

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 2, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: RECEIPT OF STAFF REPORT ON PROPOSED REAL ESTATE DISPOSITION POLICY AND PROGRESS UPDATE

ISSUE: Receipt of Real Property Disposition Policy and progress update.

RECOMMENDATION: That City Council:

- (1) Receive the real property disposition update; and
- (2) Receive the proposed Real Estate Disposition Policy, and direct that it be disseminated for public comment and brought back to Council for action on March 23.

BACKGROUND: The Mayor's Economic Sustainability Work Group established by Council in October 2007 provided over 100 recommendations on economic and fiscal issues affecting the City. Many of those recommendations have been implemented, and many are in various stages of implementation. One of the ten issue areas they reviewed and made recommendations about was leveraging the City's real estate assets.

A City property inventory study was initiated June 2008 and was conducted by consultants Jones Lang LaSalle with input from the City Manager's Office, Department of General Services, Department of Planning and Zoning, and Department of Real Estate Assessments. The purpose of the study was to address several of the recommendations of the Economic Sustainability Work Group regarding City assets. Subsequent to Council's actions in regard to the City Property Report on May 26, 2009 (Attachment 1), staff has worked to craft a proposed framework for solicitation and evaluation of proposals to move forward for Council consideration, as well as have been initiating actions related to specific properties discussed at the May 26 Council meeting.

At Council's September 22 legislative meeting, Councilman Fannon introduced his "Alexandria Real Estate Long Term Lease Program" (Attachment 3). The proposed policy also addresses the leasing of City property.

DISCUSSION: The City Code Section 9.06 requires any sale of property to be approved by the Planning Commission and City Council through public hearing and ordinance. The City process to review and evaluate proposals to sell or lease City property has historically had no formally adopted process for disposition. To address this staff has developed the proposed Real Estate Disposition Policy as a part of this follow-up (Attachment 2).

A summary of the proposed real estate disposition policy is as follows:

- (1) The policy provides guidance for the management of real estate, records and reporting, declaration of surplus property, and the process through which property sales should be evaluated.
- (2) The proposed process for disposition includes:
 - (a) Solicitation of offers by invitation for bids where price is the only evaluative measure.
 - (b) Solicitation by request for proposals where price, proposed use, financial capacity of a proposer, experience, compatibility with the City's Master Plan, tax revenue and other factors may be evaluated.
 - (c) Receipt of unsolicited offers; how they are received, evaluated, notices submitted, and how recommendation would be submitted for Council consideration.
 - (d) Allows for sale or long-term lease of a property.
 - (e) Allows for direct sale to public or City-related non-profit entities.
- (3) The process establishes several levels of public input depending on the land redevelopment situation.

Real Property Disposition Update: In May of 2009, City Council received and approved a set of recommendations related to the disposition of the following properties:

- (1) Old Health Department. As authorized by Council, further study of sale versus continued long-term use by the City for offices was undertaken. Planning & Zoning, General Services, and Rust Orling Associates performed a more detailed study of options for the reuse of the 509 North St. Asaph Street facilities, including the Pitt and Oronoco surface parking lot used by City employees. The study resulted in five reuse options that are under evaluation. Jones Lang LaSalle is now undertaking the sell versus lease analysis. A recommendation will be brought to Council this spring. Private sector interest has been expressed for these sites.
- (2) 200 North Royal Street. The recommendation was to sell. This facility is currently occupied by Elder Crafters and General Services Facilities Maintenance Division. The Elder Crafter's President has been notified of the intended sale and termination of the existing lease by the summer of 2010. Staff met with the Elder Crafter Board of Directors in January and is collaborating on alternate site assessments. General Services is currently planning to move staff at this facility to the old Print Shop on South Payne Street in Spring 2010. The facility will then be listed and put on the open market.

