

## Consent Item (A) 04-25-2019

Washington Metropolitan Area Transit Authority

### Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:  
202063

Resolution:  
☒ Yes ☐ No

#### TITLE:

Bladensburg Ground Lease for Temporary Bus Parking

#### PRESENTATION SUMMARY:

Information is being provided and authority is requested to approve a temporary lease for bus parking during the five-year construction period of the Bladensburg Bus Facility.

#### PURPOSE:

Request Board approval to enter into a short-term ground lease valued over \$1 million dollars per year between WMATA and Jemal's Schaeffer LLC for 4.8 acres of unimproved land in the District of Columbia.

#### DESCRIPTION:

Metro requires temporary bus parking for 108 buses during the demolition and reconstruction of the Bladensburg bus facility in northeast Washington, DC. Staff has identified a suitable property located one half mile from the Bladensburg bus facility. The ground lease term is for five years, with three one-year renewal options. The first year's ground rent is \$2.2 million. No other available or suitable properties were identified.

#### Key Highlights:

- Metro requires temporary parking for 108 buses during the reconstruction of the Bladensburg bus facility in northeast Washington, DC.
- There is one option available near the existing bus facility that affords Metro access to 4.8 acres required for bus parking.
- Staff requests approval to execute a five-year ground lease, with three one-year options by May 1, 2019.

#### Background and History:

The Bladensburg Bus Facility on Bladensburg Road NE in Washington, DC was acquired by Metro in 1973 as part of the acquisition of privately owned bus companies serving the region. The two buildings at the Bladensburg facility (the Bus Heavy Overhaul and Bus Operations Garage) were constructed between 1961 and 1963 respectively. Both buildings are obsolete and have

significant structural deficiencies. The Bus Heavy Overhaul functions are scheduled to relocate to the Andrews Federal Center Bus Facility once it opens later this year. At this time, Bladensburg is only one of two bus facilities that services Metro's compressed natural gas bus fleet and needs to remain in operation during the reconstruction.

In parallel with the events at Bladensburg, Metro will close Northern Bus Facility, built in 1906 and also in deteriorating condition. Because these two facilities will be constructed concurrently and the other existing bus facilities do not have enough space to park all the buses impacted by the closures, temporary off-site bus parking is required.

A temporary location for bus parking has been located at the corner of Bladensburg Road and Montana Avenue in northeast Washington, DC (the "Montana Avenue Lot"). Jemal's Schaeffer LLC is the landlord and has agreed to deliver a turnkey bus parking lot by December 2019. The 4.8 acres Montana Avenue Lot would accommodate secure parking for 108 buses and is close to the Bladensburg Bus Facility to best serve the start of bus routes.

#### **Discussion:**

In accordance with Board Resolution 2018-22, execution of a lease exceeding \$1 million dollars in annual payments requires Board approval. This proposed ground lease is a five-year lease with three one-year options. The first year's rent is \$2.2 million, with three percent annual escalations thereafter. In addition to the rent, the agreement includes compensation to the landlord for the construction of the bus parking lot. The cost of the base five-year period for the lease, construction and taxes is approximately \$19 million. If all options are exercised, the cost of the lease would total approximately \$28 million.

Staff evaluated multiple properties within proximity to the Bladensburg Bus Facility, including Metro's own parking facilities, to accommodate 108 buses. There are no viable alternatives to accommodate temporary bus parking, not only because there is not enough acreage of available land for a reasonable price, but also because the location of the temporary site needs to be in proximity to the Bladensburg Bus Facility to avoid paying operators and other personnel for time to travel between the assigned work location at Bladensburg and a distant bus parking location. While alternative options were considered, due to inefficiencies, disruption to operations and cost, a ground lease for the Montana Avenue Lot is recommended as the best option.

#### **FUNDING IMPACT:**

Program:	Capital Improvement Program
Project:	Bladensburg Bus Garage Rehabilitation

Project Manager:	Anabela Talaia		
Project Department/Office:	OCFO/LAND		
	Year One	Year Two & Beyond	Total
Budget:	\$	\$	\$
This Action:	\$9,000,000	\$19,000,000	\$28,000,000
Prior Approval:	N/A	N/A	N/A
Remaining Budget:	N/A	N/A	N/A
Remarks:			
Operating Budget Impact:	None		

#### **TIMELINE:**

<b>Previous Actions</b>	None
<b>Anticipated actions after presentation</b>	May 2019: Execution of the ground lease.

#### **RECOMMENDATION:**

Approval to enter into a short-term ground lease valued over \$1 million dollars per year between WMATA and Jemal's Schaeffer LLC for 4.8 acres of land in the District of Columbia.

SUBJECT: APPROVAL OF GROUND LEASE BETWEEN WMATA AND JEMAL'S SCHAEFFER LLC

RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolutions 2011-30 and 2018-22 require approval of the Board of Directors to lease property when the annual rent is greater than \$1 million; and

WHEREAS, WMATA requires approximately five acres of property for temporary bus parking during the reconstruction period of the Bladensburg Bus Division facilities in northeast Washington, DC; and


WHEREAS, The annual rent for a ground lease with Jemal Schaeffer LLC on approximately 4.8 acres of unimproved land at the intersection of Bladensburg Road and Montana Avenue in northeast Washington, DC starts at \$2.2 million for the first year and increases annually thereafter;

NOW, THEREFORE, be it

*RESOLVED*, That the Board approves the execution of the ground lease between WMATA and Jemal's Schaeffer LLC; and be it finally

*RESOLVED*, That in order to timely execute the ground lease, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

  
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Patricia Y. Lee  
General Counsel