



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
May 14, 2011**

DATE: April 28, 2011

SUBJECT: Approval of Election of Option to Extend a Deed of Lease, between CESC Square L.L.C., as Landlord, and the County Board of Arlington County, Virginia, as Tenant, for a Second One Year Period, for the BRAC Transition Office Space at 1638 B Crystal Square Arcade, Arlington, VA (RPC Number 34-020-249), and Ratification of Election Notice.

C. M. RECOMMENDATIONS:

1. Approve the Election of Option to Extend a Deed of Lease, between CESC Square L.L.C., as Landlord, and the County Board of Arlington County, Virginia, as Tenant, for a second one year period, for the BRAC Transition Office space at 1638 B Crystal Square Arcade, Arlington, VA.
2. Ratify the Real Estate Bureau Chief's execution, and delivery to the Landlord on behalf of the County Board, of the attached Notice of Election of Option to Extend Deed of Lease.

ISSUE: There are no outstanding issues associated with the recommended action.

SUMMARY: By approving and ratifying the execution and delivery of the Notice of Election of Option to Extend the Deed of Lease, the County will notify the Landlord of the County's desire to extend the Lease for a second one (1) year lease term. A Lease extension would enable Arlington Economic Development ("AED") and Department of Human Services ("DHS") staff and programs to continue to occupy the 1,564 square feet of office space at 1638 B Crystal Square Arcade to address the impact resulting from the 2005 Base Realignment and Closure Commission ("BRAC") actions.

BACKGROUND: On August 23, 2007, the County entered into a three (3) year and thirty (30) day Deed of Lease for AED's BRAC Transition Office, with the option to renew for two additional one year terms. The first option to renew was exercised in 2010 and this renewal term runs through October 31, 2011. The office provides services to those workers and businesses that are adversely impacted by the U.S. Department of Defense impending program changes, including base closures or realignments, base expansions, and contract or program cancellations.

County Manager:

County Attorney:

16.

Staff: Betsy Herbst, DES-Real Estate Bureau and Andrea Morris, AED

DISCUSSION: The exercise of the second renewal option, per Section 48 of the Lease ("Renewal Option"), would allow the County to continue to operate its BRAC Transition office in the leased premises for another year. Some of the pertinent provisions of the Renewal Option section of the Lease are as follows:

- During the second extended term, base rent will increase, by 3 percent per square foot per annum, to the total of approximately \$29,925.00 during the second extended term. The County also is required to pay for its' pro rata share of increases of the common area maintenance fee and real estate taxes.
- The County has no further extensions under the Deed of Lease.

FISCAL IMPACT: Funding for the leased space is currently provided by a grant from the Virginia National Defense Industrial Authority of the Commonwealth of Virginia (VNDIA) through December 31, 2011. It is anticipated that a federal grant from the Department of Labor will be issued to the County in the next several months. At that time, the County Manager will come back to the County Board to appropriate the additional funds necessary to fund the lease obligation through the end of FY 2012. If the grant is not received by the County, other funding sources will be identified to cover the remaining lease obligation for FY 2012.

EXHIBIT A



DEPARTMENT OF ENVIRONMENTAL SERVICES
Engineering and Capital Projects Division, Real Estate Bureau
2100 Clarendon Boulevard Suite 800 Arlington, VA 22201
TEL 703.228.4354 FAX 703.228.3789 uarkin@arlingtonva.us

April 28, 2011

VIA Hand Delivery and Certified Mail

CESC Square L.L.C.
c/o Vornado/Charles E. Smith L.P.
2345 Crystal Drive, Suite 1000
Arlington, Virginia 22202
Attn: Mr. Patrick Tyrrell, Chief Operating Officer

Re: Notice of Election of Option to Extend the Deed of Lease dated August 23, 2007 ("Lease") between CESC Square L.L. C., as Landlord, and The County Board of Arlington County, Virginia, as Tenant ("County"), for 1638 B Crystal Square Arcade, Arlington, Virginia 22202

Dear Mr. Tyrrell:

Pursuant to Section 48 of the Deed of Lease, the County is hereby exercising its option to renew its Lease for a Second Extended one (1) year term for the County/Arlington Economic Development's BRAC Transition office at 1638 B Crystal Square Arcade, Arlington, Virginia 22202.

The Second Extended Term shall commence on November 1, 2011 and shall expire on October 31, 2012. Base Rent shall be increased in accordance with the terms of the Deed of Lease.