- (3) 912, 916 and 920 King Street and 116 South Henry Street. Solicit proposals to sell and/or enter into partnership to develop the properties at 912, 916, and 920 King Street (current metered parking lot) and 116 South Henry Street (surface parking) for retail and office use consistent with the King Street Retail Plan. The next steps planned are to create a project team, including AEDP and City staff to coordinate the advertisement and solicitation of proposals. Private sector interest has been expressed for these sites.
- (4) 1505 Powhatan Street. As recommended and approved last May, the Office of Housing and Alexandria Housing Development Corporation (AHDC) has been in discussions as authorized by Council to create a mixed-income project at this site (i.e., affordable and market rate units). AHDC has presented the concept to the community and is continuing to assess the concept from both a land use and financial perspective. Further extensive discussions with the community are planned.
- (5) 401 East Braddock was previously described in the report to Council as “held until redevelopment in the area.” The adjacent property owner has subsequently approached the City about acquisition in conjunction with his planned redevelopment of adjacent parcels. It is anticipated that an offer would follow the processes outlined in the Real Estate Disposition Policy, if a formal offer is received.

FISCAL IMPACT: The proceeds from the sale of recommended properties are estimated from \$4.1 to \$6.2 million with the first proceeds not likely to be received until FY 2011 at the earliest. As per City policy, revenues from the sale of these City assets would be allocated to the City’s Capital Improvement Program (CIP) and enable additional projects to be funded in future fiscal years.

ATTACHMENTS:

Attachment 1: Council Docket Item 22 - May 26, 2009

Attachment 2: Proposed Real Estate Disposition Policy

Attachment 3: September 22, 2009, Proposal by Councilman Frank Fannon

STAFF:

Mark Jinks, Deputy City Manager

Michele Evans, Deputy City Manager

Edward Mandley, Director, Department of General Services

Jeremy McPike, Deputy Director, Department of General Services

EXHIBIT NO. 122
5-26-09

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 20, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: RECEIPT OF JONES LANG LASALLE REAL PROPERTY INVENTORY STUDY AND RECOMMENDATIONS ON THE DISPOSITION OF CERTAIN CITY OWNED REAL ESTATE

ISSUE: Recommendation for disposition of certain City properties.

RECOMMENDATION: That City Council receive the Jones Lang LaSalle real property and inventory study and authorize the City Manager to pursue the following:

- (1) Perform a more detailed study of the Old Health Department facility located at 509 North St. Asaph Street and the adjacent 511-515 Oronoco Street parking lot, and to bring back to Council a recommendation to either sell the properties for a multifamily dwelling use or hold for long-term City office space use;
- (2) Solicit proposals to sell the property located at 200 North Royal Street (also known as 405 Cameron Street);
- (3) Solicit proposals to sell and/or enter into partnership to develop properties at 912, 916, and 920 King Street (current metered parking lot) for retail and office use consistent with the King Street Retail Plan, and in conjunction with this recommendation, solicit proposals to sell and/or enter into partnership at 116 South Henry Street to develop a parking structure to support King Street retail in conjunction with these King Street properties;
- (4) Begin discussions with the Alexandria Housing Development Corporation and the Northeast Civic Association in regard to the redevelopment of 1505 Powhatan Street; and
- (5) Prior to undertaking the proposed property sale processes in #1, #2 and #3 above, seek input of the details of the proposed sale redevelopment framework from the Old Town Civic Association.

BACKGROUND: The recommendations above relate to a select number of properties identified for immediate disposition in the recently completed study. In total 361 parcels owned by the City were studied.

The Economic Sustainability Work Group established by Council provided recommendations on economic issues affecting the City which City Council adopted in principal in late 2007. The Work Group recommended a City review of owned assets as part of a comprehensive set of recommendations regarding the City's economic future. As a result, a City property inventory study was initiated in June 2008 and was conducted by real estate consultants from the nationally recognized firm of Jones Lang LaSalle with input from the City Manager's Office, Department of General Services, Department of Planning and Zoning, and Department of Real Estate Assessments. The purpose of the study was to address several of the recommendations of the Sustainability Work Group regarding City assets as follows:

- "The City should develop and keep up to date an inventory of properties that it owns.
- The City should periodically evaluate those properties to determine their long term use which would be in the long term best interest of the City.
- The City should sell, lease or otherwise dispose of properties that it determines are not needed for a public purpose after determining what is the highest and best use of those properties. Parcels the City owns in commercial areas or high land value areas should receive special focus.
- The City should look to determine if the current uses planned for properties it owns represents the most efficient utilization of the property."

These four recommendations acted upon through this real estate evaluation process resulted in the initial draft report completed April 2009. The initial report was reviewed by City staff and subsequently forwarded to the Economic Sustainability Implementation Monitoring Committee for further review and discussion. The recommendations contained herein are consistent with those resulting from this review and discussion process.

