



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Nick J. Rahall, III
Ranking Member

COMMITTEE RESOLUTION

Christopher P. Bertram, Staff Director

James H. Zoia, Democrat Staff Director

LEASE
FEDERAL ENERGY REGULATORY COMMISSION
888 FIRST STREET, NORTHEAST
WASHINGTON, DC
PDC-06-WA14

Resolved by the Committee on Transportation and Infrastructure of the U.S. House of Representatives, that pursuant to 40 U.S.C. §3307, appropriations are authorized for a succeeding lease of up to 504,000 rentable square feet of space for the Federal Energy Regulatory Commission, currently located at 888 First Street, NE in Washington, DC and another Federal agency, at a proposed total annual cost of \$25,200,000 for a lease term of up to 10 years, a prospectus for which is attached to and included in this resolution.

Approval of this prospectus constitutes authority to execute an interim lease for all tenants, if necessary, prior to the execution of the new lease.

Provided that, the Administrator of General Services and tenant agencies agree to apply an overall utilization rate of 220 square feet or less per person.

Provided that, the Administrator of General Services identifies another Federal agency as a backfill tenant consistent with the Housing Plan.

Provided that, except for interim leases as described above, the Administrator may not enter into any leases that are below prospectus level for the purposes of meeting any of the requirements, or portions thereof, included in the prospectus that would result in an overall utilization rate of 220 square feet or higher per person.

Provided that, to the maximum extent practicable, the Administrator shall include in the lease contract(s) a purchase option that can be exercised at the conclusion of the firm term of the lease.

Provided further, that the Administrator shall require that the delineated area of the procurement is identical to the delineated area included in the prospectus, except that, if the Administrator determines that the delineated area of the procurement should not be identical to the delineated area included in the prospectus, the Administrator shall provide an explanatory statement to the Committee on Transportation and Infrastructure of the House of Representatives prior to exercising any lease authority provided in this resolution.

Provided further, that the General Services Administration shall not delegate to any other agency the authority granted by this resolution.

Adopted: February 11, 2014

Bill Shuster, M.C.
Chairman

**PROSPECTUS – LEASE
FEDERAL ENERGY REGULATORY COMMISSION
888 FIRST STREET, NORTHEAST
WASHINGTON, DC**

Prospectus Number: PDC-06-WA14

Executive Summary

The General Services Administration (GSA) proposes a succeeding lease of 504,000 rentable square feet (RSF) for continued occupancy of 888 First Street, NE, Washington, DC, by the Federal Energy Regulatory Commission (FERC) and to house another, to-be-determined, Federal agency. Currently FERC is housed at this location under a lease that expires on September 28, 2015, and is also housed at 1100 First Street, NE under a lease that expires on January 20, 2020.

The building at 888 First Street, NE was originally constructed as a build-to-suit facility to meet the space requirements of FERC. FERC has been the primary tenant at this location since 1995, and has a continuing need for housing to carry out its mission. GSA has a renewal option and a favorable purchase option for this facility. The purchase option is contingent upon GSA exercising the 10-year renewal option. Notification of GSA's intent to exercise the renewal option is required by March 2014. The renewal option term will commence on September 29, 2015. The purchase option must be exercised by September 28, 2025.

Description

Occupant:	FERC, Backfill Federal Tenant
Lease Type	Succeeding
Current Rentable Square Feet (RSF)	504,000
Proposed Maximum RSF:	504,000
Reduction RSF:	30,000 RSF at 1100 First Street, NE and 84,000 RSF at Backfill Tenant Location will be vacated after 2020 consolidation into 888 First Street, NE with resulting 114,000 RSF total reduction
Current Usable Square Feet/Person:	270
Proposed Usable Square Feet/Person:	220
Proposed Maximum Leasing Authority:	10 years
Expiration Dates of Current Lease(s):	9/28/2015
Delineated Area:	888 First Street, NE, Washington, DC
Number of Official Parking Spaces:	None
Scoring:	Operating Lease

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Prospectus Number: PDC-06-WA14

Maximum Proposed Rental Rate ¹ :	\$50.00
Proposed Total Annual Cost ² :	\$25,200,000
Current Total Annual Cost:	\$16,293,997 (lease effective 9/29/95)

Background

FERC is an independent agency that regulates the interstate transmission of natural gas, oil, electricity, and hydropower projects. It assists consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. The top initiatives that FERC is currently pursuing or considering include Smart Grid, Demand Response, Integration of Renewables, Transmission Planning, and Cost Allocation.

