

**PROSPECTUS – BUILDING ACQUISITION
DEPARTMENT OF TRANSPORTATION HEADQUARTERS
1200 NEW JERSEY AVENUE, SOUTHEAST
WASHINGTON, DC**

Prospectus Number: PDC-0689-WA19

Description

The General Services Administration (GSA) proposes to acquire, through a purchase option under an existing space lease, the building located at 1200 New Jersey Avenue SE, Washington, DC. The 1,900,000 gross square foot facility, currently leased by GSA, provides 1,350,000 rentable square feet (RSF) of space and 936 indoor parking spaces, and is occupied entirely by the Department of Transportation (DOT) and serves as its headquarters (HQ). The proposed purchase will reduce the Government's rental payment to the private sector by approximately \$49,400,000 annually.

FY 2019 Committee Approval and Appropriation Requested

(Building Acquisition)\$767,900,000

Situated on 10 acres of land to the southwest of the U.S. Capitol building, along the south side of M Street SE, between New Jersey Avenue SE on the west and 4th Street SE on the east, the building has served as the DOT HQ since its construction in 2006. The building houses approximately 5,000 employees. The office space is contained in two towers, referred to as the West Building and the East Building, each containing nine stories above grade and two stories below grade.

The site was originally part of the 18th century Navy Yard. Part of the Navy Yard was exscessed in the mid-20th century to GSA and became known as the Southeast Federal Center. GSA sold the parcel that is the subject of this prospectus to the developer specifically for the construction of the DOT HQ.

Project Budget

Building and Site Acquisition.....	\$760,000,000
Closing Costs.....	<u>\$7,900,000</u>
Estimated Total Project Cost (ETPC).....	\$767,900,000¹

Schedule

	<u>Date</u>
Notice of Intent to Consider Purchase	10/2018
Building Acquisition Notice of Intent to Exercise Purchase Option	10/2019
Purchase Option Expiration	10/2021

¹ The actual purchase price and closing costs will be determined by negotiation in accordance with the terms of the existing purchase option under the lease.

**PROSPECTUS – BUILDING ACQUISITION
DEPARTMENT OF TRANSPORTATION HEADQUARTERS
1200 NEW JERSEY AVENUE, SOUTHEAST
WASHINGTON, DC**

Prospectus Number: PDC-0689-WA19

Overview of Project

GSA leased the building on behalf of DOT following completion of construction in 2006. The current lease agreement expires on October 19, 2021. GSA has an option to negotiate the purchase of the building and site at the end of the current lease term, provided 24 months' prior notice is given to lessor. A Notification of Intent to consider exercising the purchase option is required 36 months prior to the lease expiration. The estimated purchase price is based on a current fair market value appraisal of the property, escalated to the purchase date, multiplied by 95%.

Tenant Agencies

DOT

Justification

DOT is a cabinet-level agency with a long-term requirement for a HQ facility. Exercising the purchase option will provide for a permanent, owned housing solution for DOT's mission execution, lowering the cost to the taxpayer. Upon purchase, GSA will work with DOT to improve the utilization of the space.

Alternatives Considered (30-year, present value cost analysis)

Purchase.....	\$1,220,413,705
Lease.....	\$1,629,450,889
New Construction.....	\$1,444,009,181

The 30-year, present value cost of purchasing is \$409,037,184 less than the cost of leasing, with an equivalent annual cost advantage of \$20,332,893.

Recommendation

ACQUISITION

**PROSPECTUS – BUILDING ACQUISITION
DEPARTMENT OF TRANSPORTATION HEADQUARTERS
1200 NEW JERSEY AVENUE, SOUTHEAST
WASHINGTON, DC**

Prospectus Number: PDC-0689-WA19

Certification of Need

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

Submitted at Washington, DC, on February 12, 2018

Recommended: 
Commissioner, Public Buildings Service

Approved: 
Administrator, General Services Administration