

Docket Item #19  
CITY CHARTER, SECTION 9.06  
CASE #2004-0001  
2900 BUSINESS CENTER DRIVE

**ISSUE:** Consideration of a proposal by the City of Alexandria, pursuant to Section 9.06 of the City Charter, for the purchase of the property at 2900 Business Center Drive.

**LOCATION:** 2900 Business Center Drive  
Southeast corner of Roth Street and Business Center Drive

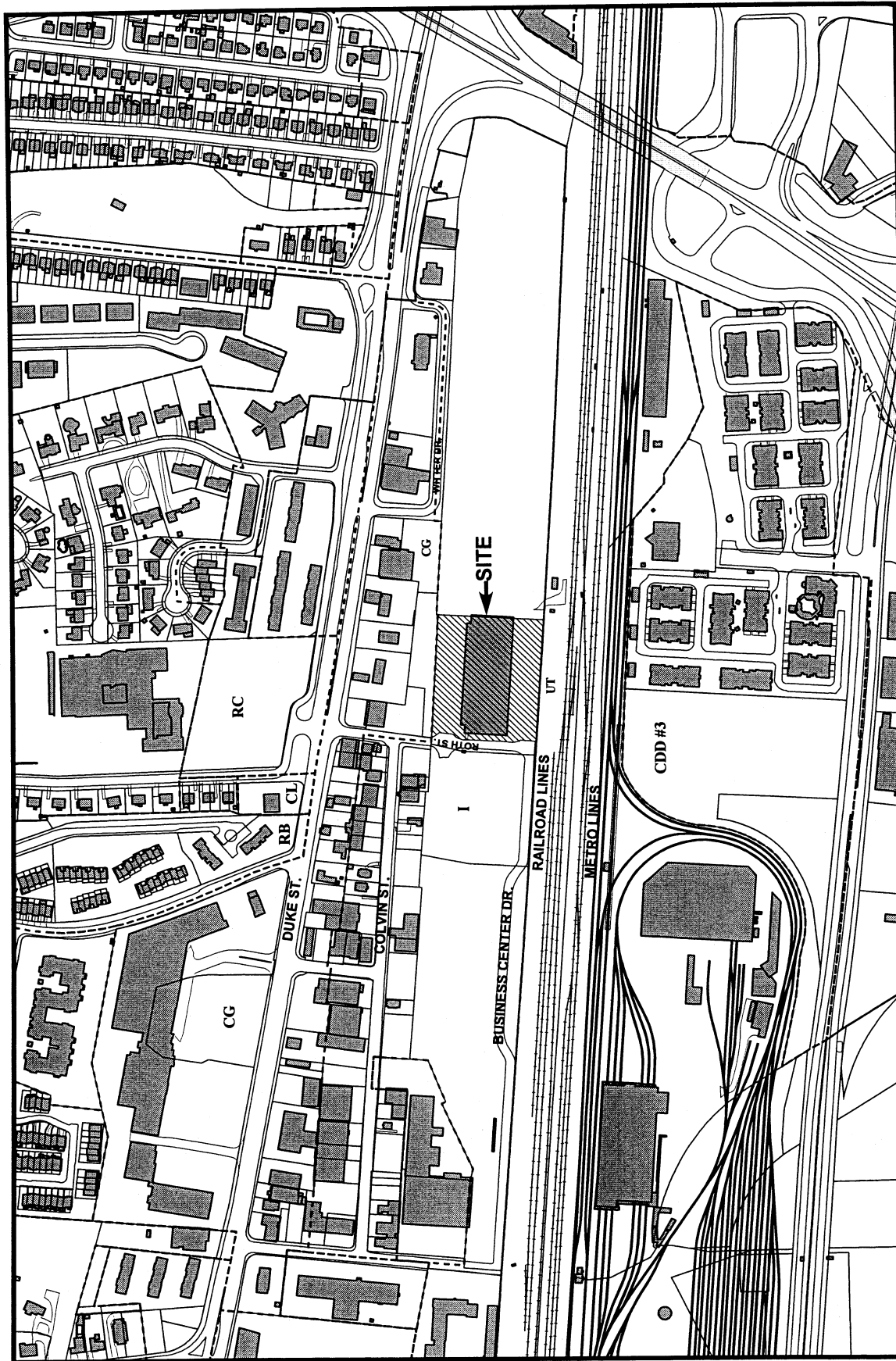
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**PLANNING COMMISSION ACTION, MARCH 2, 2004:** On a motion by Ms. Fossum, seconded by Mr. Leibach, the Planning Commission approved the request.

