

As of February 3, 2009

## Fact Sheet – BPG Building Purchase

### Background

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In November 2004 the School Board approved the consolidation of Fairfax County Public Schools' administrative offices into a central campus at Gatehouse I and Gatehouse II in Falls Church. Phase I of the two-phase consolidation was completed in May 2006 and enabled the school system to save approximately \$10 million.

### Business Case

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There is a compelling business case to act now. The current down-turn in the economy provides a unique business opportunity. Specifically, there are opportunities in -

- **Sale Price:** \$45.0 million (Same as what owner paid in 2006)
- **Location:** The BPG building is adjacent to FCPS's Gatehouse I Administration Center.
- **Availability:** The BPG building is now vacant. This would facilitate planned renovation and consolidation efforts.
- **Buy vs. Build:** The purchase and renovation of the BPG building is \$50.4 million more cost effective than building on the existing FCPS pad site. Further, the BPG's building size of 275,000 square feet is 67,000 square feet larger than what can be built on the FCPS pad site. The value of this "bonus" space is estimated at \$27.6 million (includes build, fit-out and furniture). Combined the cost avoidance/savings of this purchase over building on the FCPS pad site is \$78.0 million.
- **Interest Rates:** Current interest rates are low which combined with the County's AAA bond rating make for very favorable financing. Debt service impact will be deferred until FY 2013.

### Budget Case

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- **Self-Funding:** The purchase, renovation and operation of the BPG building is self-funded through the consolidation of the 15 status quo FCPS owned and leased administrative properties. No direct school operating or capital funds are impacted.
- **Life-cycle Cost Savings:** The 31-year life-cycle cost savings and avoidance over the 15 status quo properties is a net present value of \$62.2 million. When adjusting for inflation for the same time period the cost avoidance/savings are \$193.4 million.
- **Budget Benefits:** Specifically within the life cycle cost savings, there are savings as shown below that will help address the budget deficits projected for FY 2010 and beyond. These savings are attributable to vacating (5) leases and (28) position reductions associated with the consolidation:

	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>Total</u>
- Position Savings	\$1,635,421	\$1,710,650	\$2,783,418	\$6,129,489
- Lease Savings	\$1,454,935	\$1,854,756	\$1,953,062	\$5,262,753
Total:	\$3,090,356	\$3,565,406	\$4,736,480	\$11,392,242

- **Potential Additional Lease Cost Avoidance:** In addition, if we do not consolidate, we will have to lease additional space to accommodate staff currently located in the Lacey and Devonshire centers that are planned within the Capital Improvement Plan (CIP) to be returned to use as schools. We estimate the annual lease costs for both buildings to be approximately \$1.7 million per year.

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## School Case

The consolidation will provide the following school use opportunities:

- Completion of the consolidation will allow the school system to transfer the final three properties (Leis, Sprague and Wilton Woods Centers), promised to the Board of Supervisors as a part of the transaction that resulted in \$150 million in increased funding for the school system's capital improvement program to build and renovate schools.
- Due to the size of the BPG building the School Board will be able to potentially vacate 3 administrative centers (Lacey, Devonshire and Dunn Loring Centers). Two of these sites, Lacey and Devonshire, are already planned to be returned to use as schools. Specifically:
  - Construction of a new Lacey facility adds significantly more seats since it will be an entirely new school. The net capacity deficit in surrounding elementary schools (Beech Tree, Belvedere, Annandale Terrace, Braddock, Woodburn and Columbia) is projected to be 788 students.
  - Renovation of Devonshire will add about 100 additional student seats as compared to what we could do at Graham Road. The net capacity deficit in surrounding elementary schools (Westlawn, Pine Spring, Timber Lane, Shreveview, Stenwood and Fairhill) is projected to be 67 students.
  - The Dunn Loring site is being considered as part of the school system's needs to meet enrollment growth that will occur as a result of development at Tyson's Corner.

## Consolidation Plan - Phase II: FCPS Owned and/or Leased Facilities

There are fifteen (15) properties that will be impacted by the Phase II consolidation that are summarized below. Combined, the properties comprise 331,247 square feet and 1,084 workstations.

Property	Size (SF)	# Work Stations	Property Disposition
<b>FCPS Owned Buildings - 6 (To be totally Vacated)</b>			
- Devonshire Center	42,840	136	Retained by FCPS-Community School
- Dunn Loring Center	42,405	109	Retained by FCPS-ES School Site
- Lacey Center	23,193	98	Retained by FCPS-ES School Site
- Leis (Walnut Hill) Center	38,351	120	Transfer to Fairfax County
- Sprague (Chapel Square) Center	43,300	177	Transfer to Fairfax County
- Wilton Woods Center (Less NOC)	33,839	184	Transfer to Fairfax County (Network Operations Center (NOC) to remain)
<b>FCPS Owned Buildings - 4 (To be partially Vacated)</b>			
- Forte Center	13,600	72	Re-used by Transportation Academy
- Lorton Center	2,500	14	Re-used by Spec Ed/Area 2 Transportation
- Luther Jackson Intermediate	5,000	N/A	School Board Auditorium returned to school use
- Pickett Road Annex	750	3	Re-used by Attendance Officer Program
<b>FCPS Leased Building - 5 (To be Terminated)</b>			
- Brown Building Lease	7,500	59	Lease Termination 04/30/09
- Centreville Crossing Lease	4,801	N/A	Lease Termination 11/30/10 (Staff to Edsall Park)
- City Square Building Lease	20,837	84	Lease Termination 08/31/09
- Democracy Lane Lease	5,331	28	Lease Termination 06/30/09
- Instructional Svc Supt Ctr Warehse	47,000	N/A	Lease Termination 09/30/09 (Staff to Forte Ctr)
<b>Total:</b>	<b>331,247</b>	<b>1,084</b>	

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