



# Massachusetts Bay Transportation Authority

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## Warehouse Space Expansion

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# Warehouse Expansion – Overview

***As the MBTA continues to invest in more efficient and reliable vehicles and infrastructure it requires a more strategic long term inventory strategy.***

- Today's presentation addresses the warehouse and inventory needs for current and future MBTA investments.
  - Investments made require warehouse and inventory space *for Parts and Material* for daily operations *and Capital Spares*
  - MBTA must also *maintain existing inventory until full integration* and disposition ability of obsolete material or capital spares
  - MBTA has a *considerable amount of capital spares inventory throughout the MBTA locations and outside*
- *Acquire lease term that provides enough time to plan, acquire and build an MBTA owned location*
- This procurement is requesting approval for an additional 205k square feet (sq. ft.) of warehouse and inventory space.



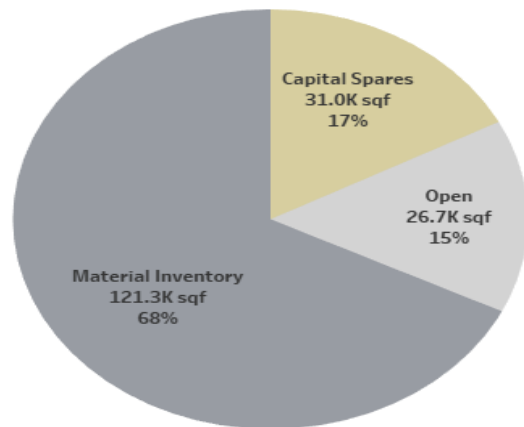
# Warehouse Inventory Today

Inventory at Central Warehouses and Bases (as of 01-Mar-22)

On Hand Value \$ **\$65.75M** Parts & Materials value

	Central Warehouse (2)	Bases (15)	
Buses	\$16.85M	\$8.82M	\$25.67M
Light Rail (Green Line)	\$9.38M	\$1.75M	\$11.14M
Heavy Rail (Red/Orange Line)	\$7.91M	\$2.42M	\$10.33M
Heavy Rail (Blue Line)	\$6.36M	\$1.60M	\$7.95M
Other (General Material)	\$4.65M	\$1.29M	\$5.93M
Working Rail (Non-Pax)	\$3.17M	\$0.77M	\$3.94M
Safety Equipment (PPE)	\$0.61M *Note PPE Does NOT include COVID PPE in Everett	\$0.19M	\$0.80M
<b>Grand Total</b>	<b>Central Warehouses: \$48.92M</b>	<b>Bases: \$16.83M</b>	<b>\$65.75M</b>

## Central Warehouse Utilization (179K sqf)



Standard Industry Inventory Storage Space Utilization is 85%

MBTA is at 85%

This does not include the majority of Capital Spares on hand distributed throughout the system



# Capital Spares Today

- Over the past 4 years the MBTA has been working to establish broader Capital Spares storage and inventory system. This warehouse space expansion is another step in the ongoing process to the establishment and consolidation of capital spares throughout the system.
- This space will provide for some critical equipment to be taken out of the elements, stored properly and maintained.
- This space also allows for additional inventory needs to the MBTA such as material for advance purchase Capital Program projects.



# Warehouse Site Selection and Proposal

- Procurement worked with MBTA Real Estate and Engineering to develop space criteria and specifications.
- Real Estate team identified warehouse opportunities ranging from 150k square feet to over 200k square feet.
- The group narrowed down options, and site inspections ensued for 7 locations, which was narrowed to 2 locations that could meet the MBTA specifications.
  - Including such items as: Bay Height, Floor Load, Minimum loading docks at grade level and docks with levelers and within I-495 beltway
- MBTA preceded negotiations on location at United Drive, in West Bridgewater 205k sq. ft.
- Below are key proposal terms:
  - \$9.95 per square foot increase by 3% each year
  - Occupancy August 1, 2022
  - Ten Year Term ending July 31, 2032 with two (2) five (5) year extension periods
  - Two (2) months free rent \$340k and Ten (10) months free rent on 55,000 sq. ft. \$456k
  - 30,000 sq. ft. demised are with HVAC to maintain 88 degrees or less.