**Reason:** The Planning Commission agreed with staff analysis.

**Speakers:** Peter Geiling, represented the Department of General Services.

**STAFF RECOMMENDATION:** Staff recommends **approval** of the Section 9.06 action.



03/02/04

SEC 9.06  
CASE #2004-0001



## **DISCUSSION**

The City intends to purchase the property at 2900 Business Center Drive. Section 9.06 of the City Charter requires that the Planning Commission approve any acquisition or sale of public land and any change in streets, squares, parks, public buildings or spaces. The Planning Commission is charged with ensuring that any such acquisition, sale or change is consistent with the City's Master Plan.

### **Property Description**

The subject property is owned by Pepper Lane-Junction, LLC and located at the southeast corner of the intersection of Roth Street and Business Center Drive, below Colvin Street. The parcel is 159,162 square feet, or about 4 acres, and contains a one story, 61,125 square feet flex/warehouse building. The property also contains 124 surface parking spaces. It is currently occupied by four businesses and the City's JobLink Program.

The site is part of what was previously known as the Alexandria Business Center (ABC). A development plan for the entire site was approved by City Council in 1989 under a transition special use permit (SUP# 2289) for approximately 480,000 square feet of warehouse and office space in eight buildings. The subject property is the only portion of the ABC site that contains a building constructed under that permit. The approval for the ABC site was extended and amended (to remove parcels from the development plan area) numerous times between 1991 and 1999, and finally expired in 1999.

Approximately 10 acres of the ABC site, west of Colvin Street, was purchased previously by the City for use as a new DASH bus facility, and the Planning Commission approved the 9.06 action for that acquisition in 2000. See 9.06 case #2000-0002 attached.

### **Master Plan/Zoning**

The subject property is zoned I/Industrial. The Taylor Run/Duke Street Small Area Plan designates this site for industrial use, consistent with its historical use, and that of the immediate area. The small area plan identified the site as appropriate for long term industrial and service commercial uses.

### **Analysis**

The City views the purchase of the property at 2900 Business Center Drive as an excellent opportunity to consolidate the property from Wheeler Avenue on the west to Telegraph Road on the east, all in public ownership. It will create great flexibility during the construction and development of the new Dash facility in the short term, and an appropriate link to the planned playing fields and recreation facility to the east over time.

CITY CHARTER SECTION 9.06  
CASE #2004-0001  
2900 BUSINESS DRIVE

The site itself is currently the location of the City's Job Link program, and could accommodate additional office, warehouse, vehicle storage and light industrial or service uses in the future. Alternatively, it could become a temporary or permanent site for the current, outdated T&ES/RP&CA maintenance facility, now located on South Quaker Lane. Another short term use is for shared parking for the proposed athletic fields to be developed to the east. In the future, the City may find that its best use requires demolishing the building in order to develop other city uses, or for open space, parking, or other use in conjunction with the Witter Street fields and recreational facility now being planned.

Staff Recommendation

Staff recommends that the Planning Commission approve this section 9.06 action. The City's current and potential short term uses are consistent with the I/Industrial land use designation and zoning. Any uses not consistent with zoning will be subject to required public processes.