Justification

The main headquarters' operation for FERC is currently housed at 888 First Street, NE in Washington, DC. FERC occupies the entire commercial office space within the building through a lease that was entered into in 1993. The building was originally designed and constructed to meet FERC's space requirements. The lease went into effect on September 29, 1995 and expires on September 28, 2015. FERC requires continued housing to carry out its mission.

When GSA executed the lease at 888 First Street, NE, the contract included an unevaluated 10-year renewal option effective at lease expiration on September 28, 2015 as well as a \$20 million purchase option effective at the end of the renewal term on September 28, 2025. Although the renewal option rent will be at market, the option to acquire the building for \$20 million, or \$40 per rentable square foot, is drastically below comparable market sales of commercial office buildings in Washington, DC. GSA intends to request funding in a future fiscal year to purchase the building but must exercise the renewal option in 2015, with notice of intent provided in March 2014, to retain rights to the purchase option.

¹ This estimate is for fiscal year 2015 and may be escalated by 1.9 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for negotiating this succeeding lease to ensure that lease award is made in the best interest of the government. Lease award shall not exceed the maximum rental rate as specified in this prospectus.

² This lease may contain an annual escalation clause to provide for increases or decreases in real estate taxes and operating costs.

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Located in the newly emerging North of Massachusetts Avenue (NOMA) submarket, 888 First Street, NE is a class "A" office building. It is located in close proximity to public transportation - both local and regional, other federal facilities, retail amenities, the interstate highway system, major arterial roadways and places of public interest in Washington, DC. It is northwest of, and across the street from, Union Station - a major intermodal and multi-modal transportation-hub serving the Atlantic coast; and proximate to the U.S. Capitol. Long-term ownership of this asset at the purchase option price is highly desirable. GSA intends to request funding in a future fiscal year for its purchase and believes that future ownership of this asset will meet a long-term need to house FERC and strengthen the Federal Buildings Fund (FBF).

GSA performed a 20-year, present value cost analysis to evaluate the benefits of exercising the renewal option, reducing FERC's space utilization in place at 888 First Street, NE, and exercising the purchase option 10 years later, versus reducing FERC's requirements to a smaller footprint at another location. The analysis evaluates the rent savings to the Government resulting from ownership at 888 First Street, NE versus continuing to pay rent to house FERC at another location. The 20-year, present value cost of reducing in place and exercising the options is \$165.7 million less than the 20-year, present value cost to relocate.

Approval of this prospectus will allow GSA to enter into a succeeding lease at 888 First Street, NE through the exercise of the 10-year renewal option. GSA proposes to improve FERC's space utilization efficiency by reconfiguring the floor layouts through a seven-phase, four-year space reduction process. GSA proposes a 59,769 rsf reduction for FERC at 888 First Street. The vacated space would then be backfilled with a to-be-determined federal tenant whose mission does not conflict with FERC.

FERC is also housed in 30,193 RSF of leased space at 1100 First Street, NE, Washington, DC. When the space reduction project is completed, GSA will consolidate 108 FERC personnel from 1100 First Street, NE into the reduced footprint at 888 First Street along with 1,607 FERC personnel currently housed there. The reduction at 888 First Street, NE, combined with the consolidation of employees at 1100 First Street, NE, will improve FERC's office utilization rate from 157 to 130 and FERC's total utilization rate from 270 to 225. FERC will fund the cost of the space reduction project and the consolidation over a four year period. The total rent savings for FERC are projected to be approximately \$4.8 million per year. When the backfill tenant takes occupancy at 888 First Street, NE, GSA projects that the building office utilization rate will decrease to 129 USF per person, and the building total utilization rate will decrease to 220.

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Summary of Energy Compliance

GSA will incorporate energy efficiency requirements into the Request for Lease Proposals and other documents related to the procurement of space based on the approved prospectus. GSA encourages offerors to exceed minimum requirements set forth in the procurement and to achieve an Energy Star performance rating of 75 or higher.

Resolutions of Approval

Resolutions adopted by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approving this prospectus will constitute approval to make appropriations to lease space in a facility that will yield the required rentable area.