Based upon the Jones Lang LaSalle (JLL) analysis the following properties are recommended for further action:

- 1. Old Health Department Building (509 N. St. Asaph Street and Adjacent parking lots at 511, 513 and 515 Oronoco Street):** The Old Health Department is a 32,000 square foot building which was built in the 1940's. The building also contains a finished basement and 15 surface parking spaces. The adjacent parking lot on Oronoco sits on 14,500 square feet of land and contains 45 parking spaces. The facility is currently being used predominately as temporary office space for some City departments. As indicated in the JLL report, a number of reuse strategies (all of which would require significant renovation) were examined including total demolition and reuse as office space, as well as reuse as a multi-family building. The analysis showed that the highest economic use was either to retain the building for City office use (in lieu of renting private office space), or to sell the building to be redeveloped into condominiums. Either of these two uses over a 20-year period produced about the same net present value benefit to the City. Given that such a decision on continuing to use the building for City purposes or selling it needs to be made after a more detailed study,

it is recommended that a further study be undertaken to hone the financial analysis at a greater level of detail. Then a specific disposition recommendation would be brought back to Council.

2. **200 North Royal Street (also known at 405 Cameron Street):** This is a building at the Corner of Royal and Cameron that currently houses an Elder Crafter Store on the first floor and City offices on the upper two floors. The building requires significant renovation for continued use as City office space. A review of potential uses determined that the sale of this building for residential purposes (although commercial use is permitted on this site) as a single family residence would probably produce the highest economic value for the City. Given the location of this building in the heart of the Old and Historic District, and its adjacency to historic structures such as Gadsby's Tavern, this structure would likely be highly desired as a private residence. Any future purchaser would need to undertake a substantial renovation to this building. If the building is sold the City would assist Elder Crafters in seeking an alternative location.

3. **912, 916 and 920 King Street (including the nearby parking lot at 116 South Henry Street):** These lots on King and nearby across Patrick Street) are used for surface parking. The King Street lot is a metered lot, and the Henry Street lot is a staffed pay lot. The three lots on King total 9,942 square feet in size and are zoned KR (King Street urban retail zone). Based on the zoning a 25,000 square foot building could be built including 7,500 square feet of ground floor retail. Office use for the balance of the 17,500 square feet of possible development would be a likely use for the upper floors. In order to meet the parking need of a new building on this site and to replace the lost meter parking, this site is recommended to be paired with the 116 South Henry Street surface parking lot for possible development with a small parking garage. The filling in of the King Street parking lot creates the opportunity to create a large new retail space on King Street, as well as to fill in a visual gap in the retail frontage of King Street.

4. **1505 Powhatan Street:** This parcel, which is bounded on the North by Slaters Lane and which once housed a City maintenance facility, is 0.87 acres in size and is zoned Commercial Low Zone which permits both commercial and residential uses. It is largely unused by the City. The development potential of this site is limited as the western quarter of the site has a Metrorail Tunnel below. At one point the City had the site under contract for a retail/office complex but that the contract buyer did not complete the transaction, and subsequently sold for redevelopment the eastern portion of this block, leaving this 0.87 acre parcel undeveloped. Given the current depressed multi-family market for the construction of a new building for rental units or condominiums, it is not recommended that this surplus site be put on the market for competitive sale. Rather it is proposed that the City explore the development of this property with the City created and supported Alexandria Housing Development Corporation (AHDC) for affordable housing. The AHDC has recently expressed interest (see attached) in acquiring the property, and using housing tax credits and Virginia Housing Development Corporation financing to develop a 42-unit project at this site. It is not known how much AHDC would be able to pay for this parcel. It is recommended that City staff enter into discussions with AHDC about their acquisition of this parcel.

The following properties were identified as currently being utilized at less than highest potential long-term use, but offer the potential for increased revenue:

5. **517 Cameron Street; 120 & 122 North Patrick Street** - Parking Lots. These City managed lots are recommended for continued operation as parking lots, but with improved revenue. These lots are included in the King Street Parking Study which when complete is expected to provide detailed recommendations for improvements.

