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BAY AREA HEADQUARTERS AUTHORITY

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June 18, 2012

Mr. Peter Shteyn
Area Manager, Real Estate Acquisition Division
U. S. General Services Administration
450 Golden Gate Avenue
San Francisco, CA 94102

RE: Relocation of Western Labs

Dear Mr. Shteyn:

This is a follow-up to on-going discussions with the General Services Administration (GSA) regarding the early relocation of the Drug Enforcement Administration (DEA) Western Labs facility from the site of our future regional agency headquarters at 390 Main Street in San Francisco. On May 9, our Deputy Executive Director, Andrew Fremier, and other team members met with you to discuss our mutual compelling business interest and to share information on potential relocation alternatives, based on limited information we have been provided to date.

In response, we received an email dated June 5, 2012 from Gabe Shuken indicating that the DEA was considering the alternative of increasing the size of the lab, which would trigger the need for congressional approval, thus adding a two year timeframe to the project and a requirement to extend the lease beyond June 2015. A subsequent conversation with the Bay Area Headquarters Authority (BAHA) Section Director, Teri Green and Gabe indicates that the DEA is now considering plans to move forward with seeking 35,000 square feet in a new location in the San Francisco Bay Area, which will likely not require congressional approval before proceeding.

As outlined in our letter dated May 9, 2012, BAHA is very interested in working cooperatively with GSA to identify a suitable option that meets the DEA's requirements and allows Western Labs to relocate from 390 Main Street ahead of the lease expiration (June 2015). The letter also proposed ways in which BAHA could facilitate the relocation.

Based on our initial investigation, there were 21 different real estate alternatives presented to you for consideration based on the limited information we have been provided to date. If you provide us with more detailed information on the unique requirements for Western Labs, our real estate broker, Kidder Mathews, can identify additional market opportunities within the greater bay area that specifically meet your needs. At a minimum, the square footage allocations of the various uses of space (i.e. office, lab, vault, storage) would be helpful to start.

I would like to restate our original request to have an agreed upon strategy in place no later than June 30, 2012 which would allow us to further refine our construction schedule and determine the extent to which we need to work around Western Labs. I would appreciate a formal written response from GSA to the proposed strategy outlined in our May 9 letter. I want to emphasize that extension of the current lease is not an option.

Finally, I would like our team members, Bryan Henderson from Western Labs, and our construction contractor to begin discussions immediately on the proposed construction activities and mitigation measures since it is also likely that Western Labs will remain during the seismic retrofit and renovation work, which is due to start in September. The seismic retrofit work will undoubtedly have an impact on your operations which we would like to minimize if not avoid. This meeting must occur regardless of the outcome of the relocation discussions.

I remain confident, that with your continued cooperation and partnership, we will be successful in working towards a solution that is mutually beneficial. However, time is now of the essence and any further delays in reaching an agreement will negatively affect our ability to move forward with the renovation project.

You should work directly with Andrew Fremier in setting up the requested meeting. He can be reached at 510-817-5840 or by email at afremier@mtc.ca.gov.

Sincerely,

Steve Heminger
Executive Director

SH:abf

CC: Honorable Nancy Pelosi, House Democratic Leader

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