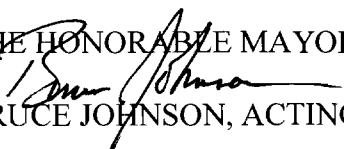


City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 18, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM:  BRUCE JOHNSON, ACTING CITY MANAGER

SUBJECT: CONSIDERATION OF ENDORSEMENT OF THE NATIONAL SCIENCE FOUNDATION RELOCATING THEIR HEADQUARTERS TO THE CITY OF ALEXANDRIA

ISSUE: Should the City support efforts to seek the National Science Foundation’s relocation to Alexandria?

RECOMMENDATION: That Council adopt the attached resolution indicating its support for efforts seeking a National Science Foundation relocation to Alexandria.

BACKGROUND: The National Science Foundation (NSF) is one of the federal government’s primary science research organizations with an annual budget of \$6.9 billion, much of which provides research grants to scientists and researchers at institutions all across the United States. NSF funds 20% of all federally sponsored basic research at U.S. colleges and universities. NSF is currently headquartered in the Ballston area of Arlington County in leased office space. The current NSF office lease expires in 2015 and, therefore, NSF has started, through the federal General Services Administration (GSA), a competitive process to select and lease a new headquarters. NSF started the process by issuing a notice soliciting Expressions Of Interest from developers and office building owners. The key criteria stated by NSF are:

1. 575,000 to 690,000 square feet of office space;
2. Single building or two towers interconnected;
3. LEED or LEED-NC Gold;
4. 15 year lease;
5. Northern Virginia location; and
6. Within ½ mile of a Metrorail station (including four stations on the new Metrorail Silver Line in or near Tysons Corner).

Responses to the Expression Of Interest Solicitation were due on April 27, and since then, GSA and NSF have been reviewing the numerous proposals and sorting out which proposals will be moved on to the next stage of competition. The owners of four development sites in Alexandria submitted expressions of interest, and it appears that some of the sites may be accepted by GSA/NSF for the next stage of competition. There may be about a dozen candidate sites remaining under consideration, and competition will likely be fierce because NSF is viewed as a

prime office user with one of the largest secondary economic and fiscal spin-off benefits of any federal agency. Arlington County is likely to make a major effort, potentially including significant financial incentives, to keep NSF in place in Ballston, or elsewhere in Arlington. While Alexandria has four sites in contention at this time, it is not a given that the City has a high probability of winning the NSF competition. However, NSF is such a high value entity that a concerted effort by the City is warranted. The four Alexandria sites are:

1. Victory Center, 5001 Eisenhower Avenue
2. Hoffman Town Center, 2401 Eisenhower Avenue
3. Carlyle Plaza, John Carlyle Street/Eisenhower Avenue
4. Former ATA site, 2200 and 2250 Mill Road

Three of these four Alexandria sites either have an approved level of office density on site or nearby (that would be proposed for transfer to the proposed NSF site) which would be sufficient to meet the NSF office space requirement. Given that these sites are, and will continue to be, privately owned remaining on the tax base, the approvals of any density transfers, and the specific development proposal, will be subject to development special use permits and standard City public decision making processes. In addition, as part of these processes, transportation management plans and various transportation studies appropriate to the development proposals would be required. The fact that all four NSF candidate sites in Alexandria are within ½ mile of at least one Metrorail station will result in proposals that are highly transit oriented. It is expected that the Development Special Use Permits (two sites) and Development Site Plans (one site) will likely be heard by the Planning Commission and City Council the fall of 2011. It is not clear how the former ATA site on Mill Road, if redeveloped at the previously approved density, would meet NSF's space requirements, as the approved square footage does not meet NSF requirements. Any proposals submitted to GSA/NSF by the owners of these sites between now and the conclusion of the City land use decision making process would need to be contingent upon City approval.

NSF has about 2,100 employees, many of whom choose to live near NSF as they are on temporary assignment to NSF. NSF employees are highly educated, and NSF salaries reflect that education level. In addition, NSF has hundreds of thousands of visitors per year as it brings many academics, scientists and researchers to their site throughout the year to serve as members of NSF review panels and to present research results. This activity generates some 60,000 room nights per year (and would likely cause the demand for at least one new hotel), as well as increased restaurant and retail demand.

