

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100056	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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**TITLE:**

MACS/CSVC Relocation

**PURPOSE:**

To obtain Committee concurrence and Board approval to negotiate and execute a lease agreement with Prince George Center I, Inc. for approximately 40,000 square feet of office space at 6505 Belcrest Road, Hyattsville, Maryland in support of MetroAccess Services (MACS) and Customer Service (CSVC).

**DESCRIPTION:**

The Office of MetroAccess Services (MACS) and the Office of Customer Service (CSVC) currently occupy approximately 39,000 square feet of office space at 8405 Colesville Road in Silver Spring, Maryland. In preparation for the lease termination on September 30, 2009, and in recognition of space limitations and the growth of the MACS program, the Office of Station Area Planning and Asset Management (SAAM) issued a Request for Expressions of Interest to lease 40,000 square feet of office space. The option of relocating MACS/CSVC to the Carmen Turner Facility was also considered but rejected after consideration of the estimated relocation costs (\$11.8 million+) and the accessibility problem for MACS/CSVC customers.

The Metro I office building at 6505 Belcrest Road in Hyattsville, Maryland was identified as the most feasible facility that met WMATA's financial and operational criteria with rent that is significantly lower than the proposed renewal rent for the current lease. The building is located across from the Prince George's Plaza Metrorail station at University Town Center, a mixed-use development. The proposed lease comprises the entire seventh floor (approximately 30,000 square feet) and a portion of the sixth floor (approximately 10,000 square feet). WMATA will have the right of first refusal to lease the

remainder of the sixth floor (approximately 20,000 square feet).

As compared to Silver Spring, the lease at 6505 Belcrest Road represents an approximate \$5.8 million savings to WMATA over the ten-year term.

The lease proposal presented by the building owner, Prince George Center I, Inc. includes the following:

1. Lease Term: Ten (10) year, three (3) month, initial lease term with a five-year renewal option at 95% of the then market rental rate. The target date for commencement of the lease is April 1, 2009.
2. Rent: \$22.00 per rentable square foot per year, net of electric, adjusted annually by three percent (3%) of the previous year's rent. Rent for the first three months of the lease term is abated.
3. Landlord will provide WMATA with a tenant improvement allowance of \$41.00 per square foot (approximately \$1.64 million).
4. 100 free parking spaces in an adjacent surface parking lot.
5. Landlord, at its sole cost, will provide WMATA with a shuttle service to and from the Prince George's Plaza Metrorail station during normal business hours.
6. MACS and Office of ADA Programs (ADAP) staff have walked the property to identify any accessibility or ADA compliance issues. Any adjustments deemed necessary will be made by the Landlord.
7. Rent payment beyond the first year of the initial lease term is contingent on Board appropriation of funds. If funds are not appropriated, WMATA can cancel the lease with nine (9) months prior written notice to Landlord upon payment of the unamortized tenant improvement allowance, unamortized broker commissions, and unamortized rent abatement.
8. Former tenant's office furniture, and some equipment valued at several hundred thousand dollars, is available to WMATA for its own use and at no cost to WMATA.

9. There is sufficient emergency back-up power in the building to run all WMATA operations in the event of a power failure.

**FUNDING IMPACT:**

Budget: **Operating Budget, Fiscal 2010-Fiscal 2019**

Office: **MetroAccess Services, Customer Service**

Account:

This Action: **\$14,090,620 (50% MACS; 50% CSVC)**

Remarks: **Funding for FY2010-FY2019 is subject to Board appropriation of funds**

**FY2010**

Budget: **\$1,228,886**

This Action: **\$1,228,886**

Prior Approval: **None**

Remaining Budget: **\$12,861,734**

<u>Fiscal Year</u>	<u>Rent</u> <sup>1</sup>	<u>Operating Expense</u> <sup>2</sup>	<u>Total</u>
FY2010	\$880,000	\$348,886	\$1,228,886
FY2011	\$906,400	\$359,676	\$1,266,076
FY2012	\$933,592	\$370,466	\$1,304,058
FY2013	\$961,600	\$381,600	\$1,343,200
FY2014	\$990,400	\$392,800	\$1,383,200
FY2015	\$1,020,000	\$404,800	\$1,424,800
FY2016	\$1,050,800	\$416,800	\$1,467,600
FY2017	\$1,082,400	\$429,200	\$21,511,600

FY2018	\$1,114,800	\$442,400	\$1,557,200
FY2019	\$1,148,400	\$455,600	\$1,604,000
TOTAL	\$10,088,392	\$4,002,228	\$14,090,620

<sup>1</sup> Rent escalates at 3% per annum

<sup>2</sup> Includes pro-rata share of operating expense (e.g., janitorial, utilities, insurance, managerial fees) and real estate tax pass-thrus escalated at 3% per annum, plus electric escalated at 3% per annum

**RECOMMENDATION:**

That the Committee concur and recommend the Board approve the negotiation and execution of a lease agreement with Prince George Center I, Inc. for approximately 40,000 square feet of office space at 6505 Belcrest Road, Hyattsville, Maryland in support of Metro Access Services (MACS) and Customer Service (CSVC).