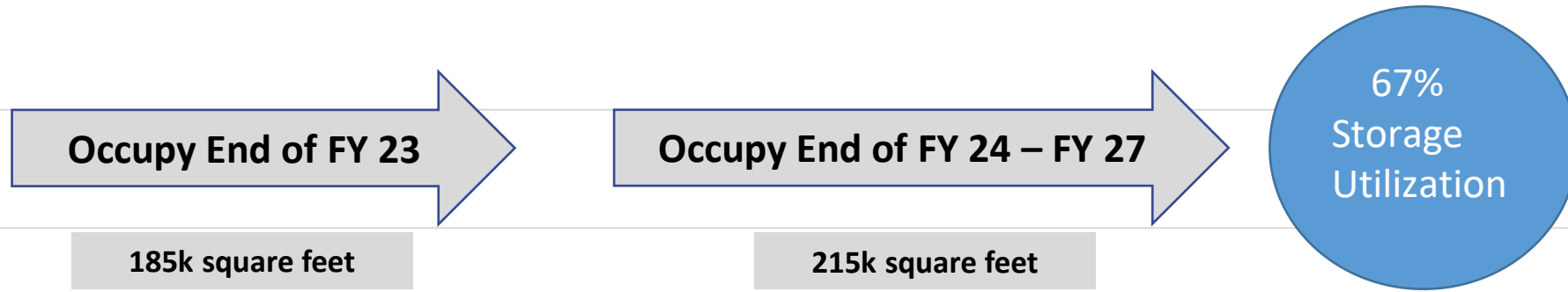


# Capital Spares Capacity Strategy & Warehouse Occupancy Timeline

## 205k Square Feet

West Bridgewater Warehouse: Yields 318,000 Sq. Ft. total available storage space to meet MBTA needs designed as:

288,000 sq. ft. Racking storage capacity  
30,000 sq. ft. Bulk on floor storage



- Existing VE Capital Spares
- Existing Watertown & Everett
- Existing Charlestown Building
- Document Storage
- New Capital Spare deliveries

- New Capital Spare deliveries
- Charlestown Electric Reels
- Arborway Bus Facility Material



# Warehouse Expansion Financial Overview

35 United Dr West Bridgewater, MA	
<b>Lease Term</b>	
Lease Commencement Date	8/1/2022
Rent Commencement Date	10/1/2022
Expiration Date	7/31/2032
Lease Term	10 Years, 0 Months
Rentable Square Footage	205,000
<b>Base Rent</b>	
<b>Starting Base Rent / Escalation</b>	<b>\$9.95/RSF NNN (3.00%/Year)</b>
Average Annual Rent	\$2,338,345 (\$11.41/RSF)
Rent Abated	\$796,000 (2 Months on total 205k sqft + full year on 55k sqft)
<b>Additional Rent</b>	
Average Annual Opex	\$333,714 (\$1.42/RSF Year 1)
Average Annual Tax	\$265,561 (\$1.13/RSF Year 1)
Average Annual Electric	\$352,514 (\$1.50/RSF)
<b>Total Gross Rent</b>	<b>\$32,105,334</b>
<b>Annual Gross Rent</b>	<b>\$3,210,533 (\$15.66/RSF)</b>

## Market Conditions:

- Warehouse buildings exist in each of the North, South and West real estate submarkets of Boston. Per Cushman and Wakefield's Quarter 4/2021 Industrial market report, "Unrelenting new demand, rising product quality expectations and finite new supply has culminated in all-time low vacancy of 3.0%.
- Each submarket has its own attributes influencing both availability and pricing.
- MBTA Base Rent year one (1) is \$9.95



# Board Vote

VOTED:

That the MBTA Board of Directors hereby authorizes the General Manager or his designee to execute a contract, on behalf of the Authority, with Ajax United Drive LLC. in an amount not to exceed \$32,105,344, in a form approved by the General Counsel, with a term to begin upon execution and to provide Warehouse Space Lease for the period August 1, 2022 through July 30, 2032.

