



Finance and Capital Committee

Action Item III-B

October 14, 2021

Tenleytown Joint Development Agreement

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202296

Resolution:
☒ Yes ☐ No

TITLE:

Tenleytown Chiller Joint Development Agreement

PRESENTATION SUMMARY:

Request Board approval to execute a Joint Development Agreement for the sale of an 11,000 square foot lot currently housing a chiller plant serving Tenleytown and Friendship Heights Metro stations.

PURPOSE:

To obtain Board approval to execute a Joint Development Agreement for the sale of an 11,000 square foot lot housing a chiller plant serving the Tenleytown and Friendship Heights Metro stations.

DESCRIPTION:

The Georgetown Day School (GDS) has made an unsolicited offer to purchase and develop a small Metro property adjacent to the school in Northwest Washington, DC. The school will relocate a chiller plant that is currently on the Metro site and construct a building of approximately 30,000 square feet utilizing the Metro lot and a vacant lot owned by the school next to and northwest of the Metro property.

The party with an interest in this matter is **Georgetown Day School**

Key Highlights:

- Georgetown Day School made an unsolicited offer to purchase a 11,000 sq ft lot housing the chiller plant for the Tenleytown and Friendship Heights Metro stations
- The site is flanked by the school on three sides and cannot be developed by another party
- The school will bear the cost in relocating the chiller plant and will pay the fair market appraised value
- The JDA maximizes the value of Metro's property and will likely increase transit ridership through increased travel to and from expanded school activities.

Background and History:

Metro owns an 11,000 square foot lot at 4202 Ellicott Street in Northwest Washington, DC that houses a chiller plant serving the Tenleytown and Friendship Heights Metro stations, each about a quarter mile from the lot. Besides the chiller plant and its cooling

towers, the site contains vent shafts, a generator, and an exit shaft leading to the Red Line tracks and related equipment.

The site is flanked on three sides by Georgetown Day School (GDS) property: the school, itself, an alley and athletic fields, and a vacant lot at the corner of the alley and Ellicott Street. Over the past decade, the school has frequently approached Metro about buying the Metro site and made an unsolicited offer in July 2020. Metro's Joint Development Guidelines allow for a non-competitive property conveyance if no other party can develop a Metro site, as in this instance. In December 2020, after reviewing the proposal, staff informed the Board of Directors of the offer and the intent to engage GDS in a sole source negotiation.

GDS proposed buying the site at Metro's appraised value. It expects to relocate the chiller plant to another part of the site to free land for its own development but would leave the other Metro facilities such as vent shafts intact. However, the school would not immediately proceed with development because, after buying the site it needs to raise funds to construct a building. Further, the current plan provided to Metro-- which includes about 30,000 square feet of residential and educational uses and incorporates the vacant GDS lot-- might change as the fund raising and plan refinement progresses. At the sale of the site, Metro will be granted an easement for its use and control of the entire lot. The easement will remain until Metro has approved plans for the chiller plant relocation and school building and given notice to proceed with construction.

Discussion:

To accommodate both GDS and Metro requirements, the JDA provides that:

- Upon purchase of the Metro site after JDA execution and due diligence, GDS will grant Metro an easement to be recorded over the entire site to allow Metro operations to continue unimpeded
- GDS will act timely so that Metro may issue a notice to commence development upon approval of chiller plant and building plans within three years of site purchase
- At construction start, the easement will be lifted and Metro's physical and operational interests will be protected by recorded covenants
- GDS will relocate the chiller plant on-site at GDS's cost
- GDS may modify its building plan but any use must meet FTA transit-oriented development requirements

The JDA provisions will allow GDS to make productive use of scarce land resources adjacent to the school and support District of Columbia Comprehensive Plan objectives of attaining greater development density near transit stations. The provisions will allow Metro to maximize the value of its land and derive increased transit ridership from denser development.

FUNDING IMPACT:

The project will earn revenue for Metro that can be used for either operational or capital purposes and will require no Metro outlay of funds.
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Project Manager: Rosalyn Doggett

Project Department/Office:	CFO/LAND
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TIMELINE:

Previous Actions	7/20 GDS made unsolicited offer to purchase Tenleytown site
	12/20 Staff informed the Board of the unsolicited offer and engaged GDS in a sole source negotiation
Anticipated actions after presentation	Fall 2021 Execute JDA and seek FTA concurrence Winter 2022 Close on sale of property Winter 2025 GDS to start property redevelopment

RECOMMENDATION:

Board approval to execute a Joint Development Agreement for the sale of an 11,000 square foot lot housing a chiller plant serving the Tenleytown and Friendship Heights Metro stations.