The following properties were identified as currently being utilized at less than a potential highest long-term use, but are recommended to be assessed in the context of future redevelopment in each area:

6. **3224 Colvin Street** (current DASH employee parking) should be held as a City asset and utilized for future growth of City needs in the Business Center Drive/ Colvin Street area.
7. **3700 Mt. Vernon Avenue** (former Datatel) should be leveraged for improved development when the adjacent area redevelops. When Arlandria Plan implementation efforts are initiated how this City asset could leverage redevelopment will be discussed.
8. **401 East Braddock** (corner at 7-11) should be leveraged for improved redevelopment in the area when the adjacent parcels are ready for redevelopment. Such a redevelopment plan is currently in the early stages of discussion.
9. **110 Callahan Drive** (Amtrak Station parking lot) should be evaluated as a part of any future King Street Metrorail station area development discussions.

The following properties were reviewed and not recommended for change in use:

10. **2311 Mt. Vernon Avenue** (farmer's market lot) current and recommended continued use a parking lot and farmer's market.
11. **3600 Jefferson Davis Highway** (former Bijan Auto) is not recommended for development due to size constraints, but is further recommended to be considered for use in conjunction with transportation improvements to Jefferson Davis Highway, at the redevelopment of adjacent parcels.
12. **1500 Duke Street**, zoned OCM 100, is a Resource Protection Area (RPA).

FISCAL IMPACT: The report recommends the sale of six parcels with the estimated sale price of \$4.1 to \$6.2 million. The realization of these revenues will take time to occur. When these properties are sold, it is recommended that these revenues be used as a revenue source for one-time non-recurring projects such as capital projects or to maintain or increase the City's operating reserves.

ATTACHMENTS:

Attachment 1. Letter dated May 18, 2009 from Daniel Abramson, President, AHDC, to Deputy City Manager Mark Jinks

Attachment 2: James Lang LaSalle Property Inventory Study

STAFF:

Mark Jinks, Deputy City Manager

Michele Evans, Deputy City Manager

Tom Gates, Assistant City Manager

Edward Mandley, Director, Department of General Services

Jeremy McPike, Division Chief, Department of General Services

Faroll Hamer, Director, Department of Planning and Zoning

Steven Chozick, Division Chief, Geographic Information Systems

Cynthia Smith-Page, Director, Real Estate Assessments

City of Alexandria

Proposed Real Estate Disposition Policy

I. PURPOSE

To provide a comprehensive policy, process and guidelines for disposing of City of Alexandria real estate. This policy is intended to create a process that is transparent to the community which engages competition for desired City assets, that maximizes return on investment, and provides a vehicle for collaboration for desired reuse or redevelopment of the property that reflects the City's economic sustainability goals and desired community assets.

II. DEFINITIONS

Surplus Land	Land and buildings that are owned by the City of Alexandria and determined surplus by their use agency and City Council.
Developable Property	Land that can be independently improved.
Undevelopable Property	Land that can only be developable with the consolidation of adjacent land.
Solicited Offers	Formally requested offers for sale of property by the City of Alexandria.
Unsolicited Offers	Offers received with no formal initial solicitation by the City of Alexandria.

III. POLICY

A. Management of City of Alexandria Real Estate Assets

- (1) City-owned real estate shall be considered for sale and sold in accordance with this policy and any applicable provisions of the Constitution of Virginia, the *Code of Virginia* section 15.2-1800 and the *Charter and Code of the City of Alexandria*. City-owned property may also be leased for non-City uses under certain conditions.
- (2) The City Manager may delegate some or all of the duties required to dispose of real estate owned by the City, except for legal advice and assistance with real estate transactions which is within the purview of the City Attorney's

Office. Any reference to "City Manager" in this policy also applies to any person or department whom the City Manager delegates his or her responsibilities detailed in this policy.

- (3) The Department of General Services, as designated by the City Manager as the lead coordinating oversight agency for all maintenance, construction and operation of City facilities, is responsible for adopting and complying with this policy with respect to City assets such as real estate and buildings. The Department of General Services will from time to time, in conjunction with other City departments, review City assets and assess utilization. Where the utilization of the asset is no longer serving a public purpose or is underutilized, the asset may be recommended to the City Manager and City Council for designation as surplus real estate. Once designated, the Department of General Services will proceed with the sale and negotiation process as described herein consistent with the Code of Virginia and City of Alexandria Code.

