

**PROSPECTUS – BUILDING ACQUISITION
FEDERAL ENERGY REGULATORY COMMISSION
888 FIRST STREET NE
WASHINGTON, DC**

Prospectus Number: PDC-0001-WA23
Congressional District 98

Description

The General Services Administration (GSA) proposes to acquire, through a purchase option under the existing lease, the property located at 888 First Street, N.E., in Washington, DC, in support of current and future operations of the Federal Energy Regulatory Commission (FERC). The 503,997 rentable square foot (RSF) facility, currently leased by GSA, is occupied entirely by FERC and serves as its headquarters (HQ). The proposed purchase will reduce the Government’s rental payment to the private sector by approximately \$25,000,000 annually.

FY 2023 Committee Approval and Appropriation Requested

(Building Acquisition)..... \$21,000,000

Building

The FERC HQ is currently housed on approximately 2 acres at 888 First Street, N.E., in Washington, DC. FERC occupies the entire commercial office space within the building through a lease that was entered into in 1993. The building was originally designed and constructed to meet FERC’s space requirements. The lease went into effect on September 29, 1995 and expired on September 28, 2015. When GSA executed the lease, the contract included a 10-year renewal option effective at lease expiration on September 28, 2015, as well as a \$20 million purchase option effective at the end of the renewal term on September 28, 2025. GSA executed a succeeding 10-year lease on September 28, 2015, at an annual rent of approximately \$25,000,000. GSA has an option to purchase the building and site for approximately \$21,000,000 (inclusive of closing costs) at the end of the current lease term on September 28, 2025, provided notice be given in writing to the lessor at least 180 days before the end of the renewal option, or April 1, 2025.

Project Budget

Building and Site Acquisition.....\$20,000,000
Closing Cost (estimated).....1,000,000
Estimated Total Project Cost.....\$21,000,000

Schedule

| | <u>Date</u> |
|---|--------------------|
| Building Acquisition Notice of Intent to Exercise Purchase Option | April 2025 |
| Settlement | September 2025 |

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Overview of Project

Approval of this prospectus will allow GSA to execute the purchase option of 888 First Street, N.E., FERC's initiated a space utilization efficiency project in March 2020 with GSA reconfiguring the floor layouts through a multi-phase space reduction process. In addition to this location, FERC is also housed in 30,193 RSF of leased space at 1100 First Street, N.E., Washington, DC. When the space reduction project is completed, GSA will consolidate approximately 108 FERC personnel from 1100 First Street, N.E. into the reduced footprint at 888 First Street, N.E. along with an estimated 1,607 FERC personnel already housed at the 888 First Street N.E. location. Consolidation will eliminate the need for the lease at 1100 First Street, N.E and improve FERC's office utilization rate from 157 to 130 and FERC's total utilization rate from 270 to 225. FERC will fund the cost of the space reduction project and the consolidation. Upon completion of FERC's consolidation and space reduction process, approximately 60,000 RSF will be available for backfill by a yet to be determined Federal tenant whose mission does not conflict with FERC.

Tenant Agencies

FERC

Justification

FERC has a long-term need to remain in its HQ location at 888 First Street, N.E., which was built to suit for the agency. The building is in the newly emerging North of Massachusetts Avenue submarket and is near both local and regional public transportation, other Federal facilities, retail amenities, the interstate highway system, major arterial roadways, and places of public interest in Washington, DC. It is northwest of and across the street from Union Station—a major intermodal and multi-modal transportation hub. It is also near the U.S. Capitol. Long-term ownership of this asset at the purchase option price is highly desirable. Federal ownership via the existing purchase option will ensure continuity of operations for FERC in an owned solution at a significant savings to the taxpayer, paying back the cost in less than one year.

Interim Leasing

GSA will execute such interim leasing actions as are necessary to ensure continued housing of the tenant agency prior to the date of the current lease expiration. It is in the best interest of the Government to avert the financial risk of holdover tenancy.

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Prior Appropriations

None

Prior Committee Approvals

None

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

| | |
|----------------|---------------|
| Purchase | \$377,621,000 |
| Lease | \$797,160,000 |

The 30-year, present value cost of purchase is \$419,539,000 less than the cost of leasing, with an equivalent annual cost advantage of \$17,969,000.

Recommendation

ACQUISITION


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Certification of Need

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

Submitted at Washington, DC, on 4/6/2022

Recommended: 
Commissioner, Public Buildings Service

Approved: 
Administrator, General Services Administration