Tenleytown Chiller Plant Site Joint Development Agreement

Finance and Capital Committee
October 14, 2021



Purpose

Request Board authorization to execute a Joint Development Agreement for sale of Tenleytown chiller site



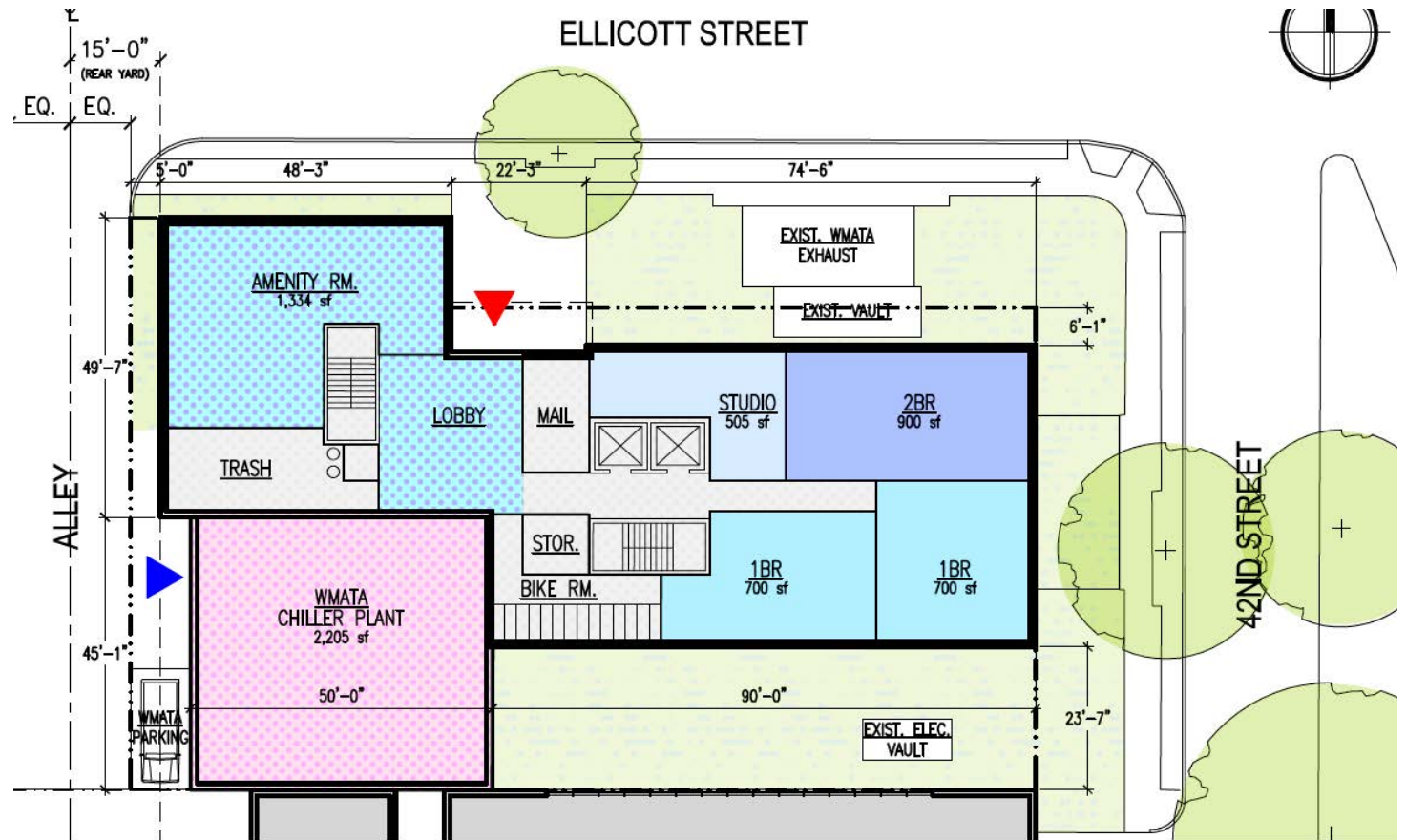
Background



- Chiller serves Tenleytown and Friendship Heights stations
- Adjacent property owner, Georgetown Day School (GDS), made unsolicited offer for mixed use development
- Site flanked by School and vacant GDS property, included in joint development project
- Board policies permit negotiation with single offeror when site cannot be developed by another party

