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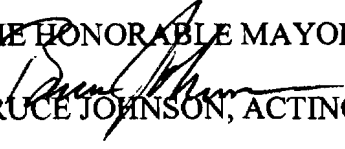
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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 8, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM:  BRUCE JOHNSON, ACTING CITY MANAGER

SUBJECT: ORDINANCE TO SELL CITY-OWNED SURPLUS REAL ESTATE - 401 EAST BRADDOCK ROAD

ISSUE: Consideration of an ordinance to sell City-owned property at 401 East Braddock Road to Yates Holdings Company, LLC.

RECOMMENDATION: That City Council pass the ordinance on first reading and schedule it for second reading, public hearing and final passage on Saturday, June 25.

DISCUSSION: 401 East Braddock Road was the site of a gas station since at least the 1950s. The City acquired the site in the mid-1980s as part of the planned Braddock Road widening project. At its March 22, 2011 meeting, City Council received notice of an unsolicited offer from Yates Holdings Company, LLC to purchase this property and subsequently declared 401 East Braddock Road a surplus property to allow the City Manager to enter into negotiations.

On April 13, 2011, the City posted a solicitation for additional offers for the property for a 30-day period. The solicitation was posted on the City of Alexandria website on April 13, 2011, and remained on the site until closing, as advertised on May 13, 2011. Additionally, the solicitation was advertised in the April 21 – 27 and April 28 – May 4 editions of the *Alexandria Gazette* as a legal public notice. The City received no additional solicitations for 401 East Braddock Road during the public solicitation process.

In 1988, the City removed four underground storage tanks (three 4,000 gallon and one 2,000 gallon). In January 2002, HP Environmental Inc. was contracted by the City to perform a limited site assessment to determine the presence of hazardous materials in the building and in the abandoned fuel tanks on site. The executive summary of the consultant report indicated that demolition of the building could be safely accomplished by mechanical means. Based on the report, it was further recommended that additional exploratory efforts should be performed prior to or during demolition to confirm there are no remaining underground storage tanks. In March 2002, the building was demolished. It was confirmed that no underground storage tanks remained at the site. Soil samples were taken while performing exploratory digging for fuel tanks. Results of samples from the west side of the property indicated gas/diesel contamination. The soil sampling results indicated there was contamination although not inordinately high.

Based on these test results, staff decided to remediate the area as anticipating that the contamination was not extensive.

On March 19, 2002, four truckloads of petroleum-contaminated soil were removed from the site for proper disposal. Further excavation and additional test pits at other locations on the property indicated the area of soils contamination to be larger than originally indicated. A decision was made to suspend removal of the soil and notify the Virginia Department of Environmental Quality (VDEQ), as required. The excavation areas were backfilled and disturbed areas were covered with soil of high clay content. In August 2002, a site characterization report ordered by the City was completed by Marshall Miller & Associates, which included a risk assessment, remediation assessment and recommendations. The report was submitted to VDEQ. On December 17, 2003, the City received a Petroleum Impacted Site Development closure letter for the site. However, until construction commences on the site and earth is excavated, there is no guarantee that some soils are not still present.

The following is a summary of elements related to the proposed negotiated sale of 401 E. Braddock Road in response to the Unsolicited Proposal from Yates Holding Company, L.L.C.

Proposed deal structure:

- a. Both the City and Yates agreed that 5,069 square feet is the accurate size of the parcel in question;
- b. Property value was agreed to be \$280,500, or \$110.67 per square foot of developable Floor Area Ratio (FAR). This compares to a Yates unsolicited offer of \$125,000 and a City-commissioned appraisal of \$330,000. This is a difficult parcel to value as it is relatively unique in nature and finding comparables is difficult. Staff believes that \$280,500 is a fair and defensible price;
- c. \$150,000 of the sales price will be held in escrow for potential environmental cleanup for documented gas tank leaks from the City parcel. This will cap the City's potential environmental liability and in the event that not all the funds are used for clean-up, any excess balance will be paid to the City;
- d. Open space (park) portion of the development site will be placed under an easement to maintain it as publically accessible open space as approved by the Planning Commission; and
- e. The City will provide Yates an encroachment easement for the open space portion that encroaches on the City's right-of-way at the corner of Mount Vernon Avenue and East Braddock Road.

This property is proposed to be part of a larger development proposal on this site that was considered and approved by the Planning Commission on June 6 and will be considered by City Council on June 25. The Planning Commission also approved the proposed sale under Section 9.06 of the City Charter. The proposed ordinance enables the City to dispose of the property and get it back on the tax rolls.

