

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 200958	Resolution: <input checked="" type="radio"/> Yes <input type="radio"/> No
---	------------------------	--

TITLE:

Approval of Navy Yard Chiller Site Term Sheet

PRESENTATION SUMMARY:

Staff has chosen the MRP Realty/CAS Riegler team as Selected Developer (Developer) of the Navy Yard Chiller Plant joint development site in accordance with the November 2013 Joint Development Solicitation. The recommended Developer proposes to build apartments and ground floor retail space and incorporate the existing chiller plant into the new project. Staff has negotiated a Term Sheet for sale of the site to the Developer and is seeking Board approval to execute the Term Sheet.

PURPOSE:

Approval to execute a Term Sheet for the Navy Yard Chiller Plant site joint development.

DESCRIPTION:

As shown in the Key Highlights below, the proposed project meets the recently adopted Board Evaluation Criteria for joint development.

Key Highlights:

Metro Development Objectives	How Addressed by Proposed Project
Proposed project integrates regional transit facilities	The building will integrate two Metro chillers and related equipment serving the Waterfront and Navy Yard-Ballpark Metrorail Stations. Additionally, the building will provide 500 sq ft of replacement office space for Metro field staff and five Metro parking spaces.
Proposed project reduces automobile dependency	Project is located within one block of the Navy Yard Metrorail Station and M Street SE bus lines (including DC Circulator). The project will have only 55 parking spaces for the 126 units, a ratio below 0.5.
Proposed project increases pedestrian/bicycle originated transit trips	Residents will likely walk to the Metrorail Station given its close proximity. Further, the project will have secure bike facilities for use by residents and retail tenants.

Proposed project fosters safe station areas	The additional new residents and ground floor retail space will help activate street life, making the area safer.
Proposed project enhances connections to transit stations	Existing sidewalks in the area already provide good connections to the station, but the proposed project will enhance landscaping/hardscaping of sidewalks.
Proposed project provides mixed-use development	Project is mixed use, including 126 residential units, 6,000 sq ft of retail space, and 500 sq ft of office space.
Proposed project offers active public spaces	Sidewalk landscaping and ground floor retail/cafe uses will help activate the public areas surrounding the building.
Proposed project promotes and enhances ridership	Metro ridership will be favorably impacted by the residents, workers, and retail patrons of the proposed project. Additionally, the low parking ratio in the building will encourage transit use.
Proposed project achieves Metro financial objectives, including achievement of fair market value for Metro	Developer will pay fair market value to purchase the site. The developer is also providing office space and parking for Metro workers at Developer's cost.
Proposed project encourages revitalization and sound growth	The project helps fill in a gap in the urban fabric of the rapidly developing Capitol Riverfront / Ballpark District area, supporting District of Columbia planning objectives.

Background and History:

On November 4, 2013, Metro issued a Joint Development Solicitation (JDS) offering five Metro-owned parcels, including the 14,100 sf Navy Yard Chiller Plant site, for joint development. The site is located at 41 L Street at the southwest corner of Half and L streets, SE, in the District of Columbia. It houses a chiller plant, cooling towers and related equipment serving the Waterfront and Navy Yard-Ballpark Metro stations, as well as two trailers used by field personnel. It is half a block from the Navy Yard-Ballpark Metro station west entrance and two blocks from Nationals Park. The JDS offered the site for sale because it could potentially be combined with a property currently being offered for sale next door on L Street.

Metro received and evaluated three responses to the JDS in March 2014 and concluded that the proposal from the Mid Atlantic Realty Partners, LLC, dba MRP Realty/CAS Riegler team (Developer) best meets Metro's development objectives. Metro staff notified the other two responders of evaluation results and proceeded to negotiate a non-binding Term Sheet with the Developer which the Developer has stated that it will sign upon Board approval.

Discussion:

The Term Sheet provides the following:

- Sale of the Navy Yard Chiller Plant site to the Developer without the necessity of combining it with the property next door;
- Developer construction of approximately 6,000 sf of ground floor retail space and 126 apartments in one building;
- Developer incorporation into the project of: 1) the existing chiller plant (recently upgraded by Metro) at or below grade level; 2) chiller plant cooling towers (recently upgraded by Metro) on the building roof; 3) related chiller equipment; 4) a loading dock; 5) 500 sf of replacement office space for ten years for field personnel; and 6) five parking spaces for Metro's staff and utility vehicles; and
- Closing on sale of the matter-of-right property occurring 24 months from execution of a joint development sales agreement after approval by the Board (it is anticipated that the agreement will be ready for Board approval in early spring 2015).

