

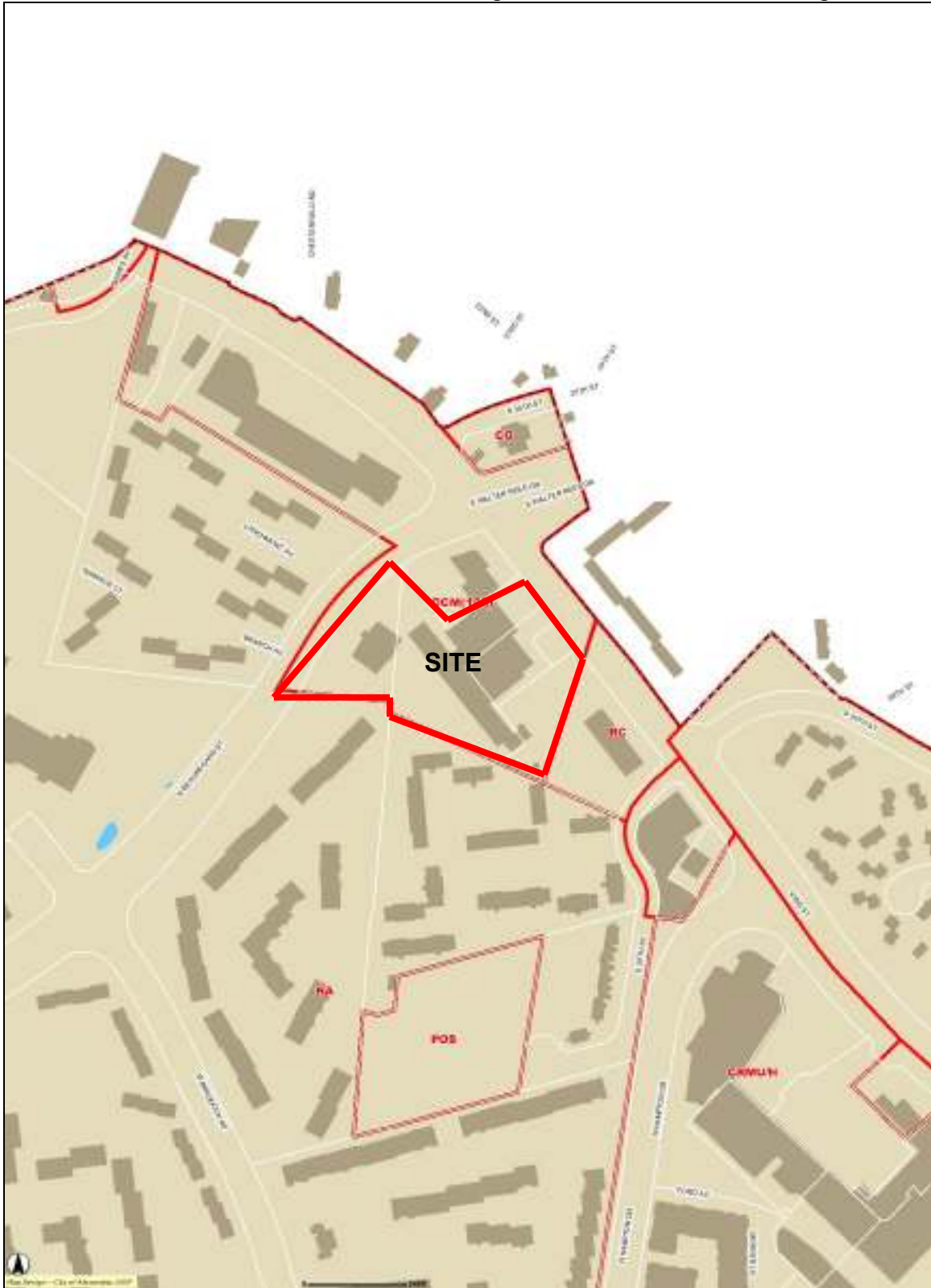
Docket Item #12
CITY CHARTER, SECTION 9.06
CASE #2007-0005

Planning Commission Meeting
December 4, 2007

ISSUE: Consideration of a proposal by the City of Alexandria to acquire the property at 4530 and 4600 King Street and 3451 North Beauregard Street, pursuant to the provisions of Section 9.06 of the City Charter.

LOCATION: 4530 and 4600 King Street and 3451 North Beauregard Street
Tax Parcels 003.04-02-01, 003.04-02-05, 003.04-02-07

ZONE: OCM(100), Office Commercial Medium



Discussion:

Earlier this year, the City was contacted by Dr. Alfred Tauber who is one of the trustees of the Tauber Foundation in regard to the City's interest in the Tauber Foundation donating to the City, for beneficial public use, five parcels of land at 4600 King Street, and one adjacent parcel at 3451 North Beauregard Street. These six parcels had been part of the former Jefferson Memorial Hospital on King Street that is no longer in operation, has outlived its useful life, and is in the process of being demolished. The medical office building on King Street is in the process of closing down, and also will be demolished. The small medical office building condominium on Beauregard Street is separately owned, continues to operate, and except for the above roof parking structure and the underlying ground, the medical office condominiums are not part of this proposed acquisition. At some point in the future, prior to the redevelopment of the property, it would be the City's plan to acquire the remaining small medical office condominiums.

