

# **REPORT TO THE DULLES CORRIDOR COMMITTEE**

## **PRE-SOLICITATION TERMS TO LEASE OFFICE SPACE FOR THE DULLES CORRIDOR METRORAIL PROJECT, PHASE 2**

**Patrick Nowakowski**  
*Project Executive Director*  
*Dulles Corridor Rail Project*

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# PURPOSE

Request Dulles Corridor Committee concurrence of a solicitation for the Phase 2 Rail Project Office Lease.

## BACKGROUND

- Currently, the Airports Authority Rail Project Team leases approximately 42,000 square feet (sf) of office space in Vienna, VA adjacent to the new Spring Hill Metro Station. This lease expires February 28, 2014.
- The Phase 1 Design-Build Contractor is located in the same complex and occupies approximately 50,000 sf.
- Office space must be available for occupancy by the end of May 2013 for use by the Phase 2 Project Team and the Design-Build contractor, and insufficient space is available at the Phase 1 Office complex.

## DISCUSSION

- The needed office space must be located within the Phase 2 construction alignment including locations in Herndon, Dulles Airport, or Loudon County.
- Co-location of offices for Airports Authority Rail Project Team and the Phase 1 Design-Build Contractor facilitates daily communications and interaction at all staff levels on a regular basis.
- The total base rent for a five year lease for the Airports Authority Project office is estimated to be approximately \$9 million. If two one-year option years are exercised, the total rent could increase to \$13 million.

## DISCUSSION

Staff is currently soliciting for a commercial real estate broker to represent the Airports Authority as the Tenant Broker who will:

- Negotiate all aspects of the lease transaction to obtain the most beneficial lease terms for establishment of office space to accommodate the Rail Office Project Team.
- Support the Technical Evaluation Committee when proposed leases are rated.

# EVALUATION CRITERIA

The Evaluation Criteria is as follows:

- Financial Consideration includes rental rate, rent abatement, security deposit, tenant improvements.
- Lease Terms and Conditions includes building features, parking, conference rooms, building security, lease terms, full service.
- Schedule for Occupancy includes estimated build-out expense and schedule.
- Location includes requirement to be near Phase 2 alignment.

After concluding negotiations, and prior to executing the lease, a recommendation for award will be submitted to the Committee and the Board of Directors for approval.

# RECOMMENDATION

Staff requests that the Committee concur with the proposed plan for selecting and procuring an office lease for Phase 2 Office space.