If you should have any questions, please call Betsy Herbst at 703-228-3836. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Uri Arkin".

Uri Arkin
Real Estate Bureau Chief

cc: AED-Andrea Morris and Mike Goodrich

Vicinity Map
1638 B Crystal Square Arcade
RPC # 34020249



34020249

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18TH ST S



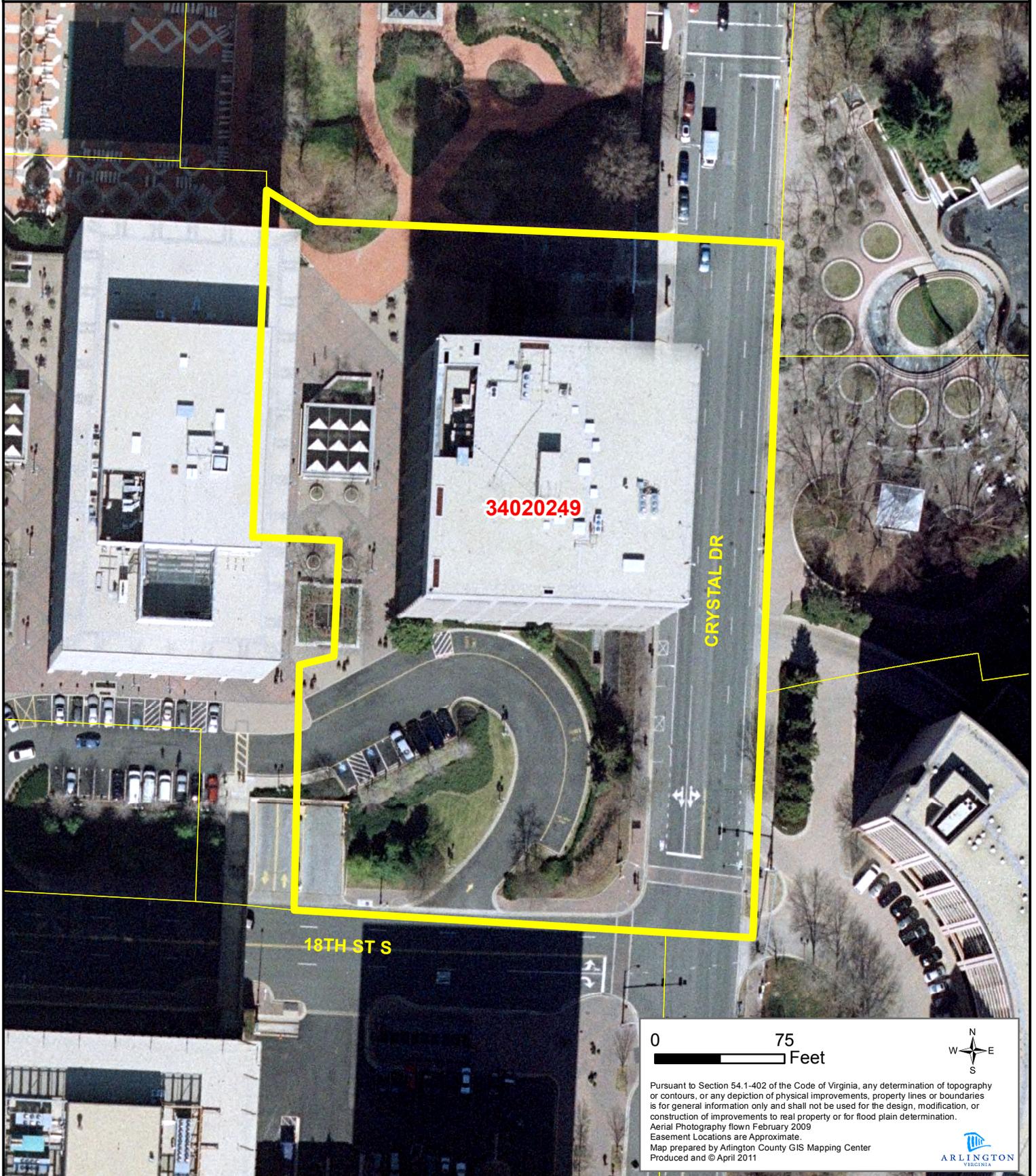
Pursuant to Section 54.1-402 of the Code of Virginia, any determination of topography or contours, or any depiction of physical improvements, property lines or boundaries is for general information only and shall not be used for the design, modification, or construction of improvements to real property or for flood plain determination. Aerial Photography flown February 2009. Easement Locations are Approximate. Map prepared by Arlington County GIS Mapping Center. Produced and © April 2011



