

DATE: October 31, 2017
TO: Joint City-Schools Task Force, Alternative Project Delivery Methods Subcommittee
FROM: AEDP Staff
RE: Status report and information requested

In response to your request, please find below additional information on projects you have identified for which alternative delivery method might be of interest or recommended. We have grouped them into themes, providing information about each site (likely not new information) and general comments on status or market intelligence, where applicable.

We have also provided a list of projects tracked in Virginia by McGuire Woods consulting that have used or been proposed under the Public-Private Education and Infrastructure Act of 2002, and identified examples from other jurisdictions that may prove instructive to review.

- **Privatization, Redevelopment or Transfer of City/School-owned assets to a different entity:**
 - **Torpedo Factory** - building & land owned by the City of Alexandria;
 - managed by a combination of City Departments- Parks, Recreation & Cultural Activities and General Services
 - City took over management effective 7/1/16
 - Previously managed (programming, tenants, rental for special events, etc.) by a City-appointed Board
 - Prior to that, managed (all of the above activities) by an Artists' Association

Maintenance needs- June 2017 update: The Torpedo Factory Art Center was included in the FY 2015 Building Assessment. The Building was rated a Grade "C" and the assessment identified a total of \$13M in capital replacements that will be required over the next ten years with approximately \$690,000 of them required over the next two years including window replacements, water heater replacement and wiring replacements. Due to funding constraints, the only source included in the FY 2017 – 2026 proposed CIP for the Torpedo Factory Repairs project is the remaining project balance of \$290,000 at the end of FY 2016 2nd Quarter to partially address these capital replacement requirements as well as any unanticipated capital repair needs at the facility.

- **Subcommittee questions raised at October 19, 2017 meeting:**
 - Is the use of the Torpedo Factory legislated?
 - Historic use of building appears to be the backbone for current use- not legislation*
 - *The City of Alexandria bought the buildings from the Federal Government in 1969- after which they sat vacant until 1974 when the Torpedo Factory Artists' Association (TFAA), a group of artist volunteers, worked with City staff to remove debris, erect studio wall, reconnect electricity and plumbing, and repaint the exterior of the building- all part of an adopted art center plan. The center opened to the public on September 15, 1974.*

- *The building underwent a major renovation from 1982 to 1983 as part of the City’s waterfront development plan- the factory was gutted entirely, including all pipes, electrical units, windows, and flooring, the second floor was constructed to include stairwells and HVAC was installed.*
 - *In 2007, following City Council’s adoption of the Mayor’s Economic Sustainability Work Group recommendations, an operational assessment of the Torpedo Factory building was produced by the TFAA (who had been running the building since 1974) that resulted in the creation, by City Council, of a mixed artist/non-artist Board called the Torpedo Factory Art Center Board (TFACB). More background is available here.*
 - *TFACB ran the Factory from 2010 until they disbanded in 2016- the City of Alexandria then took over running the building. In February 2017 the City began an engagement process to develop a set of goals and strategies for the TFAC which will help determine the appropriate governance structure for successful continued operation and long-term sustainability. This robust community process includes internal and external stakeholders as well as the broader Alexandria community. That process is still ongoing.*
- **Is there any debt associated with the asset?**
 - *No – it is owned out right.*
 - **From an operational standpoint, do the rents collected pay all of the bills? Is it a ‘money winner’ or ‘money loser’ for the City?**
 - *General Services reports that the asset is operating net neutral and that there is no capital reserve built into the rental rates. The rent collected pays for basic maintenance of the facility. According to the January, 2016 Business Analysis & Recommendations report, average rent paid by artist tenants is \$15/SF with an annual escalation of 3%.*
 - **Where do the artists come from?**
 - *Some are local, some are regional. A full census of artists should be available through the City’s Office of the Arts.*
 - **The Torpedo Factory is the single most valuable piece of property the City owns – opportunity cost - there is underfunding for critical projects. Has the City ever issued an RFP to the general development community to provide thoughts/ideas for this space?**
 - *No, In February 2017 the City began an engagement process to develop a set of goals and strategies for the TFAC which will help determine the appropriate governance structure for successful continued operation and long-term sustainability. This robust community process includes internal and external stakeholders as well as the broader Alexandria community. That process is still ongoing- background information here.*
 - *This process was promised when the City assumed operations back in July 2016, as an interim measure, and was intended to calm fears that the building may not remain an art center. The City Manager promised that within a 3-year timeframe, the best model for operating the facility would be determined.*

- *Now is an appropriate time for the Joint Facilities Task Force to recommend that the City investigate alternative models.*
- Has the City ever received any unsolicited offers?
 - *No. In 2016, there were a few interested parties preparing unsolicited offers, but feedback received from City staff was that unless it was an offer to operate the building as an art center, any new offer would be considered inconsistent with current policy and would not be taken forward to City Council for consideration.*
- **Fitzgerald Square-** The City’s Waterfront Plan calls for a new public plaza at the foot of King Street called Fitzgerald Square. The plaza encompasses the City owned properties of 1 & 2 King Street (Old Dominion Boat Club-ODBC building and parking lot), and the existing King Street Park, totaling about one acre of land. When the ODBC moves to Prince Street, the City plans to create an “interim” public space to enjoy until construction begins on the permanent park. Cost estimates for the permanent state are \$14M.
 - Programming of park space- Department of RPCA
 - Management of on-park vendors (water sports, ice rink, food, etc.)- TBD
- **Subcommittee questions raised at October 19, 2017 meeting:**
 - Are there resources to program or make the park active?
 - *No. Currently the City budget includes funding for demolition, design and construction of the interim park, but does not include operating or programming resources.*
- **Gadsby’s Tavern-** building & land owned by the City of Alexandria
 - managed by a combination of City Departments- Office of Historic Alexandria and General Services
 - The City was granted the buildings from the American Legion Post #24, which preserved the buildings from demolition in 1929; American Legion remains a tenant
 - The two historic buildings operate as a museum with restaurant space located in a portion of the 1792 building.
 - The City leases the restaurant to an “experienced contractor to operate a Federal-era themed restaurant;” RFI sent out earlier this year- there are very few operators who focus on this kind of experience.
- **Subcommittee questions raised at October 19, 2017 meeting:**
 - Does Gadsby’s make money?
 - *General Services reports that they operate net positive. Part of the funds in CIP would be put toward making the banquet hall ADA compliant and could potentially provide more appeal from an operating standpoint.*
 - Based on the deed from the American Legion, if in perpetuity, can we change use? Are there limitations on the entire building?
 - *Need to follow up with the Office of Historic Alexandria.*