FISCAL IMPACT: Revenue from the sale of 401 East Braddock Road will be allocated to the City's Capital Improvement Program. The sale of this property will immediately end its tax-exempt status and make it subject to the City's real estate property taxes. The anticipated value of the project (on this and the adjacent 7-Eleven and Yates parcels) once constructed and occupied is approximately \$9,500,000, which at the current tax rate would generate \$93,000 in annual real estate taxes, as well as other consumer and business taxes.

ATTACHMENTS:

- Attachment 1: Conceptual Perspective- East Braddock-Mt. Vernon Intersection
- Attachment 2: Conceptual Site Plan
- Attachment 3: Existing Conditions Plan
- Attachment 4: Subdivision Plan (Current)

STAFF:

- Michele Evans, Deputy City Manager
- Mark Jinks, Deputy City Manager
- Jeremy McPike, Director, Department of General Services
- Farrol Hamer, Director, Planning and Zoning Department
- Timothy E. Wanamaker, Deputy Director, Department of General Services
- Christopher Spera, Deputy City Attorney



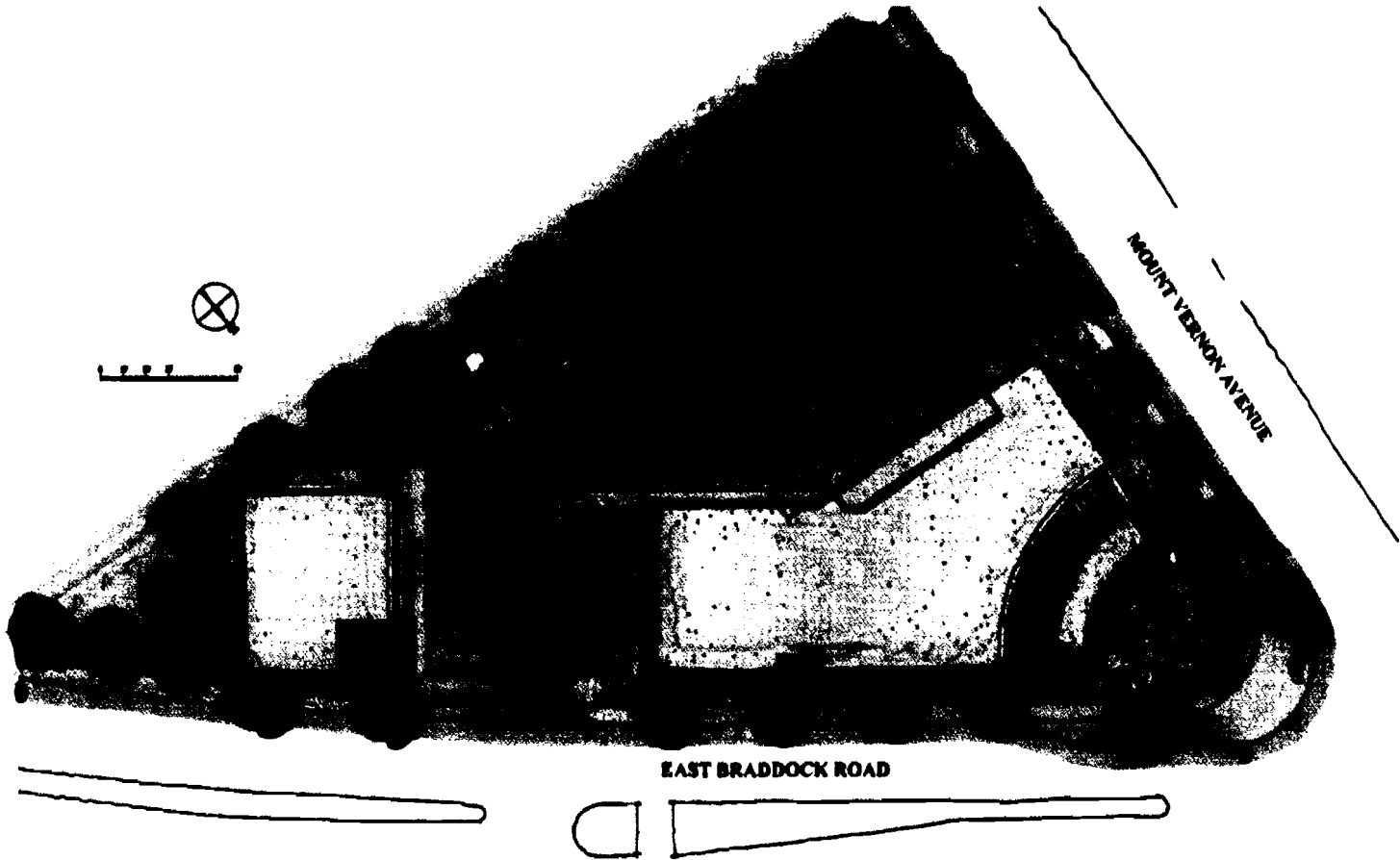
Subdivision Plan (Current)