B. Records and Reporting

- (1) City-owned Real Estate and Surplus Real Estate- The Department of General Services shall prepare and maintain records that enumerate:
 - (a) All parcels of City-owned real estate; and
 - (b) All City-owned real estate that any City officer reports is no longer needed for municipal or public purposes together with City Manager recommendations for the disposal of such real estate in accordance with this policy.
- (2) Upon determining that specific City-owned real estate is no longer needed for municipal or public purposes, the City Manager shall report such real estate with recommendations for the disposal of such to City Council.

C. Declaration of Real Estate as Surplus

- (1) Solicitations of offers, bids or proposals for the purchase or lease of City-owned real estate shall be sought by solicitation, whether by Invitation for Bids or Request for Proposals, or auction only after authorization by City Council, who shall first have received the City Manager's recommendation and authorized the subject surplus real property to be disposed, and authorized the seeking of offers, bids or proposals by solicitation, auction, or acceptance of unsolicited offers as described in Section F herein.
- (2) The City-owned properties approved by Council on May 26, 2009, for disposition shall be considered to have been declared surplus property under this Section.

D. Solicitation of Offers by Invitation for Bids

- (1) Invitation for Bids- If determined that it is in the best interest of the City to sell or lease surplus real estate with regard to price only, the City Manager shall invite competitive sealed bids for such real estate. All Invitations for Bids shall:
 - (a) Be expressly conditioned on Council approval of the sale of the real estate to the successful bidder in accordance with City Code Section 9.06;
 - (b) Provide that bids will be evaluated solely on the basis of the price and relevant terms not related to price as stated in the bid;
 - (c) Require that each bid be received by the City Manager's designee no later than a specifically stated date and hour; and
 - (d) Require that a deposit in accordance with this policy accompany each bid.
- (2) Solicitation- All Invitations to Bid shall be initiated:
 - (a) By publication on the City's web site, and
 - (b) By such other means as to provide reasonable notice to the maximum number of persons reasonably anticipated to submit bids in response to the particular Invitation to Bid.
- (3) Acceptance or Rejection of Bids- Once the date and hour for the receipt of bids has passed and the bids have been evaluated, the sale of the real estate will be recommended to Council if the bid has met minimum pricing requirements, the bidder has complied with the conditions of this section and offers the highest price for the City-owned real estate. No other criteria shall be considered in evaluating bids solicited under this section.

E. Solicitation of offers by request for proposals

- (1) Request for Proposals- If the City Manager determines that it is in the best interest of the City to sell or lease surplus real estate with regard to factors other than price, but which may include price, the City Manager shall request proposals for the real estate. All Requests for Proposals shall:
 - (a) Be expressly conditioned on Council approval of the sale of the real estate to the successful proposer in accordance with Section 9.06;
 - (b) Set forth in detail the factors upon which the proposals received pursuant to that request will be evaluated;
 - (c) Require that each proposal be received by the City Manager's designee no later than a specifically stated date and hour;
 - (d) Require, if deemed necessary by the City, additional information such as proposed future redevelopment plan schematics, drawings or other relevant information;
 - (e) Require that each proposal be accompanied by a deposit in accordance with this policy; and

