PROSPECTUS – LEASE DEPARTMENT OF HEALTH AND HUMAN SERVICES AGENCY FOR HEALTHCARE RESEARCH AND QUALITY SUBURBAN MARYLAND

Prospectus Number: PMD-04-WA13

Congressional District: 8

Executive Summary

The General Services Administration (GSA) proposes a lease extension for 133,895 rentable square feet of space the Department of Health and Human Services (HHS), Agency for Healthcare Research and Quality (AHRQ). AHRQ is currently located at 540 Gaither Road, Rockville, Maryland, under a lease that expires March 22, 2013. AHRQ is planning to move to the Parklawn Building, located at 5600 Fishers Lane, Rockville, MD, which is scheduled to be ready for occupancy between August 2015 and 2017. AHRQ is scheduled to move to the Parklawn Building between January and March 2017. GSA is seeking a five-year lease extension to allow AHRQ to remain in place prior to the move and to provide flexibility in the event of schedule delays at Parklawn. GSA will attempt to negotiate termination rights into the lease agreement to accommodate the long term housing solution at the Parklawn Building.

The proposed space utilization rate at 540 Gaither Road is higher than the HHS overall space utilization standard of 170 USF/person. Space realignment and utilization rate improvement is not cost-effective or feasible for the proposed short-term lease extension at the current location. It would also be highly disruptive to AHRQ's continuing performance of its mission. However, the agency's planned occupancy of the Parklawn Building will be fully consistent with the applicable HHS space utilization standard.

Description

Occupant:

Lease Type:

Current Rentable Square Feet (RSF):

Proposed Maximum RSF: Expansion Space RSF:

Current Usable Square Feet/Person: Proposed Usable Square Feet/Person: Proposed Maximum Leasing Authority:

Expiration Date(s) of Current Lease(s):

Delineated Area:

Number of Official Parking Spaces:

Scoring:

HHS-AHRQ

Extension

133,895 (Current RSF/USF = 1.07) 133,895 (Proposed RSF/USF = 1.07)

None 278 268 5 years 3/22/13

540 Gaither Road, Rockville, MD

/

Operating lease

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Maximum Proposed Rental Rate¹:

\$35.00

Proposed Total Annual Cost²:

\$4,686,325

Current Total Annual Cost:

\$3,762,143 (Lease effective

3/23/2003)

Background

AHRQ's mission is to improve the quality, safety, efficiency, and effectiveness of health care for all Americans. As one of 12 agencies within the Department of Health and Human Services, AHRQ supports research that helps people make more informed decisions and improves the quality of health care services. AHRQ was formerly known as the Agency for Health Care Policy and Research.

Justification

The current AHRQ lease at 540 Gaither Road, Rockville, Maryland expires on March 22, 2013. AHRQ plans to move to the Parklawn Building which is currently under renovation. AHRQ will require continued housing to carry out its mission prior to this move. GSA will extend AHRQ's current leasehold tenancy and attempt to negotiate termination rights into the lease agreement to accommodate the long term housing solution at the Parklawn Building.

The maximum proposed rental rate in this prospectus is a projected rate for lease transactions with a future effective (rent start) date consistent with the expiration of the current lease in March 2013. However, this proposed short-term lease extension does not require new tenant space build-out or upgrades needed for a long-term occupancy. GSA will conduct the procurement using prevailing market rental rates as a benchmark and basis for negotiating with the current lessor 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.

¹ This estimate is for fiscal year 2013 and may be escalated by 1.65 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.

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

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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.

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

Certification of Need

Submitted at Washington, DC, on November 21, 2012
Recommended: Commissioner Public Buildings Service

Acting Administrator, General Services Administration