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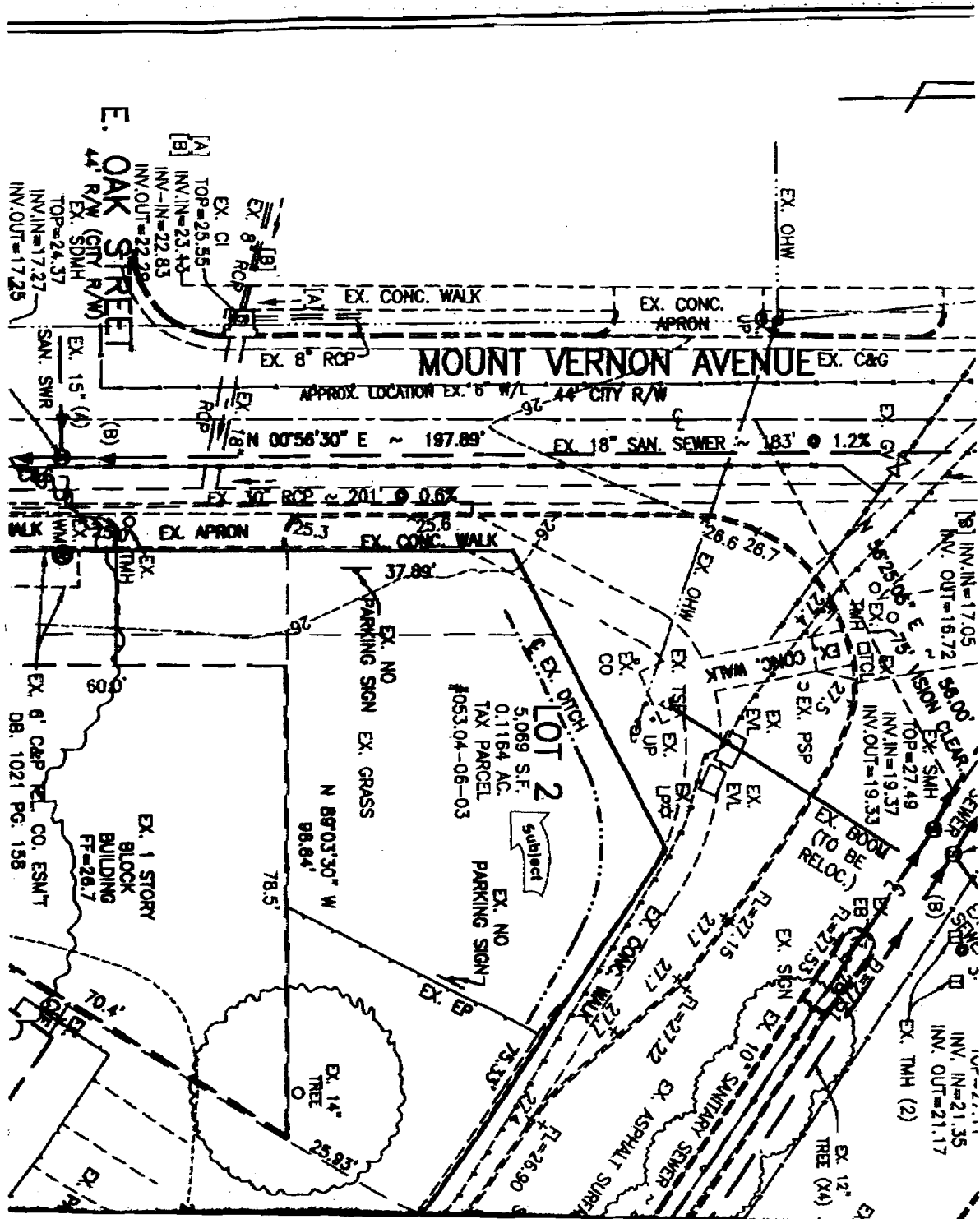
1. CONCEPTUAL PERSPECTIVE - CORNER EAST BRADDOCK RD & MOUNT VERNON AVE. INTERSECTION

ATTACHMENT I

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2. CONCEPTUAL SITE PLAN SCALE: N.T.S.



Existing Conditions Plan

Introduction and first reading: 6/14/11
Public hearing: 6/25/11
Second reading and enactment: 6/25/11

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE approving and authorizing the sale of property owned by the City of Alexandria, located at 401 East Braddock Road in the City of Alexandria, Virginia to Yates Holding Company, LLC.

