



Capital Program, Procurement and Real Estate Committee

Action Item III-C

April 14, 2016

**Sale of the Stone Straw Building in
Washington, DC**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201727

Resolution:
 Yes No

TITLE:

Sale of the Stone Straw Building in Washington, DC

PRESENTATION SUMMARY:

Request Board approval for the sale of the Stone Straw Building located at 900 Franklin Street, NE in Washington, DC with the right to lease back the site for up to two years. In conjunction with the sale of this property, Metro is in the process of acquiring a warehouse located at 10201 Good Luck Road in Lanham, Maryland into which Metro will relocate Stone Straw functions.

PURPOSE:

Request Board approval for the sale of the Stone Straw Building located at 900 Franklin Street, NE in Washington, DC with the right to lease back the site for up to two years.

DESCRIPTION:

The Metro-owned Stone Straw building is currently used as the primary storage archive for Metro's records, for surplus furniture storage, as a print shop, and as a Metro Transit Police training facility. The building requires significant repairs and is considered too small for operational needs.

Metro seeks to sell the property to avoid repair costs, and take to advantage of market interest in the site. In conjunction with the sale of Stone Straw, Metro is in the process of acquiring a warehouse located at 10201 Good Luck Road in Lanham, Maryland into which Metro will relocate most of the Stone Straw functions, among others. Metro will lease back the Stone Straw building, while functions are moved to the new facility. The lease will be for up to two years, with a termination option upon notice by Metro.

Key Highlights:

- The Stone Straw building requires major repairs, is small and inefficient. Metro has sought to sell the building to avoid those costs and take advantage of market interest in the site.
- The property appraised at \$6.5M. Metro issued an Invitation for Bids (IFB) and received three bids.
- Two of the IFB responses exceeded \$8.5M. The selected bid had a lower lease back rental rate and a higher overall net benefit to Metro.

Background and History:

The Stone Straw building was built in 1931 and acquired by Metro in 1971. It is comprised of a five-story building with an attached two-story annex totaling 68,700 square feet with some parking along the Red Line right-of-way in Northeast Washington. Currently, the facility is used for the primary storage archive for Metro's records, for surplus furniture storage, as a print shop, and until recently as a Metro Transit Police (MTPD) training facility. MTPD has since relocated to another Metro property. The building requires significant capital repairs and is considered inadequate for operational needs.

The market in the Stone Straw neighborhood is on an upturn after decades of stasis and staff considers the sale of Stone Straw at this time to be recommended.

Discussion:

The selected bid included a sale price of \$8,582,700 which will be offset by up to 2 years of rent at \$6.25/square foot per year or up to \$860,000 of rental expense. This presented a better value to Metro than the second-highest net bid of \$8,587,700, with up to \$2,175,000 in rental expense.

FUNDING IMPACT:

Proceeds resulting from this sale will be directed to Metro's Capital Improvement Program, with up to \$860,000 of the proceeds to be used to support a lease back for up to two years through Metro's operating budget. The lease will include a termination clause, when the property is no longer needed for operational purposes.	
Project Manager:	Nina Albert
Project Department/Office:	LAND

TIMELINE:

Previous Actions	None
Anticipated actions after presentation	Execution of a Purchase and Sale Agreement. Execution of a lease for up to two years. Settlement.

RECOMMENDATION:

Board approval for the sale of the Stone Straw Building located at 900 Franklin Street, NE in Washington, DC with the right to lease back the site for two years.



Washington Metropolitan Area Transit Authority

Sale of Stone Straw Building

Capital Program, Planning, and Real Estate Committee

April 14, 2016



Purpose

- Request Board approval for the sale of the Stone Straw Building in Northeast Washington, DC with the right to lease back the site for up to two years