Because the NSF process will be very competitive, it will be important for the City to actively engage with the owners of the proposed sites in the GSA/NSF site selection process. The City, through its Alexandria Economic Development Partnership organization, will be taking an active coordinating role in this very competitive process. Council adoption of the attached resolution is the first public step in this process.

FISCAL IMPACT: An NSF location in leased office space will represent an extremely positive addition to the City's tax base and tax revenues over the long term. The fiscal impact would be greater in the case of new construction which would add to the City's existing tax base. In addition, economic spin-off from the NSF contractor tail, as well as additional hotel room night revenue, NSF employee spending, new restaurant and retail sales and the resulting City taxes, would be material.

ATTACHMENT: Proposed Resolution

STAFF:

Mark Jinks, Deputy City Manager

Val Hawkins, President/CEO, Alexandria Economic Development Partnership

Stephanie Landrum, Senior Vice President, Alexandria Economic Development Partnership

Gwen Wright, Development Division Chief, Planning & Zoning

RESOLUTION NO.

WHEREAS, the General Services Administration (GSA) on behalf of the National Science Foundation (NSF) has released a solicitation seeking expressions of interest from property owners and developers in Northern Virginia for up to 690,000 rentable square feet of office space; and

WHEREAS, four sites located in the City of Alexandria responded to the solicitation; and

WHEREAS, the NSF office site solicitation is substantially transit oriented as a Metrorail station is required to be within one-half of a mile of NSF; and

WHEREAS, the prospectus for the NSF lease has been submitted to the appropriate committees of the U.S. Congress for approval, with a solicitation for offers (SFO) likely to be issued in the summer of 2011 with a NSF lease award expected as soon as the end of calendar year 2011; and

WHEREAS, the recruitment of NSF to the City supports Goal 1 of City Council's Strategic Plan of 2010 which states "Target federal users and associated contractors (with preference for leased versus owned space) as a primary opportunity for economic development in Alexandria;" and

WHEREAS, the City's Economic Sustainability report recognized the economic and fiscal values of office space on the City economy and tax base; and

WHEREAS, NSF, with an annual budget of about \$6.9 billion (FY 2010) supports a significant tail of contractors, and group of related businesses and organizations who would wish to locate adjacent to NSF headquarters in leased office space. Many of these entities receive grants from NSF; and

WHEREAS, NSF is one of the largest users of hotel and meeting facilities in the area where its current headquarters is located, currently generating more than 60,000 hotel nights per year; and

WHEREAS, the NSF proposal is to lease privately developed and owned office space which would represent taxable property on the City's tax rolls; and

WHEREAS, the four proposed sites in Alexandria will need to be consistent with City land use policies, ordinances and public approval processes, and

WHEREAS, the City would welcome NSF as a corporate entity providing investment and jobs in Alexandria; and

NOW, THEREFORE, BE IT RESOLVED THAT the City of Alexandria will work closely and actively with property owners competing for the NSF lease award to assure that the GSA and NSF understand the benefits of locating in the City, as well as the City's abilities to expedite required construction permitting and plan reviews and responsively facilitate other regulatory processes that will positively impact offers in the City of Alexandria; and

BE IT FURTHER RESOLVED THAT the City Council of the City of Alexandria indicates its strong support for the National Science Foundation moving its headquarters to the City of Alexandria.

Adopted: May 24, 2011

WILLIAM D. EUILLE MAYOR

ATTEST:

Jacqueline M. Henderson, MMC City Clerk

RESOLUTION NO. 2455

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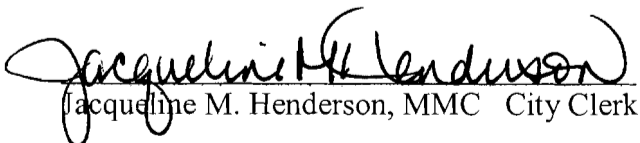
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