiation and execution of an Amendment to the MOU with GSA for development of an office building(s) for a Federal agency and related facilities at the Branch Avenue Metro station.
Branch Avenue Metro Station Amendment to GSA Memorandum of Understanding

Planning, Program Development and Real Estate Committee

July 11, 2013
Obtain approval of to negotiate and execute an Amendment to the GSA MOU for development of GSA office building(s) at Branch Avenue Metro Station
## Background - History

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2012</td>
<td>Board approved GSA-Metro Memorandum of Understanding (MOU)</td>
</tr>
<tr>
<td>Early Fall 2012</td>
<td>Metro provided list of available sites to GSA</td>
</tr>
<tr>
<td>Late Fall 2012</td>
<td>GSA selected Branch Avenue location</td>
</tr>
<tr>
<td>Fall 2012 / Winter 2013</td>
<td>Amendment to MOU negotiated between GSA and Metro staff</td>
</tr>
</tbody>
</table>
Site Description
Project Description

• 750,000 – 1,300,000 square feet of office space

• Fee simple sale

• Replacement of commuter parking

• Replacement of bus and kiss-and-ride facilities

• Construction of street grid and site infrastructure
Full Development (Conceptual)
Potential Benefits

- Major Federal tenant at Branch Avenue would:
  - Increase reverse commuting
  - Potentially increase ridership
  - Serve as catalyst for development on surrounding Metro-owned property

- Development supports two *Momentum* strategic plan goals:
  - Improve regional mobility and connect communities
  - Ensure financial stability and invest in our people and assets
Next Steps After Board Approval

1. GSA pursuit of tenant agency for the site
2. Negotiation of Joint Development Agreement by staff
3. Board approval of Joint Development Agreement
Recommendation

Approve the negotiation and execution of an Amendment to the GSA MOU for development of GSA office building(s) at Branch Avenue Metro Station