- (f) Clearly state the requirements of this policy and Section 9.06.
- (2) Solicitation- All requests for proposals shall be solicited:
- (a) By publication on the City's web site; and
 - (b) By such other means as to provide reasonable notice to the maximum number of persons reasonably anticipated to submit proposals for a minimum period of sixty (60) calendar days.
- (3) Evaluation of Proposals, Factors- Each offeror proposal may be evaluated based on any or all of the following factors listed below provided such factors are enumerated in the Request for Proposals:
- (a) The proposed use of the real estate;
 - (b) The financial ability of the proposer to develop the real estate based on the proposed use;
 - (c) The experience of the proposer in the development and use of properties for uses similar to the proposed use;
 - (d) The effect of the proposed use on other properties;
 - (e) The compatibility of the proposed use with the City's Master Plan;
 - (f) The price the proposer offers to pay for the real estate;
 - (g) The anticipated tax revenue based on the proposed use; and
 - (h) Such other evaluation factors the City may deem appropriate to the proposal.
- (4) Evaluation Process- The City Manager shall evaluate and rank all proposals based solely upon the criteria enumerated in the Request for Proposals. The evaluation shall be completed within a reasonable period following receipt of proposals. The City Manager may negotiate with the highest rated responsible and responsive proposer. If such negotiations fail, the City Manager may negotiate with the next highest responsible and responsive proposer, and continue through the same process until such time a proposer has satisfactorily addressed critical items within the submitted proposal and deemed by the City Manager as in the best interest of the City. There shall be no requirement that the City Manager negotiate with any person or entity whose proposal is evaluated by the City Manager as not responsible or not responsive under the evaluation factors.
- (5) Acceptance or Rejection of Proposals- Once the date and hour for the receipt of proposals has passed and the proposals have been evaluated, the offeror whose proposal complies with the conditions in this policy and determined to be in the best interest of the City, and a real estate sales contract has been negotiated, the proposed sale will be contingent upon final approval in accordance with Section 9.06 of City Code, as well as any other contingencies that the City may deem appropriate, such as approval by the City's Planning Commission and City Council of a Development Special Use Permit

F. Acceptance of Unsolicited Offers

- (1) Unsolicited offers, to purchase or lease City real estate may be accepted or rejected by the City Manager in his or her discretion based upon what is in the best interest of the City. Council shall be notified of any unsolicited offer and its disposition by the City Manager. Before disposition, the property must be declared surplus.
- (2) Unsolicited offers shall be evaluated using the evaluation factors listed under the Solicitation of Offers by Request for Proposal section of this policy. If an unsolicited offer is made to purchase City-owned real estate, the City Manager shall evaluate the offer and determine the appropriate review process based on the following factors:
 - (a) If the subject real estate is deemed independently developable, the offeror has complied with this policy, and the offer is deemed potentially to be in the best interest of the City, the City Manager shall notify Council of the unsolicited offer. Provided authorization is granted by Council to entertain the offer, the City Manager shall publically solicit additional offers following the Solicitation of Offers by Request for Proposal process outlined in this policy for a minimum of sixty (60) days. All proposals shall then be reviewed using Section E of this policy.
 - (b) If the subject real estate is a parcel that is *not* independently developable without the consolidation of adjacent land, only offers from adjacent land owners, or the contract purchasers of the adjacent land, will be accepted. The City Manager shall provide Council with notice of the unsolicited offer. If the offer is recommended as in the best interest of the City and the subject land is undevelopable as is, the City Manager shall notify any landowner immediately adjacent to the subject City real property, providing notice and soliciting additional offers. When additional offers are received within thirty (30) days of notice being sent, the evaluation of offers shall be consistent with the evaluation of Solicitation of Offers by Request for Proposals process within this policy. In the event that no additional offers are received from adjacent land owners, the City Manager may enter into final negotiations to address critical factors of the offer, including price, and proposed use have been resolved, and then initiate the requisite Section 9.06 and any other necessary approved processes for final decision-making.
- (2) Requiring Deposit from Offeror- Unsolicited offers to purchase City-owned real estate will not be evaluated until the offeror submits a deposit in accordance with this policy.
- (3) Any unsolicited offer shall provide detailed written information with that offer consistent with the Evaluation of Proposals section in Section F3 above. If any unsolicited offer is determined not to be complete in regard to the level of detail, the City Manager may request additional information from the offeror,

and reject such a proposal if the City Manager determines that further consideration of the submittal unsolicited proposal is not warranted.

G. Deposit

A deposit in the form of certified funds or a cashier's check in an amount equal to five (5) percent of the proposed purchase price or \$100.00, whichever is greater, shall be required at the time such offer, bid or proposal. At the time the City Manager and the selected offeror enters into a contingent real estate sales contract, the deposit shall be increased to ten (10) percent. The proceeds of the certified funds or cashier's check shall be applied to the purchase price of the City-owned real estate if the Council accepts the offer, bid or proposal. The City may retain or release the proceeds of the deposit based on terms it outlines in any solicitation issued by the City. However, the City shall not forfeit or waive any other remedies or rights the City may have otherwise by retaining the proceeds of the deposit. At the time either the City Manager determines a proposal not to be responsive and responsible, or if the Council either accepts an offer, bid or proposal, or rejects an offer, bid or proposal, the deposit submitted by each unsuccessful offeror, bidder or proposer shall be returned to that offeror, bidder or proposer as soon as feasible.

