DATE: February 17, 2006

SUBJECT: Approval of the First Amendment to Lease Agreement, between The County Board of Arlington County, Virginia and Subway Realty of Richmond, Inc. on the County's real property located at 1435 North Courthouse Road, Suites 10 and 11, Arlington, VA (RPC #17015006).

C. M. RECOMMENDATIONS:

1. Approve the attached First Amendment to Lease Agreement, between The County Board of Arlington County, Virginia and Subway Realty of Richmond, Inc. on the County's real property located at 1435 North Courthouse Road, Suites 10 and 11, Arlington, VA (RPC #17015006).

2. Authorize the Real Estate Bureau Chief, or his designee, to execute on behalf of the County Board, the First Amendment and all related documents subject to approval as to form by the County Attorney.

ISSUE: None.

SUMMARY: Following County Board approval and proper execution of the First Amendment to Lease Agreement (“First Amendment”), Subway may continue to occupy its leased premises on the plaza level of the Judicial Center.

BACKGROUND: Staff finalized the negotiation of the First Amendment to extend the term and amend other sections of the initial Lease, dated May 11, 1996, for Subway.

DISCUSSION: The attached First Amendment has been structured to provide a commercially viable agreement to protect the County’s rights and needs as a local government so Subway may continue to occupy its leased premises on the plaza level of the Judicial Center. The agreement includes approximately 1,960 square feet of retail space on the first floor of the building “Original Premises.” On March 31, 2006, Subway will surrender Suite 11, consisting of 600 square feet, of the Original Premises so Arlington Federal Credit Union can absorb it. Some of the pertinent provisions of the First Amendment are as follows:

County Manager: 
County Attorney: 
Staff: Linda DePersis, DES, Real Estate Bureau
• On March 31, 2006, Subway shall surrender Suite 11, consisting of 600 square feet, of the Original Premises.

• Subway shall continue to lease Suite 10, consisting of 1,360 square feet "Leased Premises".

• The extended term for the Leased Premises commences on April 1, 2006.

• Effective April 1, 2006, Base Rent is increased from $27 per square foot per annum to $32 per square foot per annum. Base Rent equates to $3,626.67 per month.

• Base Rent shall be increased by 3-percent, and rounded up to the nearest dollar, upon each subsequent anniversary of the Extended Term.

• Subway handles and absorbs all costs associated with maintenance for the Leased Premises.

• Subway pays all utility costs.

• The Lease, as Amended, expires on March 31, 2016.

FISCAL IMPACT: If the attached First Amendment to Lease Agreement is approved and executed on behalf of the County, then the County shall collect $498,908 as revenue during the extended term of the Lease. This revenue is currently included in the FY 2006 budget and will be included in future budgets. Lease rental revenue for all County based facilities is budgeted in the general fund and this lease amendment does not materially impact the budgeted revenue for FY2006 and proposed FY2007.
Approval of the First Amendment to
Deed of Lease for the Library at
Shirlington Village, Arlington, VA