STAFF: Eileen Fogarty, Director, Planning and Zoning  
Edward Mandley, Director, General Services.

Attachment: 1. City Council docket item, 1/27/04 #23 (Council adopted resolution authorizing the purchase of the subject property. )  
2. City Charter, Section 9.06 Case #2000-0002

City of Alexandria, Virginia

23  
1-27-04

MEMORANDUM

DATE: JANUARY 22, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: CONSIDERATION OF RESOLUTION AND CONTRACT OF SALE TO PURCHASE THE BUILDING LOCATED AT 2900 BUSINESS CENTER DRIVE FOR CURRENT AND FUTURE CITY USES

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**ISSUE:** Consideration of a resolution authorizing the City to acquire property located at 2900 Business Center Drive from Pepper Lane-Junction, LLC.

**RECOMMENDATION:** That City Council:

- (1) Approve the City's acquisition of the property at 2900 Business Center Drive;
- (2) Ratify and confirm the attached contract for the acquisition of this property which has been executed by the City Manager conditional upon Council's approval; and
- (3) Authorize the City Manager to re-execute and amend the contract to make needed clarifications, if any, and to execute any additional documents that are necessary to complete the transaction.

**BACKGROUND:** 2900 Business Center Drive is located at the corner of Roth Street and Business Center Drive. It is an approximately four acre parcel with a 61,000 square foot flex/warehouse building. The building is currently occupied by four businesses and the City's JobLink Program.

City staff was first contacted by the owner, Pepper Lane-Junction LLC, of the availability of the property in June 2003. Shortly thereafter a Letter of Intent was negotiated and signed allowing the City to study possible short and long-term use options for the property. With the assistance of a consultant, staff evaluated a number of possible uses of the 2900 Business Center Drive property, including relocation of the Department of Transportation and Department of Recreation, Parks and Cultural Activities primary maintenance facility from its current outdated building at South Quaker Lane. Following completion of the preliminary feasibility study, staff began the acquisition, negotiation and preliminary due diligence process.

**DISCUSSION:** The purpose of the acquisition is to provide the City for generations to come, with a significant number of contiguous parcels, and a substantial number of acres, in the middle of the City, for government and public use. With the acquisition of this property, and the

acquisition later in 2004, of the adjacent 13+ acre parcel to the east (to Telegraph Road), the City will own approximately 43 acres of land (excluding Luckett Park) between South Wheeler and Telegraph, south of Duke and Colvin. This considerable assemblage of land, located in a central part of Alexandria will provide to the City, now and for the indefinite future, the capacity to house a wide variety of City facilities and to plan a broad range of public uses. In the present, this property gives the City significant flexibility regarding the re-use of nearby City properties. The flex/warehouse construction of the existing building provides great flexibility, accommodating office, warehouse, vehicle storage and light industrial uses. It can be divided into separate tenant spaces or left completely opened. The facility also allows for second floor construction within the building, providing further flexibility. Located adjacent to other City property, there are opportunities for shared parking and perhaps other shared uses. Current options for use of the property over the next ten years include the continued use by JobLink, a new T&ES/RP&CA maintenance facility, and additional shared parking for proposed athletic fields to the east.

The recommended contract provides for the conveyance of the property in "as is," "where is" condition, with the exception of certain limited representations and warranties by the seller, Pepper Lane-Junction, LLC. The conveyance of property in "as is" condition is not uncommon for property of this type, and does not pose a significant risk, given that the City is informed about environmental and other conditions of the Property. The City has reviewed the property documentation including covenants, easements, deeds, Phase I environmental survey, site plan, surveys, and building plans. Thus far, no adverse structural or environmental conditions have been found to exist on the property. The contract provides for further due diligence work, and settlement not later than March 12, 2004.

