

**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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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