Vicinity Map

1638 B Crystal Square Arcade

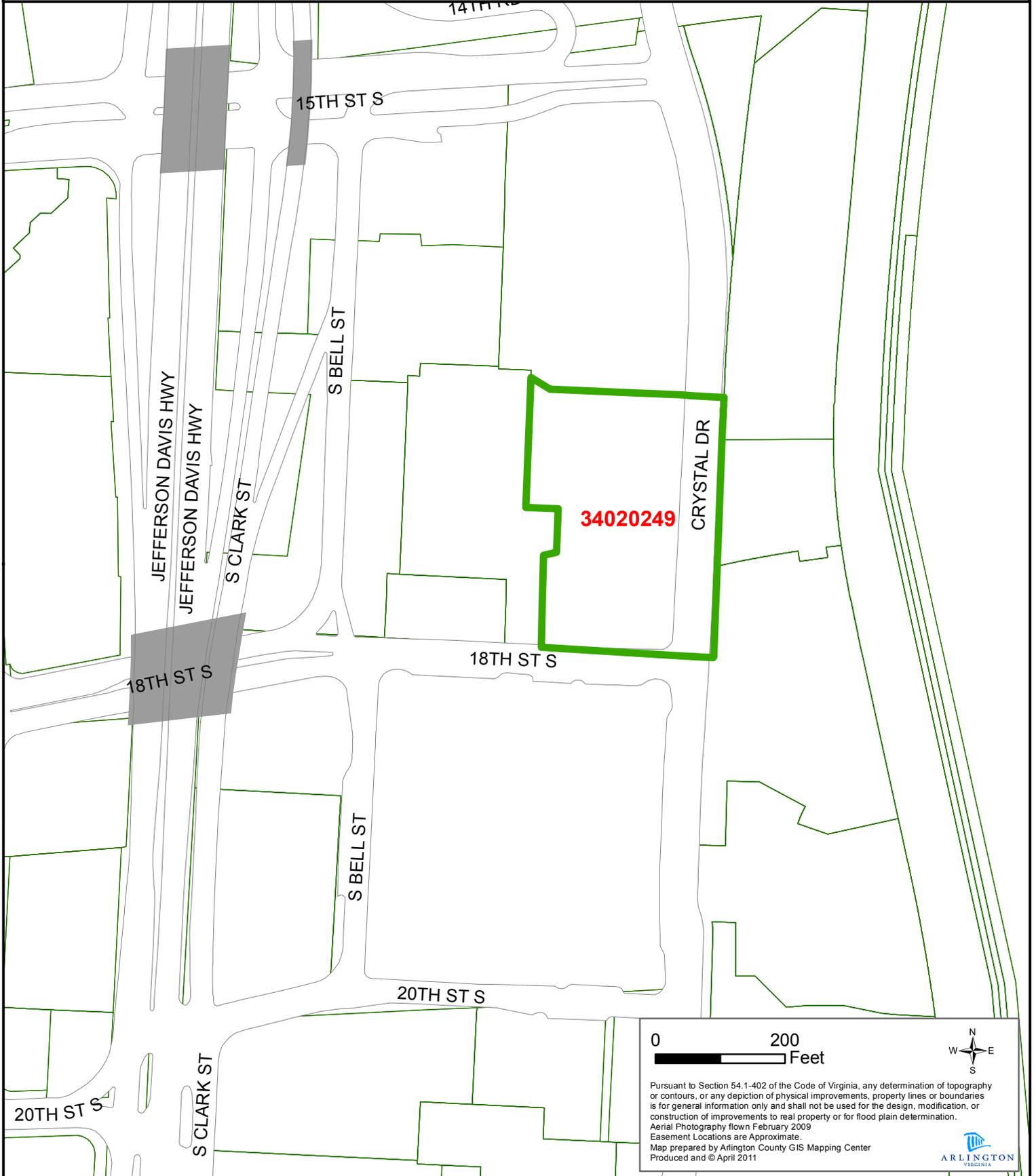
RPC # 34020249



Vicinity Map

1638 B Crystal Square Arcade

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