A copy of the contract, and the resolution ratifying and confirming the contract are attached. In the event Council does not approve the transaction, the City may terminate the contract without liability, to either the City or to Pepper Lane-Junction, LLC. Should the Council approve the contract, the matter will be brought to the Planning Commission for its consideration of the property's proposed use, as required by Section 9.06 of the City Charter. The proposed purchase price is \$5,850,000. An appraisal commissioned by City staff and performed by The Robert Paul Jones Company, LTD supports the reasonableness of this price.

**FISCAL IMPACT:** Since the approved FY2004 Capital Improvement Budget did not identify specific funds for acquisition of this specific property, the cost of the proposed acquisition of \$5,850,000 has had to be identified. Also, funds currently programmed in the CIP to renovate the current aging T&ES/RP&CA facility on South Quaker could be used to retrofit 2900 Business Center Drive for a new maintenance facility. The financing of this acquisition will be: (1) \$3.2 million in bond premiums paid to the City by the winning bidder at its January 6 sale of general obligation bonds, and (2) \$2.65 million in existing capital project funds previously budgeted for but not scheduled to be obligated before the end of FY 2004. Many of these projects will then be reprogrammed and budgeted for in the upcoming FY 2005 to FY 2010 Capital Improvement Program.

The operational impact of the acquisition would include the elimination of the rent payment for JobLink, totaling nearly \$500,000 over the three-year term. Potential revenue, including base rent and common area maintenance expenses, from the existing tenants is approximately \$300,000 a year until 2007. The current occupants include the following: Otis Elevator in 18,449 sq. ft. (\$136,547 per yr), California Suites in 5,853 sq. ft. (\$49,751 per yr.) and Discoveries in 5,923 sq. ft. (\$50,345 per yr.).

**ATTACHMENTS:**

Attachment 1. Resolution

Attachment 2. Contract

**STAFF:**

Michele Evans, Assistant City Manager

Mark Jinks, Assistant City Manager

Edward Mandley, Director, Department of General Services

Pete Geiling, Deputy Director, Department of General Services

**RESOLUTION NO. \_\_\_\_\_**

WHEREAS, the City of Alexandria, Virginia, desires to acquire 159,162 square feet of land, more or less, bounded by Duke Street to the north, Van Dorn Street to the west, Telegraph Road to the east, and the Capital Beltway to the south; and located at 2900 Business Center Drive, within the City of Alexandria, the said land being shown on a plat attached hereto and made part hereof, together with a one story flex-warehouse building containing approximately 61,125 square feet, all other improvements and fixtures on the said land, and all rights, privileges, easements, benefits and agreements appurtenant thereto (collectively, the "Property"); and

WHEREAS, the City of Alexandria is empowered by section 13.01 of its charter to acquire private property for the purpose of carrying out its powers and duties; and

WHEREAS, the City Council is of the opinion that a public necessity exists for the acquisition by the City of Alexandria of the Property for purposes of current and future city use, and so finds;

WHEREAS, the land records of the City of Alexandria indicate that the owners of the Property are Pepper Lane Junction, LLC, a California limited liability company; and

WHEREAS, the city attorney has negotiated, and the city manger has executed, a Contract of Sale, for the acquisition of the Property by the City of Alexandria (the "Contract");

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL  
OF THE CITY OF ALEXANDRIA, VIRGINIA:**

1. That, pursuant to the provisions of section 13.01 of the Charter of the City of Alexandria, the acquisition of the Property is approved.
2. That the Contract, in the form presented to Council, is approved, ratified and confirmed.
3. That the city manager is authorized to amend and re-execute the Contract to make any needed clarifications or corrections and to execute on behalf of the city such other requisite documents in connection with the settlement of the transaction contemplated by the Contract, and, if required, the city clerk is authorized and directed to affix or to cause to be affixed the seal of the city to such documents executed by the city manager and to attest such seal. Such officers or their designees are authorized to execute and deliver on behalf of the city such instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transaction authorized by this Resolution or contemplated by the Contract; and all of the foregoing, previously done or performed by such officers or agents of the city are in all respects approved, ratified and confirmed.

