

**PROSPECTUS –ACQUISITION
COLUMBIA PLAZA BUILDING
WASHINGTON, DC**

Prospectus Number: PDC-0000-WA10

Description

The General Services Administration (GSA) proposes to acquire, through a purchase option, the Columbia Plaza Building located at 2401 E St., NW, Washington, DC. The government has an option to purchase the building at the set price of \$100,000,000 at the end of the current lease term in 2012, provided 365 days notice has been given to the lessor.

Building

The Columbia Plaza Building was constructed in the mid 1960s. Prior to the Department of State’s (DOS) initial occupancy in 1992 the building underwent a major renovation converting the space from residential use to office use. GSA currently leases 511,500 rentable square feet and 361 parking spaces at Columbia Plaza for the DOS under a 20-year lease agreement that expires in April 2012.

Project Budget

Building and Site Acquisition\$100,000,000

Authorization Requested (Acquisition).....\$100,000,000

Justification

DOS and GSA signed a Memorandum of Understanding (MOU) in 1987 committing both agencies to consolidate DOS space and personnel in the Foggy Bottom area of the District of Columbia and Rosslyn, VA. The Columbia Plaza Building, located northwest of the Harry S Truman (Main State) Building, has been occupied for more than 20 years as a leased location. The Columbia Plaza Building’s location in Foggy Bottom is directly adjacent to Main State and supports the goals of DOS as identified in the 1987 MOU. The building’s proximity to both Main State and the approximately 3.5 million square feet DOS occupies in the Foggy Bottom area provides many operational benefits ranging from human resources, mobility in and around the State’s Foggy Bottom locations, and efficiencies in facility operations through information technology linkages and security. Given all of these factors, DOS continues to have a long-term need for the space in the Columbia Plaza Building.

**PROSPECTUS –ACQUISITION
COLUMBIA PLAZA BUILDING
WASHINGTON, DC**

Prospectus Number: PDC-0000-WA10

Alterations for \$30,600,000 were completed in 1992 and the government currently operates virtually all aspects of the facility. GSA recently performed a Building Engineering Report (BER) for the Columbia Plaza Building which reported that the building is in fair overall condition. As part of the \$30M investment in 1992, GSA was directed by Congressional resolution that “GSA will attempt to include a purchase option in the lease contract”. GSA successfully negotiated a purchase option as part of the terms of the 20-year lease. The terms of the purchase option and price were set when the lease transaction was signed in 1992. The government’s option to purchase the building is currently established at \$100,000,000 or approximately \$151 per gross square foot. This price is well below the current market rates for buildings of comparable size in Washington, DC, especially a building with long-term government occupancy. In 2006, GSA completed a fair market value (FMV) appraisal which indicated the FMV of Columbia Plaza Building to be approximately \$190,000,000, well above the established option price to the government.

Tenant Agencies

Department of State

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

Purchase	\$317,305,000
Lease	\$513,447,000

The 30-year, present value cost of purchase is \$196,142,000 less than the cost of leasing, an equivalent annual cost advantage of \$12,614,000.

Recommendation

ACQUISITION

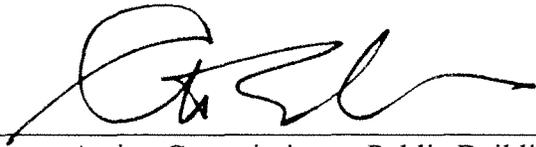
**PROSPECTUS -ACQUISITION
COLUMBIA PLAZA BUILDING
WASHINGTON, DC**

Prospectus Number: PDC-0000-WA10

Certification of Need

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

Submitted at Washington, DC, on June 11, 2009

Recommended 
Acting Commissioner, Public Buildings Service

Approved 
Acting Administrator, General Services Administration