The six Jefferson Hospital parcels could have a range in value of between \$15 million and \$30 million based upon development plans and market conditions. The proposal from the Tauber Foundation is to give the land to the City in exchange for the City reimbursing the Tauber Trust \$5 million, which is about half of the funds the Trust has expended acquiring the parcels it did not already own. This transaction would result in the net donation to the City of land of between \$10 million and \$25 million in value. The covenants, which would come with the property, would be that public use for at least ten years would be required, and the property would be named the "Laszlo N. Tauber Campus." Dr. Laszlo Tauber was a surgeon and the founder of Jefferson Memorial Hospital. He emigrated to the United States from Hungary in 1947 and not only founded the Hospital, but also established a successful commercial real estate business which developed, owned and operated office buildings in the Washington, D.C. area.

On November 19, 2007, the City Council authorized the City Manager to proceed with a 9.06 hearing to the Planning Commission, and to make preparations for final Council purchase authorization action in December. While the basic outline of the Tauber gift to the City has been agreed to and a few more administrative and legal specifics of the acquisition need to be cleared, negotiations have sufficiently progressed that the City, the Tauber Foundation, and Tauber Trust plan on closing on the property in early 2008.

Property Description:

The six properties under consideration contain 206,000 square feet of land (about 4.7 acres). The property is currently zoned OCM(100) and is currently nearly entirely developed with the former hospital, office buildings, and related impervious surface parking. The parcels are at a gateway location in the City. The six parcels are located on a hillside near the corner of King and North Beauregard Streets. This location is in the north-central part of the City near the jurisdictional boundaries with Fairfax County and Arlington County. The parcel has access to both King and North Beauregard Streets. The parcels are adjacent on two sides to the retail shopping complex at the corner of King

4530 and 4600 King Street and 3451 North Beauregard Street and North Beauregard. One of the parcels is on a 99-year lease which runs until 2061. The City would acquire the lease rights for this parcel from the Tauber Foundation. It would be the City's plan to negotiate with the current owner of this parcel and to eventually purchase this parcel to obtain fee simple ownership.

Zoning and Master Plan:

The subject properties are zoned OCM(100) or Office Commercial Medium. The OCM (100) zone allows a variety of uses including business and professional offices. The Alexandria West Small Area Plan identifies the sites as appropriate for office uses. Use of the properties for office space would be consistent with the Small Area Plan and Zoning Ordinance.

Analysis and Future Use of the Properties:

These six parcels not only represent a valuable financial gift to the City, but also represent an opportunity for the City to eventually consolidate from leased to owned office space. Currently, the City leases office space for the Department of Human Services (DHS) in three locations in the City: Mt. Vernon Avenue, Herbert Street, and North Beauregard Street. The City also leases space for the Department of Mental Health, Mental Retardation and Substance Abuse (MH/MR/SA) in two locations in the City (St. Asaph Street and Colvin Street). The School Board also leases space for its School Administrative headquarters operations on North Beauregard Street.

These leased spaces total about 130,000 square feet and cost the taxpayers \$4 million per year in lease costs. Rents will continue to escalate in real terms based on historical trends. In addition, DHS, MH/MR/SA and the Schools current office space is insufficient to meet their current space needs. It is estimated that the projected future space needs of these three entities total about 160,000 square feet. If the City were to convert from leased to owned space, the City would save significantly over the long term in comparison to leasing. Since the current zoning allows for more density than the City will need for these three office space users, the City could potentially lease part of the property to the private sector for office use, as well as possibly using part of this site for affordable housing.

The location of these parcels, although on the northern border of the City, would work well in regard to serving residents, clients and School constituencies. This is borne out by the experience of the City Health Department, which moved from North St. Asaph Street in Old Town to 4480 King Street (a block from the Jefferson Memorial Hospital parcels). Since the move to 4480 King Street, the Health Department has seen both total client visits and client appointments increase. This area of the City can be reasonably accessed from Arlandria as well as from the western parts of the City where many DHS and MH/MR/SA clients reside. The Schools have found that their currently leased Beauregard office site works well as a location for School administrative services. DHS has also recently moved its Job Link operation to Beauregard, and that site access has worked for Job Link clients.

In addition to the benefits of this location, by having one site where the Schools, DHS and MH/MR/SA are co-located, there will be an increased level of partnership and collaboration among these three entities. By the sheer fact of sharing space and being adjacent to other service providers will be of enormous benefit to the City, its residents, various clients and consumers, as well as for School students and their parents/guardians. As is currently the case, many of the clients and consumers served by one of these public entities are also served by another of these agencies. Therefore, increased partnership and collaboration will result in more effective and efficient service delivery among these three City organizations.

The development planning process for these six (or more) parcels would entail significant participation by the three main users of the facility and the City's departments of General Services, Planning & Zoning, and Transportation & Environmental Services, as well as the Schools, in conjunction with adjacent residents, businesses and neighborhood organizations. Given the City's current focus of planning for and developing a new Police Headquarters Building, as well as the improvements to the City's trades facilities in the Wheeler Avenue to Roth Street, it will be several years until this planning process for the former Jefferson Memorial Hospital site begins, and then several years to design and construct the facility. This development plan may also be a good candidate for a public-private partnership in the construction and financing of these public facilities.

Staff Recommendation:

Staff recommends that the Planning Commission approve the acquisition of the six Jefferson Memorial Hospital and related properties under Section 9.06 of the City Charter

Staff:

Jim Hartmann, City Manager

Mark Jinks, Deputy City Manager

Edward Mandley, Director, Department of General Services