

City of Alexandria, Virginia
MEMORANDUM

DATE: SEPTEMBER 11, 2008
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMAN, CITY MANAGER *J*
SUBJECT: UPDATE ON INDUSTRIAL LAND USE POLICY AND PLANNING STUDY FOR EISENHOWER WEST

ISSUE: City Council receipt of an update on the study of industrial land uses and redevelopment potential in Eisenhower West.

RECOMMENDATION: That City Council: (1) receive the staff update on the study; and (2) approve the summary scope of work.

BACKGROUND: In June 2008, City Council approved a policy to defer consideration for special use permits for industrial uses for the Eisenhower West area and directed staff to initiate a study analyzing the costs and opportunities of redeveloping the existing heavy industrial uses in Eisenhower West.¹ The June staff memorandum to Council contained a short outline of the issues and analysis that would be included in the study. Staff has developed a more detailed scope of work, which is summarized in this memorandum, and is close to final arrangements for various consultant and staff support for the study.

DISCUSSION: The purpose of the study is to measure the costs, risks, benefits and opportunities associated with redeveloping the industrial sites in Eisenhower West into mixed use communities. These heavy industrial uses prevent redevelopment on the parcels of land that they physically occupy, and they also limit the marketability of adjacent parcels for redevelopment. The issues addressed by the more detailed scope of work described below fall into two main categories: those related to the *removal/relocation of the heavy industrial uses*, and those related to the *potential for mixed-used redevelopment* in Eisenhower West. These two categories are connected in several ways, but the focus of this study is to determine the circumstances under which the potential value of mixed use redevelopment is sufficient to meet the expected costs of removing or relocating the industrial uses.

¹ "Eisenhower West" was specifically defined as the area bounded on the east by the Metrorail bridge crossing of Eisenhower Avenue, on the south and the west by the City borders and on the north by the railroad track corridor, plus the Virginia Paving and Vulcan sites.

Industrial Use Removal: Staff has clarified that there are four heavy industrial uses that meet the criteria specified in the Council’s June 24 action: the Waste-to-Energy plant, the ethanol transloading facility, Vulcan, and Virginia Paving.

- *Waste-to-Energy:* As noted in June, this study will dovetail with a study being conducted by the City and Arlington County to compare continued use of the Covanta waste-to-energy plant with other solid waste management alternatives. That study will also yield estimates of relocation and rebuilding costs for the plant, as well as additional operating cost impacts on the City (and County of Arlington) budgets, remediation costs, and environmental impacts (see below).
- *Ethanol transloading:* This study will determine to the extent possible the level of incentive that would encourage Norfolk Southern to remove this facility.
- *Vulcan and Virginia Paving:* The study will estimate the amount of money needed to replace the income these uses are generating for their owners.
- *Remediation costs:* The study will estimate the level of remediation that is likely to be necessary and the cost. If there is limited information available about the remediation needs of the specific sites, then the estimates will be informed by remediation costs of similar sites elsewhere.
- *Impact on cost of industrial goods:* The study will evaluate the extent to which the City or its economy is dependent on the products/services produced by these industries and whether there are cost-effective or nearby alternative sources of these products/services.
- *Environmental effects:* The study will explore the environmental effects of relocating these uses, such as: what would be the effect on air quality if these products need to be trucked longer distances? The study will also address how the current uses relate to City policies and plans, such as the Eco-City Charter and the Strategic Plan, as well as the recommendations of the Mayor’s Economic Sustainability Work Group.

Potential for Mixed-Use Development: As noted in June, the study will be looking at several redevelopment scenarios developed by staff and the consultant. The purpose of these scenarios is primarily to provide information about the economics of redevelopment and industrial relocation. Because this is a study, and not a small area plan, these scenarios will be general in nature. Nevertheless, the amount and type of development included in each scenario will be informed by site constraints, including environmental (resource protection area, floodplain), sewer capacity, access, and visibility. We expect to include in at least one of the scenarios some significantly-sized natural area or open space, and the study will look at scenarios where some of the industrial uses (e.g., the Waste-to-Energy plant) remain.

The market analysis will include evaluation of the market conditions that would trigger the amount and type of redevelopment in the selected scenarios. The market analysis will take into account competition from nearby growth centers, including Eisenhower East, Carlyle, Potomac Yard, and Landmark.

Public Engagement: The scope of work for this study includes three public engagement events. The first meeting with the community will introduce the study, describe the approach and obtain citizen and business input. The second public meeting will be held to review findings and initial analysis with the community and receive their comments. The third public meeting will present the draft final report, including findings and implications, and receive feedback.

RELATIONSHIP TO OTHER STUDIES: As noted, the industrial uses study will integrate findings of the City-Arlington County study of the Waste-to-Energy plant. In addition, the City is in the process of developing fiscal impact tools which should be available to apply to the development scenarios that will be considered in this study. As a result, this study will look at fiscal impact in a limited way that either calculates some inputs needed for fiscal impact analysis (current revenues from the industrial uses, the costs of relocating the uses and remediating the sites, City operating cost impacts, and the costs of any extraordinary infrastructure that will be needed to support redevelopment in the area).

FISCAL IMPACT: The fiscal impact of this study was estimated to be \$250,000 in June. The current estimate, based on the consultant proposal, is a base cost of \$120,000 with the potential to add up to \$50,000 for specialized expertise if needed. As noted in June, there is staff capacity for this study, although this study will use all of the remaining staff capacity for “special studies and projects” in the current budget.

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