



Planning, Development and Real Estate Committee

Board Action Item VII-B

October 16, 2008

**Authorization to Negotiate Amendment
of Bethesda Station Lease**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100154	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

Amendment of Lease at Bethesda Station

PURPOSE:

Board authorization for staff to negotiate an amendment to the existing lease of the Bethesda joint development project to permit a three-story retail/office building to be replaced by a high-rise office building.

DESCRIPTION:

WMATA holds a leasehold interest in a project, which includes a high-rise office building and a three-story retail/food court/office building (the "Food Court"). The lessee, an affiliate of The Meridian Group (the "Developer"), has proposed to replace the Food Court building with another high-rise office tower.

Plans for the project were presented to the Montgomery County Planning Board with the support of the Planning Board staff. The Planning Board rejected the project because it believed an increase in density at the site required a Sector Plan Amendment and because the proposed office tower was too close to the adjacent Clark Building. The developer is revising the plans to address the issues raised by the Planning Board, is preparing to enter into the Sector Plan amendment process at the next available opportunity and would like WMATA support during the entitlement process.

WMATA staff supports the project for several reasons. The developer has proposed to proffer improvements to update WMATA's bus facilities at the Bethesda station. The project presents the opportunity for more reverse commuting, making more efficient use of existing rail capacity, and will generate additional revenue through increased lease payments. In addition, the project complies with Transit Oriented Development principles of locating the greatest density at or near transit stations.

The Sector Plan amendment process is costly, and the developer desires to negotiate a lease amendment to know that WMATA will agree to the new building and to understand the financial terms.

FUNDING IMPACT:

No impact on funding. Potential for increased operating revenue from amended ground lease.

RECOMMENDATION:

Authorize staff to negotiate (1) a lease amendment permitting demolition of the Food Court building and (2) an amendment or new lease permitting construction of the proposed office tower. The resulting lease amendment(s) will be presented to the Board for approval.



Authorization to Negotiate Amendment of Bethesda Station Lease

Presented to the Board of Directors:

Planning, Development and Real Estate Committee

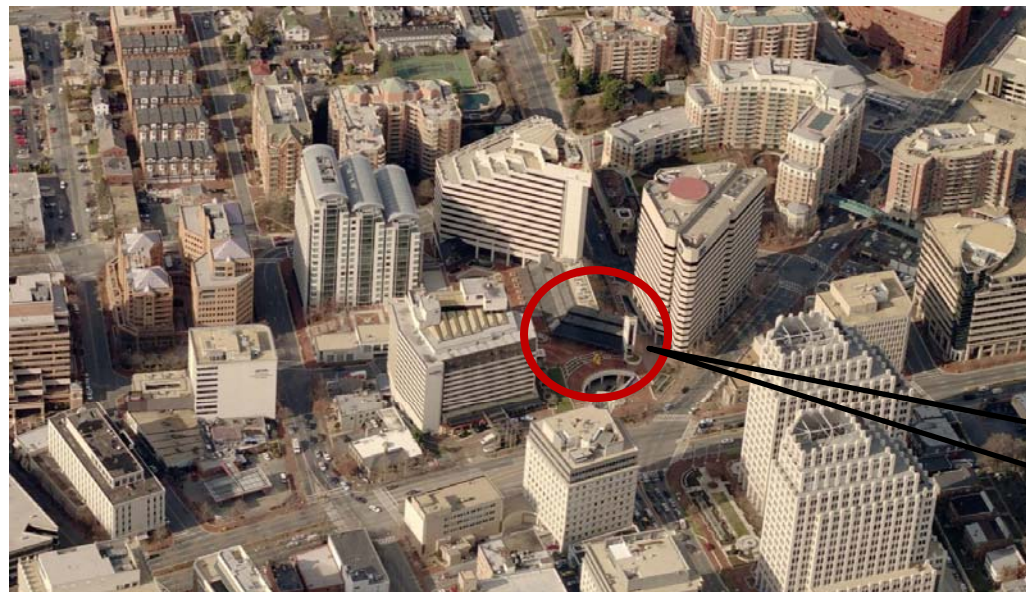
October 16, 2008





Purpose

Obtain Board authorization to negotiate amendment of Bethesda Station lease to replace three-story food court building with 260 - 280,000 SF office tower



**Food
Court
Bldg**

Bethesda Station Area



Background

- Existing long-term lease from WMATA includes Hyatt hotel, office tower, and three-story Food Court retail/office building
- Developer wants to add density by replacing the three-story building with a new office tower
- Developer is willing to proffer Metrobus facility improvements as part of the re-development
- Initial proposal was rejected on grounds that revised Sector Plan is needed
- Developer is pursuing Sector Plan update



Existing Site



Food
Court
Bldg



Office Tower Design Concept



260 - 280,000 SF office tower



Project Includes Metrobus Facility Improvements

- Architectural metal canopies over pedestrian islands at bus stops
- Full spectrum accent lighting in pedestrian islands in lieu of yellow-tone sodium lighting
- Special paving to differentiate pedestrian walks from bus drive aisles to improve pedestrian safety
- Illuminated monument signage at bus stops to consolidate maps, bus arrival times, station rules, and directional information





Project Includes Metrobus Facility Improvements

- Uniform and contemporary street furniture: benches, trash receptacles, windbreaks, etc.
- Bicycle amenities to encourage cycling to ride transit
- New public art at fountain





Benefits

- Increased operating revenue from amended ground lease
- Increased income from future capital events
- Improved bus facility
- Enhanced real estate value
- Increased density at Metro station in accordance with Transit Oriented Development principles



Office Tower Design Concept



Recommendation

Authorize staff to negotiate amendment of Bethesda Station lease to replace three-story food court building with 260 - 280,000 SF office tower



**Office Tower
Design Concept**



Metrobus Facility Improvements