

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202019

Resolution:
☒ Yes ☐ No

TITLE:

Ground Lease at Potomac Yard Metro Station

PRESENTATION SUMMARY:

Staff seeks board approval for a ground lease in support of the construction of the Potomac Yard Station, a reimbursable project.

PURPOSE:

Request Board approval to enter into a ground lease valued at over \$1 million dollars per year between WMATA and Potomac Yard Development, LLC for 4.29 acres of unimproved land at 2601 Main Line Boulevard in Alexandria, Virginia.

DESCRIPTION:

Metro needs to provide employee parking for the general contracting company that will construct the new Potomac Yard Metro Station. Metro has identified available property and negotiated a ground lease for 2601 Main Line Boulevard in Alexandria, Virginia (the "Pulte Parcel"), which is located at the corner of Main Line Boulevard and Potomac Avenue just south of the construction site. The ground lease term is for four years, with two one-year renewal options. In accordance with Board Resolution 2011-30, execution of a lease exceeding \$1 million in annual payments requires Board approval.

Key Highlights:

- Metro is building a new Metrorail station on the Blue/Yellow Lines at Potomac Yard, for which construction will begin in 2019.
- Metro has negotiated a ground lease to provide contractor employee parking, preventing parking on neighborhood streets, which is a major concern.
- The value of the lease is between \$4.3 million to \$6.8 million, if all lease options to renew are exercised.

Background and History:

The Potomac Yard Metro Station is an infill station on the Blue/Yellow Lines between the Ronald Reagan Washington National Airport and the Braddock Road Metro Stations. Potomac Yard Metro Station is bounded on its eastern

and northern sides by National Park Service land, on its southern side by a large townhouse and condominium complex, and on its western side by the CSX railroad corridor. The site is physically constricted and cannot accommodate contractor employee parking.

In efforts to mitigate disruption of neighboring communities during the construction of the Potomac Yard Metro Station, staff identified the Pulte Parcel as the most practical and cost effective resolution to the issue of general contractor employee parking.

Discussion:

Metro staff, along with City of Alexandria staff, have met with two homeowner's associations as well as a civic association to discuss disruptions to the neighborhoods during construction of Potomac Yard. As a good neighbor, leasing the parcel will go a long way to alleviating some of the issues discussed during the meetings.

The lease rate is based on a third party contact appraisal, is market rate, and will be funded by the approved CRB0013 budget.

FUNDING IMPACT:

Program:	Capital Reimbursement Project		
Project:	Potomac Yard Station CRB0013		
Project Manager:	Anabela Talaia		
Project Department/Office:	CFO/LAND		
	Year One	Year Two & Beyond	Total
Budget:	\$23M	\$246M	\$269M
This Action:	\$1.03M	\$5.77M	\$6.8M
Prior Approval:	N/A	N/A	N/A

Remaining Budget:	N/A	N/A	N/A
Remarks:	CRB0013 has been fully funded.		
Operating Budget Impact:	None		

TIMELINE:

Previous Actions	None
Anticipated actions after presentation	Execution of ground lease

RECOMMENDATION:

Board approval to enter into a ground lease valued at over \$1 million per year between WMATA and Potomac Yard Development, LLC for 4.29 acres of unimproved land at 2601 Main Line Boulevard in Alexandria, Virginia.

PRESENTED AND ADOPTED: October 25, 2018

**SUBJECT: APPROVAL TO EXECUTE GROUND LEASE BETWEEN WMATA AND
POTOMAC YARD DEVELOPMENT LLC**

2018-41

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

WHEREAS, Resolution 2018-22 requires approval by the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors for any lease of property where the annual rent is greater than \$1 million; and


WHEREAS, WMATA seeks to enter into a ground lease with Potomac Yard Development, LLC at 2601 Main Line Boulevard in Alexandria, Virginia to provide contractor employee parking for the construction of the Potomac Yard Metro Station; and

WHEREAS, The rent for the four year ground lease exceeds \$1 million annually; NOW, THEREFORE, be it

RESOLVED, That the Board of Directors approves the execution of the ground lease between WMATA and Potomac Yard Development LLC; and be it finally

RESOLVED, That in order to timely complete the negotiations and execute the ground lease as required by the Potomac Yard Metro Station project schedule, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:

21.1.3 Acquisition of Less-Than-Fee Temporary Interest (leases, licenses, most permits)

Motioned by Mr. Evans, seconded by Mr. Dorsey

Ayes: 8 – Mr. Evans, Mr. Crawford, Mrs. Hudgins, Mr. Horner, Mr. Price, Mr. Goldman, Mr. Dorsey and Mr. McMillin