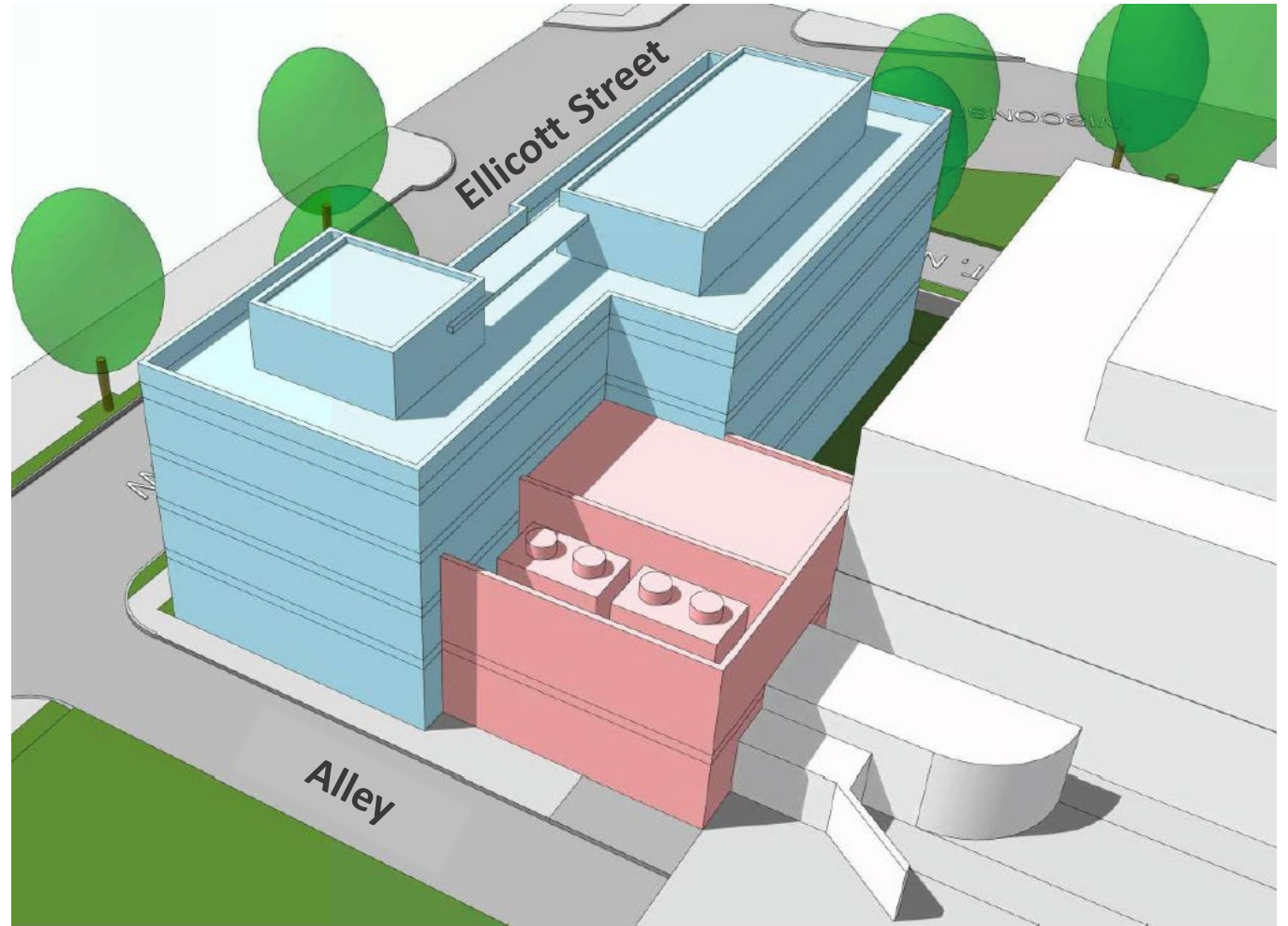
Proposed Project

- Housing for staff plus educational use
- Project must be transit oriented development and limited to residential, educational, office and/or retail
- Chiller plant to be relocated on-site at GDS cost