- Has the City ever applied for a grant to do work on building?
 - *No. The Office of Historic Alexandria would be the appropriate department to lead that proposal.*
 - **City Hall-** building, land and parking garage owned by the City of Alexandria
 - **Subcommittee questions raised at October 19, 2017 meeting:**
 - Changing use of City Hall is controversial, but have there been discussions/ideas about use or changing the mandate of how the property is used?
 - *Historically, the first floor was used as part of a larger open air market. That use would be of interest- combined with an every-day farmers market on Market Square creating an activity and commerce on a regular basis. Council chambers and the symbolic seat of government could remain on the second floor and upper floor uses could be reevaluated.*
 - Has a formal RFI ever been solicited?
 - *No. A potential comparable is Manassas Park. They issued an RFI to do a swap. An alternative location for City Hall was identified and the existing City Hall was leased as private office space.*
 - **Shooting Range-** deferred maintenance looming, opportunity for regional solution
 - **Impound lot-** not highest and best use within ¼ mile of Metro station
 - **George Washington Middle School athletic fields-** not highest and best use of property adjacent to Metro station
 - **Subcommittee questions raised at October 19, 2017 meeting:**
 - Arlington did a ‘Christmas tree’ development so the highest buildings are around metro stations. Alexandria did not do that, resulting in missed opportunity for density at Metro stations.
 - **Cameron Run Regional Park-** ground lease is expiring, alternative uses under consideration
- **Creation of New Public Assets**
 - **New parking garages in Old Town or other parts of the city-** Other jurisdictions in Virginia have utilized
 - *See examples from Culpeper, Fredericksburg, Harrisonburg, Town of Vienna, Roanoke (McGuire Woods chart) and the Ballston Mall example in Arlington*
- **Intervention or Acceleration of Privately-owned Projects**
 - **Robinson North, East parcel-** planned for hotel, retail and significant public and active open space; current owners have the property listed for sale, pricing + public benefits required make for challenging economics
 - *See JMU/City of Harrisonburg Downtown Hotel & Conference Center example*
 - *See Virginia Beach Arena example*

- **GenOn power plant-** decommissioned coal-fired power plant in Old Town North; desired to be an anchor and catalyst, with an arts focus
- **Subcommittee questions raised at October 19, 2017 meeting:**
 - How bad are environmental issues on this site?
 - *Unsure, but do not believe the site is more contaminated than others along the waterfront and in Old Town North. Any potential purchaser of that land will look at the entire waterfront for a signal of City's desire to attract creative and flexible projects. The site totals 25 acres, though 5.7 acres have been subdivided for continued use as a power substation, leaving just over 19 usable acres on the waterfront for redevelopment. There is an opportunity to also consider the construction of marinas as part of redevelopment of both the Robinson Terminal North and GenOn properties. A P3 structure could be an opportunity to encourage the private sector to invest in marina activity.*
- **Landmark Mall-** closed regional mall, controlled by a large mixed-use developer; complicated real estate easements and agreements have created years of delay
 - Opportunity to use TIF or similar tool to assist with project and inject public uses
- **Subcommittee questions/comments raised at October 19, 2017 meeting:**
 - One like example to consider is Fairfax County's use of a TIF district at the Mosaic. How soon will this development happen?
 - *Redevelopment will not begin before 2020- now that the entire site is under single ownership/control (with a joint venture pending for the remaining 1/3 of the site), development looks more promising. A revised plan that is no longer restricted by phased development and the need to protect existing uses will take shape with the community over the next two years.*
 - Are there uses we want to see on the West End that we want to include in a revised plan? We have to give to get. The City hasn't been willing to give on things. If we won't put skin in the game to help these projects along, these sites will continue to sit. Historic usage in the past is not necessarily the future.
 - ACPS should talk to Howard Hughes about the potential of putting a school on this site.
- **Victory Center-** vacant office building within ½ mile of Metro station, currently responding to a Federal procurement
 - Opportunity to consider alternative uses in advance of sale of asset (if federal procurement is unsuccessful)
- **Subcommittee questions/comments raised at October 19, 2017 meeting:**
 - What is the timing of the current procurement?
 - *Expected to come to a conclusion by December 2017. If Victory Center is not awarded the lease, it is likely that the ownership structure of the building will change. If we have an interest in this site, now is the time to be thinking about it and talking with the existing building ownership.*

- What about using it for consolidating City facilities?
 - *It may not meet the needs of existing consolidation efforts- the building is too large (600,000 sf) for the City's office needs and would require creative thinking about other City real estate needs.*