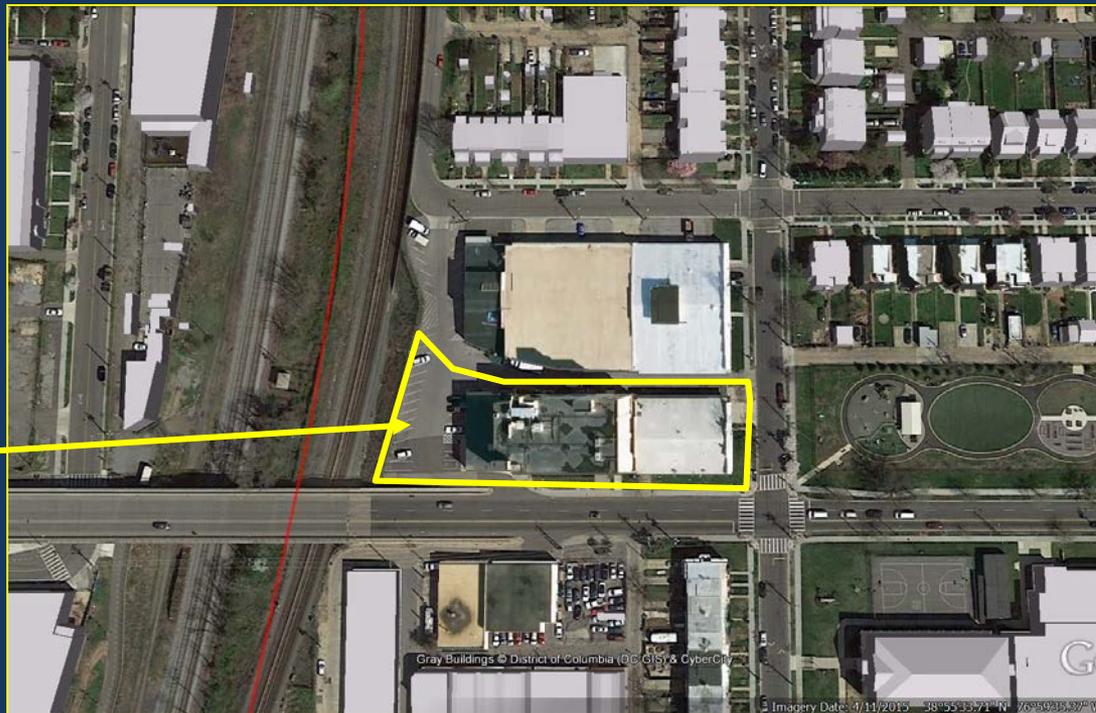




Stone Straw - Background

- 68,000 square feet: 5-story building and 2-story annex
- Built in 1931, acquired in 1971
- Small and Inefficient
- Requires Major Repairs

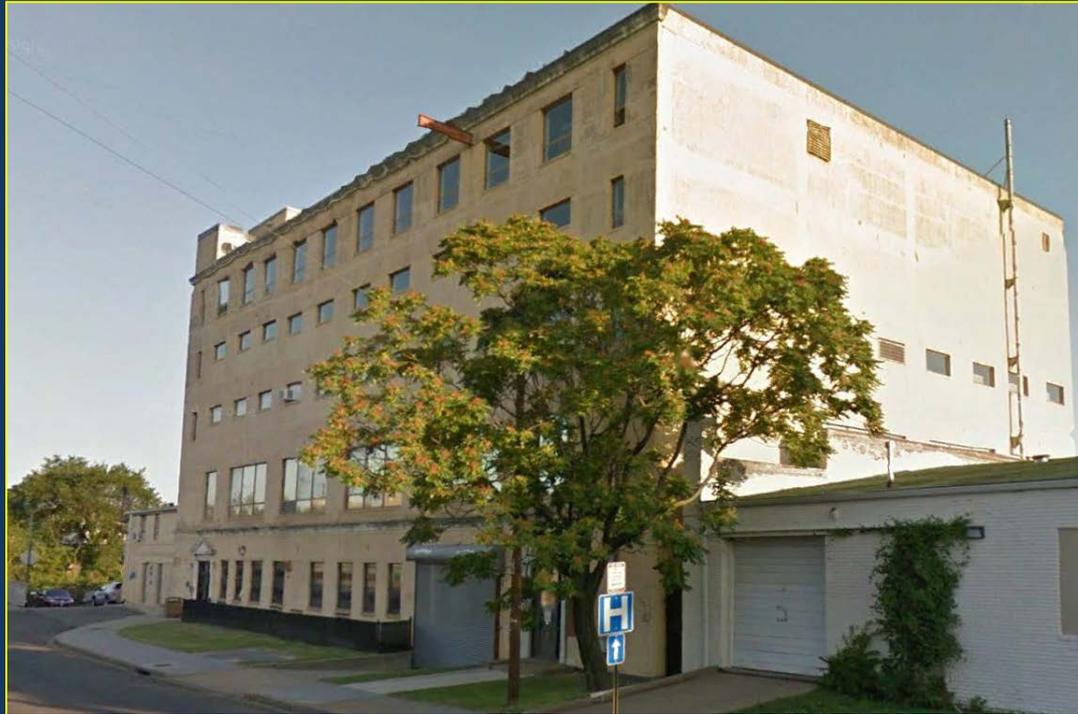
Stone Straw





Stone Straw - Sale

- Metro issued an Invitation for Bids (IFB)
- Appraised at \$6.5M
- Lease back of up to 2 years





Stone Straw – selected offer

- IFB – best net value
 - Sales price less the lease-back expense
- Selected bid
 - \$8,582,700
 - (\$858,270) rental maximum, two years



Recommendation

- Board approval for the sale of the Stone Straw Building in Northeast Washington, DC to the selected bidder with the right to lease back the site for up to two years.

SUBJECT: APPROVAL OF THE SALE OF THE STONE STRAW BUILDING LOCATED AT 900 FRANKLIN STREET, NE, IN THE DISTRICT OF COLUMBIA

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) owns the Stone Straw Building located at 900 Franklin Street, NE, in Washington, DC (Stone Straw); and

WHEREAS, Stone Straw is spatially inadequate for WMATA's operational needs and requires major capital repairs; and

WHEREAS, WMATA is in the process of acquiring a warehouse at 10201 Good Luck Road in Lanham, Maryland, into which to relocate the Stone Straw functions; and

WHEREAS, WMATA issued an Invitation for Bids for the sale of Stone Straw with a requirement that WMATA be allowed to leaseback the property for up to two years; and

WHEREAS, WMATA received and selected a bid of \$8,582,700 for Stone Straw with a two-year rental rate of \$5.52 per square foot (i.e., up to \$860,000 for the full two years); now, therefore be it

RESOLVED, That the Board of Directors approves the sale of Stone Straw with a two-year leaseback provision in accordance with the selected bid; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with §8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure Nos.:

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

21.3.1 Fee Simple Disposal