4. That the city is authorized to perform as required in connection with the Contract and such other requisite documents.

ADOPTED: \_\_\_\_\_

\_\_\_\_\_  
WILLIAM D. EUILLE  
MAYOR

ATTEST:

\_\_\_\_\_  
Jackie M. Henderson  
City Clerk & Clerk of Council

CONTRACT OF SALE

between

CITY OF ALEXANDRIA, VIRGINIA

and

PEPPER LANE-JUNCTION, LLC,

dated

January \_\_, 2004

Docket Item #2

CITY CHARTER, SECTION 9.06; CASE #2000-0002  
DASH II SITE

Planning Commission Meeting

June 6, 2000

**ISSUE:** Consideration of a proposal by the City of Alexandria to acquire real estate property for the use of DASH and, potentially, T&ES facilities, pursuant to the provisions of Section 9.06 of the Charter of the City of Alexandria.

**LOCATION:** 3100 Business Center Drive

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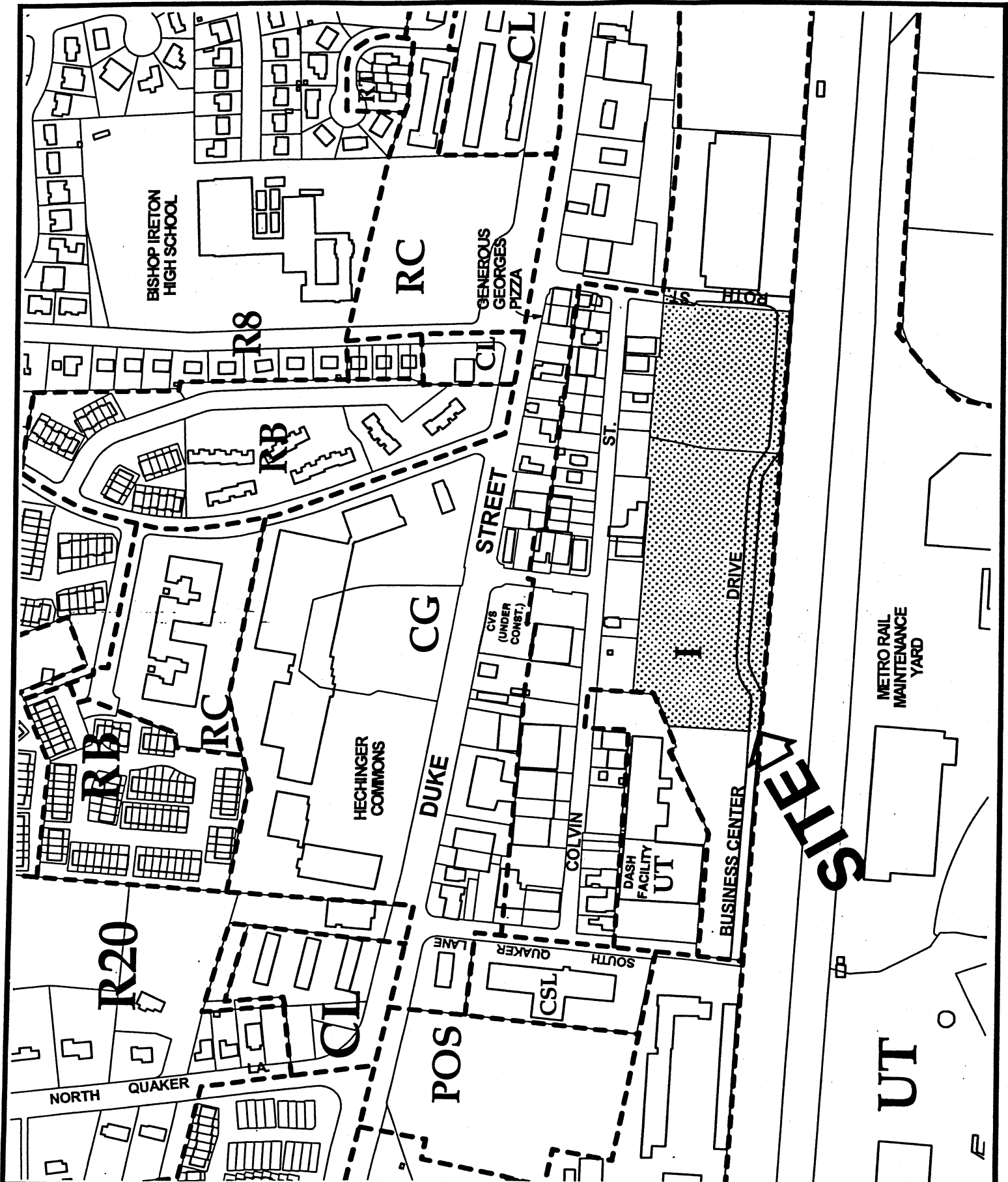
**PLANNING COMMISSION ACTION, JUNE 6, 2000:** On a motion by Mr. Wagner, seconded by Mr. Komoroske, the Planning Commission voted to approve the request. The motion carried on a vote of 6 to 0 to 1, Mr. Hurd abstaining.

