

ARCH Presentation at RA Community Meetings on Headquarters Referendum
March 5, 2009

Good evening, my name is Frank Pfeilmeier and I live in Reston on Turtle Pond Drive. I am here to represent the Alliance of Reston Clusters and Homeowners and share our position on the HQ referendum.

ARCH worked collaboratively with the RA Board on the prior HQ referendum and on the governing documents referendum, which we supported. This time, we just do not believe RA, to date, has made the case to justify authorizing nearly double the space and triple the cost on a new Headquarters.

ARCH accepts that:

- *Buying or building an RA headquarters, under the right circumstances, could be a worthwhile alternative to leasing; and*
- *RA may well need to upgrade and increase the current office space, especially to provide additional conference and meeting space.*

However, especially in this economy, ARCH felt the RA Board needed to make a clear, open, and compelling case for this *increased* authority and it has not. Key questions remain:

- *Why 35,000? A bar graph has been provided showing proposed space increases by department but does not explain to members when and why growth will occur and how increased space will be utilized (an analysis the Board has said is "confidential"). ARCH confirmed with multiple sources that 250 sq. ft. / employee is an industry standard. For 60 employees, 20% growth over current HQ base, that would equate to 15,000 sq. ft. of needed office space. ARCH then added 5,000 sq. ft. of new conference space to get to 20,000 sq. ft. Note that at RA's estimated \$280/sq. ft. (derived from 10 year estimated cost spreadsheet) the existing \$6.4M authorization from 2005 would allow purchase of 23,000 sq. ft.*
- *Why \$15 million? That is 50% more than the planning estimate of \$9.8 million (taken from RA's 10 year estimated cost spreadsheet), and could allow purchase of more than 50,000 sq. ft. (again at \$280 / sq ft). Where is all this money, including any initial down payment, going to come from? You have said you may take some from the Repair and Replacement fund. The impact on RA's cash position is very important.*
- *At What Cost? The impact to members assumes buying will cost the same as leasing, however:*
 - *All your financial analyses assume \$9.8M to buy or lease, but you've asked for \$15M to buy. In today's market that could buy more than 50,000 sq. ft. -- and staff has said you might do that for the right deal. You would never lease that much space;*
 - *Buying also ties up capital that may be needed for your Repair and Replacement Reserve;*
 - *And, Buying may require a significant down payment, which will make buying more expensive short term.*

While there may be benefits to buying, buying and leasing may not cost the same and the true impact to members among the various options has not been clearly defined.

Thank you for this time. I have copies of ARCH's Issues Bulletin available and all our information is on our web site, restonarch.org.