



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

Peter A. DeFazio
Chairman

Washington, DC 20515

Sam Graves, MO
Ranking Member

Katherine W. Dedrick, Staff Director

COMMITTEE RESOLUTION

Paul J. Sass, Republican Staff Director

LEASE
DEPARTMENT OF STATE
WASHINGTON, DC
PDC-05-WA19

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 lease of up to 390,670 rentable square feet of space, including 223 official parking spaces, for the Department of State currently located at the American Red Cross Building at 2025 E Street NW, Washington, DC at a proposed total annual cost of \$19,443,646 for a lease term of up to 20 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 agency(ies) agree to apply an overall utilization rate of 182 square feet or less per person, except that, if the Administrator determines that the overall utilization rate cannot be achieved, 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 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 182 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 General Services Administration shall not delegate to any other agency the authority granted by this resolution.

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, not later than 30 calendar days after the date on which a request from the Chairman or Ranking Member of the Committee on Transportation and Infrastructure of the House of Representatives is received by the Administrator of General Services, the Administrator shall provide such Member a response in writing that provides any information requested regarding the project.

Provided further, the Administrator of General Services may not enter into this lease if it does not contain a provision barring any individual holding a Federally-elected office, regardless of whether such individual took office before or after execution of this lease, to directly participate in, or benefit from or under this lease or any part thereof and that such provision provide that if this lease is found to have been made in violation of the foregoing prohibition or it is found that this prohibition has been violated during the term of the lease, the lease shall be void, except that the foregoing limitation shall not apply if the lease is entered into with a publicly-held corporation or publicly-held entity for the general benefit of such corporation or entity.

Provided further, prior to entering into this lease or approving a novation agreement involving a change of ownership under this lease, the Administrator of General Services shall require the offeror or the parties requesting the novation, as applicable, to identify and disclose whether the owner of the leased space, including an entity involved in the financing thereof, is a foreign person or a foreign-owned entity; provided further, in such an instance, the Administrator of General Services shall notify the occupant agency(ies) in writing, and consult with such occupant agency(ies) regarding security concerns and necessary mitigation measures (if any) prior to award of the lease or approval of the novation agreement.

Provided that, to the maximum extent practicable, the Administrator of General Services shall require that the lease procurement consider the availability of public transportation consistent with agency mission requirements and that the space to be leased be renovated for all cost effective improvements, including renewable energy upgrades, water efficiency improvements, and indoor air quality optimization, that reduce greenhouse gas emissions.

Adopted: May 8, 2019


Peter A. DeFazio
Chairman

**PROSPECTUS – LEASE
DEPARTMENT OF STATE
WASHINGTON, DC**

Prospectus Number: PDC-05-WA19

Executive Summary

The General Services Administration (GSA) proposes to exercise a renewal option that exists in the current lease for 390,670 rentable square feet (RSF) for the Department of State (DOS). DOS is currently housed at the American Red Cross (ARC) Building located at 2025 E Street NW, Washington DC.

Exercising the existing renewal option will provide continued housing for DOS and will maintain the office and overall utilization rates at 119 and 182 usable square feet (USF) per person, respectively.

Description

Occupant:	Department of State
Current Rentable Square Feet (RSF)	390,670 (Current RSF/USF = 1.32)
Estimated Maximum RSF:	390,670 (Proposed RSF/USF = 1.32)
Expansion/Reduction RSF:	None
Current Usable Square Feet/Person:	182
Estimated Usable Square Feet/Person:	182
Expiration Dates of Current Lease(s):	06/30/2020
Proposed Maximum Leasing Authority:	20 years
Delineated Area:	2025 E Street NW, Washington, DC
Number of Official Parking Spaces ¹ :	223 (25 GOV)
Scoring:	Operating
Current Total Annual Cost:	\$18,725,752 (lease effective 07/01/2009)
Estimated Rental Rate ² :	\$49.77 / RSF
Estimated Total Annual Cost ³ :	\$19,443,646

¹ DOS's Security requirements necessitate control of parking at the leased location in addition to the official parking spaces identified in the prospectus.

² This estimate is for fiscal year 2020 and may be escalated by 2 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including standard operating expenses, whether paid by the lessor or directly by the Government.

³ New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.

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DEPARTMENT OF STATE
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Prospectus Number: PDC-05-WA19

Background

DOS's mission is to shape and sustain a peaceful, prosperous, just and democratic world, and foster conditions for stability and progress for the benefit of the American people and people everywhere.

The ARC building is on Federal land under the administration and jurisdiction of GSA. As directed by Public Law 100-637, GSA entered into a ground lease with ARC for 99 years. Through the ground lease, GSA has the right of first refusal for space not used by ARC, at a price that is reduced by the value of the land, which provides for a lower than market rent rate for GSA. Further, GSA has purchased condominium units in this building and has a right to purchase further units in the future.

The current lease for space in the building includes two 10-year renewal options. GSA is therefore requesting approval for 20-years under this prospectus. GSA intends to exercise the first renewal option in order to maintain the Government's ability to purchase additional condominium units in the future.

Justification

The ARC building is located on Federal land under a ground lease agreement. The building is a Class A property located in a highly desirable area near the Main State Building. GSA purchased a portion of the ARC building in January 2017 and has the option to purchase the balance of the building's space that it currently leases at a competitive market price through the end of the current lease term. The building is ideally located for DOS given its proximity to DOS.

The current lease at 2025 E Street NW, Washington, DC, expires June 30, 2020. DOS requires continued housing to carry out its mission.

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

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constitute approval to make appropriations to continue 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 extension. 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.

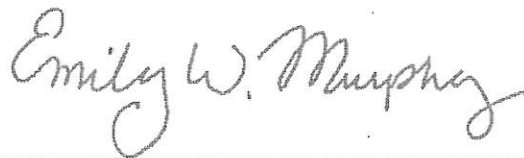
Submitted at Washington, DC, on November 5, 2018.

Recommended: _____



Commissioner, Public Buildings Service

Approved: _____



Administrator, General Services Administration

Leased Locations	CURRENT				ESTIMATED/PROPOSED			
	Personnel		Usable Square Feet (USF) ¹		Personnel		Usable Square Feet (USF)	
	Office	Total	Office	Special	Office	Total	Storage ³	Special ⁶
2025 E Street NW, Washington DC	1,625	1,625	248,055	18,385		296,321		29,881
Estimated/Proposed Lease							18,385	29,881
Total	1,625	1,625	248,055	18,385	1,625	296,321	18,385	29,881

Office Utilization Rate (UR)²

Rate	Current	Proposed
	119	119

UR = average amount of office space per person

Current UR excludes 54,572 usf of office support space

Proposed UR excludes 54,572 usf of office support space

Overall UR²

Rate	Current	Proposed
	182	182

R/U Factor⁴

	Total USF	RSF/USF	Max RSF
Current	296,321	1.32	390,670
Estimated/Proposed	296,321	1.32	390,670

Special Space ⁶		USF
Conference/Training		22,135
Fitness		4,217
SCIF		500
Datacenter		1,500
Security		1,251
Lactation Room		278
Total		29,881

NOTES:

¹ USF 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.² Calculation excludes Judiciary, Congress and agencies with less than 10 people³ USF/person = housing plan total USF divided by total personnel.⁴ R/U Factor (R/U) = Max RSF divided by total USF⁵ Storage excludes warehouse, which is part of Special Space.⁶ Special spaces listed are examples of such spaces and may be subject to change at the time a Request for Lease Proposal (RLP) is issued to meet specific agency requirements.