**Reason:** The Planning Commission agreed with the staff analysis.

**Speakers:**

John Murphy, representing Pepper Lane Properties, the adjoining property owners, raised concerns about the impact of the proposal on the Pepper Lane property.

Jonathan Rak, representing Pepper Lane Properties, asked that the city take only the easternmost seven acres rather than the full ten acres, at this time, because of concerns about the impacts on the adjoining Pepper Lane property.



SEC. 9.06, CASE #2000-0002

6/6/00



**STAFF RECOMMENDATION:**

Staff recommends approval.

**DISCUSSION:**

The Alexandria Business Center (ABC) parcel is a 27.9 acre tract owned by CSX located between west Telegraph Road to South Quaker Lane, and between the properties fronting Colvin Street and the operating railroad right-of-way. The City proposes to purchase about 10 acres of the ABC property.

The land would be used primarily for the eventual construction of a new facility for the City's DASH bus system. The current DASH facility was designed and used as a railroad car repair facility. It now houses DASH offices, bus and maintenance, washing and storage functions, and provides for indoor storage for some of DASH's vehicles. The current facility is not large enough for current, or future, DASH operations. It is probable that the City DASH system will grow in size in the future due to the growth of the City, as well due to increased demand for transit among existing City residents. The size of the new DASH facility will derive in part from the results of a regional bus study that is now underway. A portion of the land planned to be purchased by the City may be used to by the Department Transportation and Environmental Services in order to make more efficient use of their traffic operations facility.

**Master Plan/Zoning**

The subject property is zoned I/Industrial. The Taylor Run/Duke Street Small Area Plan area designates the site for Industrial Use, and identified the site as appropriate for long-term industrial and service commercial uses.

On October 14, 1989, City Council approved a development plan for the entire ABC site under a Transition Special Use Permit (SUP#2289) for approximately 480,000 square feet of warehouse and office space in eight buildings. The first and only building constructed, containing 72,275 square feet of space, was completed sometime in the early 1990's. The approval for the ABC site was extended and amended (to remove parcels from the development plan area) numerous times between 1991 and 1999, and finally expired in 1999. The portion of the site proposed to be acquired by the City is located west of this existing building.

The portion of the ABC site located east of the existing building contains about 13 acres and is unaffected by this proposed acquisition.

**City Charter Section 9.06**

Section 9.06 of the City Charter of the City of Alexandria, Virginia, requires that the Planning Commission approve any acquisition or sale of public land and any change in streets, squares, parks, public buildings or spaces. The Planning Commission is charged with ensuring that any such acquisition, sale or change is consistent with the City's Master Plan.