Summary

The proposed ordinance authorizes the sale of the referenced real property and authorizes the City Manager to enter into all appropriate agreements to complete the sale.

Sponsor

N/A

Staff

- Mark Jinks, Deputy City Manager
- Michele Evans, Deputy City Manager
- Jeremy McPike, Director, General Services
- Farrol Hamer, Director, P&Z
- Timothy E. Wanamaker, Deputy Director, General Services
- Christopher P. Spera, Deputy City Attorney

Authority

§2.03(g), Alexandria City Charter

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

ORDINANCE NO. _____

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AN ORDINANCE approving and authorizing the sale of property owned by the City of Alexandria, located at 401 East Braddock Road in the City of Alexandria, Virginia to Yates Holding Company, LLC.

WHEREAS, the City of Alexandria owns the real property located at 401 East Braddock Road in Alexandria, Virginia, having acquired it as open space on or about April 18, 1985; and

WHEREAS, the City Council has previously declared 401 East Braddock Road to be surplus property and authorized the City Manager to negotiate for the potential sale of the property; and

WHEREAS, the City has received an offer from Yates Holding Company LLC, the owner of adjoining property, to purchase 401 East Braddock Road; and

WHEREAS, the city manager has recommended the sale of this property to Yates Holding Company, LLC for the sum of \$280,500, subject to a \$150,000 environmental escrow capping the City's potential environmental liability for the property, an open space easement and other terms and conditions as set forth more specifically in the June 14, 2011 Docket Memorandum, the terms of which are incorporated by reference herein; and

WHEREAS, the city council is of the opinion that the sale of this property is in the public interest will otherwise advance the City's land use goals; now, therefore,

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That the sale of the real property described below to Yates Holding Company, LLC for the sum of \$280,500, subject to a \$150,000 environmental escrow capping the City's potential environmental liability for the property, an open space easement and other terms and conditions as set forth more specifically in the June 18, 2011 Docket Memorandum, be, and the same is hereby, approved and authorized:

Lot numbered TWO (2), Block ONE (1), ROSEMONT PARK, as the same appears duly dedicated, platted and recorded in Deed Book 1146, page 666, among the land records of the City of Alexandria, less and except the portion of the property acquired by the Commonwealth of Virginia by deed, as set forth in Deed Book 1646, page 149, among the land records of the City of Alexandria.

Section 2. That the city manager be and hereby is authorized, on behalf of the City of Alexandria, to do all things necessary and desirable to carry out the sale of the real property described in Section 1, including, but not limited to, the execution and delivery of a purchase agreement, environmental escrow agreement, deed and other appropriate documents.

ORDINANCE NO. 4721

AN ORDINANCE approving and authorizing the sale of property owned by the City of Alexandria, located at 401 East Braddock Road in the City of Alexandria, Virginia to Yates Holding Company, LLC.

WHEREAS, the City of Alexandria owns the real property located at 401 East Braddock Road in Alexandria, Virginia, having acquired it as open space on or about April 18, 1985; and

WHEREAS, the City Council has previously declared 401 East Braddock Road to be surplus property and authorized the City Manager to negotiate for the potential sale of the property; and

WHEREAS, the City has received an offer from Yates Holding Company LLC, the owner of adjoining property, to purchase 401 East Braddock Road; and

WHEREAS, the city manager has recommended the sale of this property to Yates Holding Company, LLC for the sum of \$280,500, subject to a \$150,000 environmental escrow capping the City's potential environmental liability for the property, an open space easement and other terms and conditions as set forth more specifically in the June 14, 2011 Docket Memorandum, the terms of which are incorporated by reference herein; and

WHEREAS, the city council is of the opinion that the sale of this property is in the public interest will otherwise advance the City's land use goals; now, therefore,

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

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Lot numbered TWO (2), Block ONE (1), ROSEMONT PARK, as the same appears duly dedicated, platted and recorded in Deed Book 1146, page 666, among the land records of the City of Alexandria, less and except the portion of the property acquired by the Commonwealth of Virginia by deed, as set forth in Deed Book 1646, page 149, among the land records of the City of Alexandria.

Section 2. That the city manager be and hereby is authorized, on behalf of the City of Alexandria, to do all things necessary and desirable to carry out the sale of the real property described in Section 1, including, but not limited to, the execution and delivery of a purchase agreement, environmental escrow agreement, deed and other appropriate documents.

Section 3. That the city clerk be and is hereby authorized to attest to the execution of the deed and other necessary documents executed by the city manager pursuant to Section 2, and to affix thereon the official seal of the City of Alexandria, Virginia.

Section 4. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE, Mayor

Final Passage: June 24, 2011