FUNDING IMPACT:

There is no immediate impact on funding, and all replacement of Metro facilities will be done at the Developer's cost. In the longer term, at actual sale, Metro will receive a substantial cash payment plus the relocated chiller facilities and Metro staff parking and replacement office space. Further, additional riders living and working in, or patronizing, the new project will use Metro transit facilities and add to ridership revenue.

Project Manager: Rosalyn Doggett

Department/Office: Chief Financial Officer/Real Estate and Station Planning

TIMELINE:

Previous Action

- March 2013 - Board authorized issuance of a new Joint Development Solicitation including the Navy Yard Chiller Plant site

Anticipated Action After Presentation

- Spring 2015 - Presentation of a Joint Development Sales Agreement for Board approval
- Spring 2017 - Sale of the site

RECOMMENDATION:

Approval to execute a Term Sheet for the Navy Yard Chiller Plant site joint development.

PRESENTED AND ADOPTED: September 24, 2014

SUBJECT: APPROVAL TO EXECUTE A TERM SHEET FOR THE NAVY YARD CHILLER PLANT SITE JOINT DEVELOPMENT

2014-45

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, On March 28, 2013, the Board of Directors approved issuing a Joint Development Solicitation including the potential sale of the 14,100 square foot Navy Yard Chiller Plant site located at the southwest corner of Half and L streets, SE, in the District of Columbia; and

WHEREAS, The Joint Development Solicitation specified that: 1) the existing chillers, cooling towers and related equipment serving the Navy Yard-Ballpark and Waterfront stations must remain on-site but may be relocated within the site; and 2) the Washington Metropolitan Area Transit Authority (WMATA) desires, in addition, 500 square feet of office space for operations and police staff and two to four parking spaces for WMATA's maintenance vehicles in any new development; and

WHEREAS, On November 4, 2013, WMATA issued a Joint Development Solicitation that included the Navy Yard Chiller Plant site; and

WHEREAS, On March 7, 2014, WMATA received three proposals for mixed-use redevelopment of the site; and

WHEREAS, WMATA staff has determined that the proposal by the team of MidAtlantic Realty Partners, LLC dba MRP Realty, and CAS Riegler, LLC best meets the evaluation criteria of the Joint Development Solicitation and has named that team as the Selected Developer for this site; and

WHEREAS, The Selected Developer will incorporate, at locations within the site acceptable to WMATA, the chiller plant facilities, 500 square feet of office space and five parking spaces in a new building proposed to have also approximately 126 residences and 6,000 square feet of ground level retail space; and

WHEREAS, WMATA and the Selected Developer have negotiated a non-binding Term Sheet that is acceptable to both parties; and

Motioned by Mrs. Hynes, seconded by Mr. Acosta

Ayes: 7 – Mr. Downs, Mr. Downey, Mrs. Hudgins, Mrs. Hynes, Mr. Bulger, Mr. Acosta and Mr. Goldman

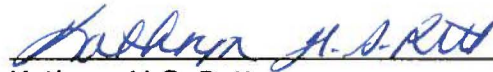
WHEREAS, The Board of Directors is satisfied that the proposal meets the Board Evaluation Criteria for the approval of Term Sheet execution, which the Board of Directors adopted pursuant to Resolution 2014-32; and

WHEREAS, After execution of a Term Sheet, WMATA and the Selected Developer will negotiate and bring to the Board of Directors for approval a Joint Development Agreement setting forth the terms for the purchase of the site and construction of the project and continued operation of the WMATA facilities that will remain on the site; now, therefore be it

RESOLVED, That the Board of Directors approves the execution of a Term Sheet for the Navy Yard Chiller Plant site joint development with the team of MRP Realty and CAS Riegler; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Kathryn H.S. Pett
General Counsel

WMATA File Structure Nos.:
21.9.3 Joint Development Pre-Contract Actions