CITY CHARTER SECTION 9.06; CASE #2000-0002  
DASH II SITE

Staff Recommendation:

Staff recommends that the Planning Commission approve the 9.06 action for this property. The City's intended use, for additional DASH facilities is consistent with the Industrial land use designation and zoning.

STAFF: Sheldon Lynn, Director, Department of Planning and Zoning;  
Kimberley Johnson, Chief, Development.



Ginny Hines Parry  
<ghparry@fortebrio.com>  
m>

03/02/2004 01:57 PM

*PC Docket Item #19*  
*2900 Business Center Dr.*  
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<mkomorosj@nasd.com>, "J. Lawrence Robinson"  
<jlr@cpma.com>, Stewart Dunn <hsdunn@ipbtax.com>, Donna  
Fossum <fossum@rand.org>, Jesse Jennings  
<jssjennings@aol.com>  
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<mlynnsmith@comcast.net>  
Subject: CORRECTION -- March 2, 2004 Planning Commission Docket --  
Item #18, 2900 Business Center Drive

Dear Planning Commissioners,

Provided below is a corrected letter from Alexandrians for Sensible Growth regarding Item #18 on your docket for this evening. I incorrectly stated in the letter that was emailed to you previously that City Council discussed this matter at their January 27, 2004 meeting. In fact, that meeting was postponed due to inclement weather and rescheduled for February 3, 2004. I have corrected the meeting date in the letter provided below.

Many thanks for your consideration of this matter.

Sincerely,

Ginny Hines Parry, President  
Alexandrians for Sensible Growth  
317 Skyhill Road  
Alexandria, VA 22314  
703-212-0982  
ghparry@fortebrio.com

March 2, 2004

Alexandria Planning Commission  
City Hall  
301 King Street  
Alexandria, VA 22314

RE: 3/2/04 Planning Commission Docket -- Item #18, 2900 Business Center Drive

Dear Planning Commissioners:

In February 2004, the City Manager recommended that the city purchase property at 2900 Business Center Drive for about \$6 million. The City Manager also stated that there would be additional land purchases adjacent to this property later in 2004, resulting in the acquisition of 43 acres of property. The stated purpose of this property is for the relocation of city government offices currently at 20 South Quaker Lane, such as the Department of Transportation and Environmental Services, and the construction of a DASH bus barn. This leaves a large area of property available with no specifically identified purpose.

Because the potential use of the property is varied, Alexandrians for Sensible Growth, Inc. (ASG), raised concerns about the size and expenditures associated with this acquisition. The proposed acquired property is adjacent to Roth Street, one of the corridors that was considered a potential site for a connector road between Eisenhower Avenue and Duke Street. As you know, after considerable debate, the task force reviewing potential connector roads voted each time in favor of a "no build" option. While a decision on the potential connector road has been indefinitely delayed, ASG remains concerned that the city is acquiring such a sensitive piece of property.

To address these concerns, at the **February 3, 2004** (make up meeting for the January 27, 2004 postponed meeting) City Council meeting where the 2900 Business Center property (docket item #23) was discussed, Vice Mayor Pepper questioned the City Manager about its potential uses. Specifically, Vice Mayor Pepper asked whether any part of this or future acquisition surrounding Roth Street would be used for a connector road. The City Manager confirmed that no part of the property to be acquired during 2004 would be used, in whole or in part, to build a connector road. Unfortunately, that commitment was not reduced to a writing although it is clear from the transcripts of the meeting and the dialogue.

Thus, ASG requests that Planning Commission memorialize the City Manager's representation in its review of the proposed acquisition. ASG remains concerned that the city is acquiring such a large property without a specific plan for its uses. We are pleased however that the City Manager has decided not to use the proposed acquisition for the construction of a connector road, and respectfully request that the Planning Commission memorialize this decision.

Sincerely,

Ginny Hines Parry, President

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