

**PROSPECTUS – LEASE  
PENSION BENEFIT GUARANTY CORPORATION  
WASHINGTON, DC**

Prospectus Number: PDC-10-WA17

**Executive Summary**

The General Services Administration (GSA) proposes a lease for approximately 431,800 rentable square feet (RSF) of space for the Pension Benefit Guaranty Corporation (PBGC), currently located in three leases at 1200 K Street, 1225 I Street, and 1275 K Street in Washington, DC.

The lease will provide continued housing for PBGC and will improve PBGC's office and overall utilization rate from 125 to 111 usable square feet (USF) per person, and 216 to 199 USF per person, respectively, while housing current personnel in 35,360 RSF less than the total of its current occupancies.

**Description**

Occupant:	Pension Benefit Guaranty Corporation
Current Rentable Square Feet (RSF)	467,160 (Current RSF/USF = 1.20)
Estimated Maximum RSF:	431,800 (Proposed RSF/USF = 1.20)
Expansion/Reduction RSF:	35,360 (Reduction)
Current Usable Square Feet/Person:	216
Estimated Usable Square Feet/Person:	199
Proposed Maximum Lease Term:	15 Years
Expiration Dates of Current Leases:	12/10/18
Delineated Area:	Washington, DC, Central Employment Area
Number of Official Parking Spaces:	9
Scoring:	Operating lease
Estimated Rental Rate <sup>1</sup> :	\$50.00 / RSF
Estimated Total Annual Cost <sup>2</sup> :	\$21,590,000
Current Total Annual Cost:	\$25,210,054 (Leases effective 12/11/2008, and 10/01/2014)

<sup>1</sup> This estimate is for fiscal year 2018 and may be escalated by 1.95 percent annually to the effective date of the lease to account for inflation. The proposed rental rate is fully serviced including all operating expenses whether paid by the lessor or directly by the Government. GSA will conduct the procurement using prevailing market rental rates as a benchmark for the evaluation of competitive offers and as a basis for negotiating with offerors to ensure that lease award is made in the best interest of the Government.

<sup>2</sup> New leases may contain an escalation clause to provide for annual changes in real estate taxes and operating costs.

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**Background**

The PBGC mission is to protect the retirement incomes of more than 40 million American workers in more than 26,000 private-sector defined benefit pension plans. PBGC was created by the Employee Retirement Income Security Act (ERISA) of 1974 to encourage the continuation and maintenance of private-sector defined benefit pension plans, provide timely and uninterrupted payment of pension benefits, and keep pension insurance premiums at a minimum.

**Justification**

PBGC maintains three headquarter leases located at 1200 K Street NW, 1275 K Street NW, and 1225 I Street NW, in Washington, DC. These leases are coterminous, expiring December 2018. The PBGC has a continuing need for headquarters office and support space to fulfill its mission. Consolidating the three existing leases will streamline operations and improve PBGC's footprint by 35,360 RSF. Without this reduction, the status-quo cost of continued occupancy would be \$23,358,000.

**Summary of Energy Compliance**

GSA will incorporate energy efficiency requirements into the Request for Lease Proposals and other documents related to the procurement of space based on the approved prospectus. GSA encourages offerors to exceed minimum requirements set forth in the procurement and to achieve an Energy Star performance rating of 75 or higher.

**Resolutions of Approval**

Resolutions adopted by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works approving this prospectus will constitute approval to make appropriations to lease space in a facility that will yield the required rentable area.

**Interim Leasing**

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

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**Certification of Need**

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

Submitted at Washington, DC, on June 9, 2016

Recommended:



Commissioner, Public Buildings Service

Approved:



Administrator, General Services Administration