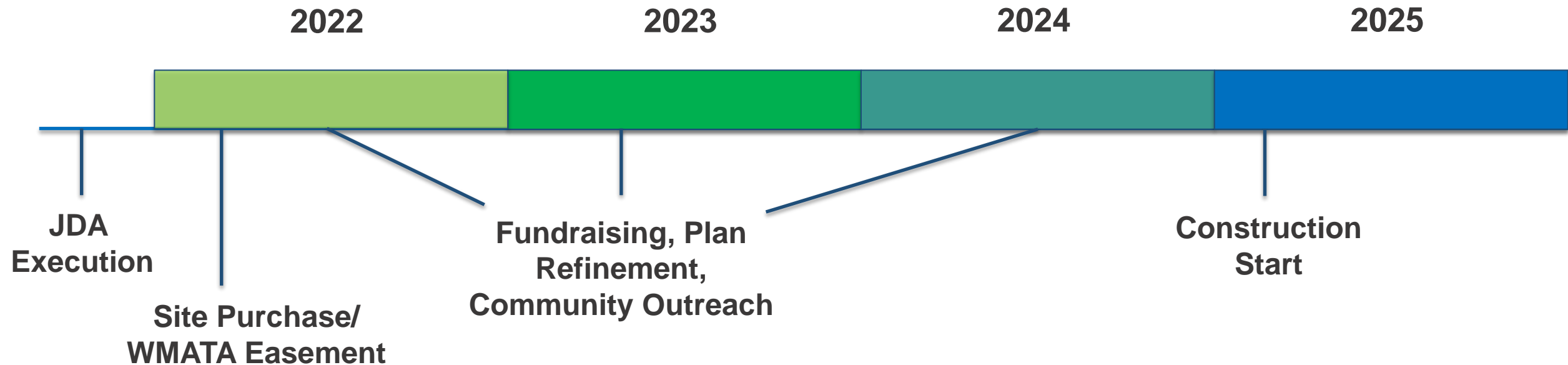


Project Benefits

- Maximizes value of Metro property
- Increases transit ridership
- Proposed mixed-use development meets DC Comp Plan objectives
- Retains Chiller plant on-site with permanent easement for WMATA



Next Steps



Recommendation

Board authorization to execute a Joint Development Agreement for sale of Tenleytown Chiller Plant site to GDS

SUBJECT: AUTHORIZATION TO EXECUTE A JOINT DEVELOPMENT AGREEMENT
FOR 4202 ELLICOTT STREET, NW

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

WHEREAS, On April 26, 2018, the Board of Directors adopted Joint Development Policies that require Board authorization to execute a joint development agreement (Res. 2018-13); and

WHEREAS, Section 3.3 of the Joint Development Policies, as implemented by Section 5.6 of the Joint Development Program Guidelines, provides that WMATA may consider unsolicited offers through a non-competitive process in limited cases, including “[I]and assemblage opportunities from adjacent property owners that would result in a higher density [transit-oriented development] and, therefore, higher ridership.”; and

WHEREAS, WMATA owns an 11,000 square foot transit-accessible property at 4202 Ellicott Street, NW in Washington, DC, housing a chiller plant serving the Tenleytown and Friendship Heights Metrorail Stations (the “Tenleytown Chiller Site”); and

WHEREAS, Georgetown Day School (“Purchaser”), an adjacent landowner, has made an unsolicited offer to buy the Tenleytown Chiller Site directly or through an affiliate to construct a mixed-use development including relocating the chiller plant, which staff believes would result in a higher density transit-oriented development and higher ridership; and

WHEREAS, Staff has negotiated a joint development agreement with Purchaser for a transit-oriented development on the Tenleytown Chiller Site and seeks Board authorization to execute the joint development agreement;

NOW THEREFORE, be it

RESOLVED, That the Board of Directors hereby authorizes the General Manager and Chief Executive Officer or his designee to execute a joint development agreement with Georgetown Day School (or its affiliate) for the sale of WMATA’s property at 4202 Ellicott Street, NW, Washington, DC, and be it finally

RESOLVED, That this Resolution shall take effect immediately to allow staff to timely execute the joint development agreement.

Reviewed as to form and legal sufficiency,

/s/
Patricia Y. Lee
Executive Vice President and General Counsel

WMATA File Structure No.:
21.9.4 Joint Development Agreements

PROPOSED