H. The City Manager may approve other rules and processes related to the disposition or real estate as outlined in Sections D, E, F and G above, as determined in the best interest of the City to effectuate the intent of this real estate disposition policy. Such rules and processes shall not be inconsistent with this disposition policy.

I. The City Manager shall develop appropriate mechanisms for public input and participation in the development of recommendations to dispose of real estate, as well as in any land use planning upon which the real estate sale is contingent. This shall include consultation with the civic association which represents the neighborhood in which the property is located.

J. All solicited and unsolicited offers shall be considered proprietary and protected information until such time that a recommendation to sell the real estate to a specific buyer is docketed and acted upon by City Council.

K. For any real estate disposition where there would need to be a redevelopment proposal (Development Special Use Permit, etc.) heard by the Planning Commission or the Board of Architectural Review, the City Manager shall solicit a representative of the civic association where the parcel is located to serve on any City staff evaluation panel that is established.

L. In the case of a public entity or non-profit City-related entity, including but not limited to the Alexandria City Public Schools, the Alexandria Sanitation Authority, the Alexandria Redevelopment and Housing Authority, the Alexandria

Housing Development Corporation, the City, at the direction of City Council, may decide to forgo a competitive sale process for the disposition of City property, and negotiate the sale of City property with those City-related entities.

- M. In recognition that the City may decide it is in the City's best interest to lease a surplus City property long term and not sell it, notwithstanding the use of the words "purchase," "sale" or "sold" in this policy, the term "lease" or "leased" may be substituted to effectuate the guidelines for a lease transaction.

9-22-09



City of Alexandria, Virginia
301 King Street, Suite 2300
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Frank H. Fannon IV
Member of Council

September 22, 2009

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Alexandria Real Estate Long Term Lease Program

The City of Alexandria owns many valuable pieces of real estate and it is time we take advantage of our dormant assets in an era of severe economic challenges.

A recent study of our real estate assets revealed that the city owns over 350 different real estate parcels. Many of these parcels are ripe for development and can produce long-term income streams to the city to help protect our financial health in the future.

Alexandria is open for business and we invite citizens, businesses and developers to bring proposals forward to the city council and staff to join in public-private partnerships that will improve our neighborhoods and generate income to our city.

WHY NOT SELL:

The goal of the program is not for the city to dispose of the parcels but to enter into creative land leases and other innovative partnerships that will produce income streams to the municipality for decades, if not generations, to come.

This is not a short-term fix, but a long term solution. As trustees of Alexandria we are responsible to protect the current and future financial stability of our city. The city spends approximately \$1.5 million per day. If we were to sell a parcel for \$3M the proceeds would only serve the city for two days, and the land would be gone forever.

The city has been in business for 260 years and we want to ensure that through sound financial decisions today the city will continue to flourish for years to come.

There are many examples of properties throughout the city that could be redeveloped to maximize their income potential to the city through a long term land lease. Below is a sample list of some parcels that could be considered for redevelopment:

- 3700 Mt. Vernon Ave. (Vacant Land)
 - It is the home of the old Datatel Building on a 15,000 sq. ft. parcel of land
- 3600 Jefferson Davis Hwy. (Vacant Land)
 - 8,500 sp. Ft. parcel
- 509 N. Saint Asaph St.
 - This is home to the Old Health Department Building which is 28,000 sq. ft.



City of Alexandria, Virginia
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- 116 S. Henry St.
 - This currently is a 15,000 sq. ft. single level parking lot.
- 916 King St.
 - This is also currently a 5,000 sq. ft. single level parking lot.
- 0 Prince St.
 - This location is being studied under the waterfront redevelopment plan

These properties are just a few of the more obvious sites that are not being fully utilized to their maximum financial potential for the city.

I look forward to your thoughts and ideas on creative development of our city parcels.

If you have any questions or comments you can contact either myself at (703) 232-8870 or at frank.fannon@alexandriava.gov or Mark Jinks at (703) 746-4300 or at mark.jinks@alexandriava.gov.

Sincerely,

Frank H. Fannon IV
Alexandria City Councilman