Interim Leasing

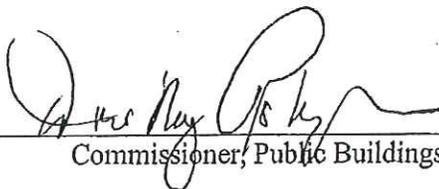
GSA will execute such interim leasing actions as are necessary to ensure continued housing of the tenant agency prior to the effective date of the new lease. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

Certification of Need

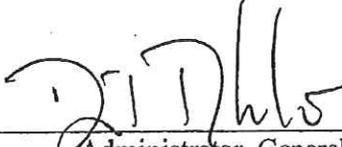
The proposed project is the best solution to meet a validated Government need.

Submitted at Washington, DC, on January 8, 2014

Recommended: _____


Commissioner, Public Buildings Service

Approved: _____


Administrator, General Services Administration

Housing Plan
Federal Energy Regulatory Commission

Locations	CURRENT			PROPOSED		
	Personnel		Usable Square Feet (USF) ¹		Usable Square Feet (USF)	
	Office	Total	Office	Storage	Special	Total
888 First St, NE, Washington, DC	1,607	1,607	322,587	10,656	105,015	438,258
1100 First St, NE, Washington, DC	108	108	23,037	2,440	25,477	
Proposed Lease, Washington, DC						
Backfill Tenant	274	274	54,726	1,857	16,712	73,295
Total	1,989	1,989	400,350	12,513	124,167	537,030

Office Utilization Rate (UR) ²	
Current	157
Proposed	129

UR=average amount of office space per person
Current UR excludes 88,077 usf of office support space
Proposed UR excludes 72,359 usf of office support space

Overall UR ³	
Current	270
Proposed	220

R/U Factor ⁴	
Total USF	RSF/USF
Current	537,030 / 1.15
Proposed	438,258 / 1.15

NOTES:

¹USF means the portion of the building available for use by a tenant's personnel and furnishings and space available jointly to the occupants of the building.
²Calculation excludes Judiciary, Congress and agencies with less than 10 people
³USF/Person = housing plan total USF divided by total personnel
⁴R/U Factor = Max RSF divided by total USF

FERC Special Space	
Health Care	1,379
Fitness Center	4,765
EAP Office	212
Child Care	6,116
Food Service	896
File Rooms	17,251
Data Centers	6,319
Voice/Data Closets	5,335
Mail Room & Publishing	4,472
NIB Supply Store	1,410
Conference/Training	20,654
CMR Hearing Rooms	17,624
SCIF	374
Commissioners Chamber	2,624
Security Support Facilities	1,237
Total	90,678

United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

COMMITTEE RESOLUTION

LEASE
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC
PDC-06-WA14

**RESOLVED BY THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS OF THE
UNITED STATES SENATE**

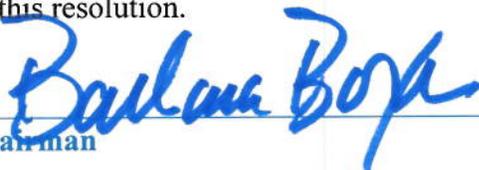
that pursuant to title 40 U.S.C. § 3307, a prospectus providing for a succeeding lease of up to a maximum 504,000 rentable square feet of space for the Federal Energy Regulatory Commission, currently located at 888 First Street, NE, Washington, D.C., and another Federal agency, at a maximum proposed rental rate of \$50.00 per rentable square foot, at a proposed total annual cost of \$25,200,00 for a lease term of up to 10 years, a description of which is attached hereto and by reference made part of this resolution, is approved.

Approval of this prospectus constitutes authority to execute an interim lease for all tenants, if necessary, prior to execution of the new lease.

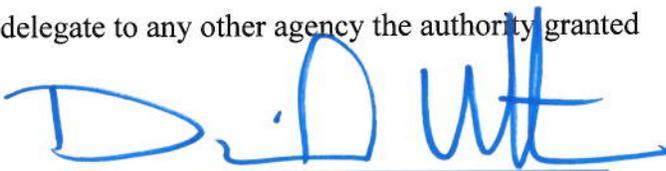
Provided, that to the maximum extent practicable, the Administrator of General Services shall require that the procurement include requirements requiring energy efficiency as would be required for the construction of a federal building.

Provided further, that the Administrator shall require that the delineated area of the procurement is identical to the delineated area included in the prospectus, *except that*, if the Administrator determines that the delineated area of the procurement should not be identical to the delineated area included in the prospectus, the Administrator shall provide an explanatory statement to the Committee on Environment and Public Works of the United States Senate prior to exercising any lease authority provided in this resolution.

Provided further, that the Administrator shall not delegate to any other agency the authority granted by this resolution.



Chairman



Ranking Member

Adopted: April 3, 2014