



**Planning, Program Development and Real Estate Committee**

**Item V – B**

**July 9, 2015**

**Approval of Navy Yard Chiller Joint  
Development Agreement**

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

Action  Information

MEAD Number:  
201432

Resolution:  
 Yes  No

**TITLE:**

Navy Yard Chiller Joint Development Agreement

**PRESENTATION SUMMARY:**

Staff has negotiated a Purchase and Sale Agreement with the team of MRP Realty and CAS Riegler for the redevelopment of the 14,100 square foot Navy Yard chiller plant site at Half and L Streets, SE, Washington. The chillers will be relocated on-site in a residential multi-story building with ground-floor retail. Staff is seeking approval to execute the agreement.

**PURPOSE:**

Approve the execution of a Purchase and Sale Agreement for redevelopment of the Navy Yard chiller plant site joint development with the team of MRP Realty and CAS Riegler.

**DESCRIPTION:**

Staff has negotiated a Purchase and Sale Agreement with the team of MRP Realty and CAS Riegler for the redevelopment of the 14,100 square foot Navy Yard chiller plant site at Half and L Streets, SE, Washington, DC. The chillers, which serve the Navy Yard and Waterfront stations, will be relocated on-site in a residential multi-story building with ground-floor retail. The building will also have 500 square feet of office space for Metro employees and five parking spaces for employees and utility vehicles servicing the chiller plant.

As shown in "Key Highlights" on the following page, the proposed project meets the adopted Board Evaluation Criteria for joint development.

**Key Highlights:**

<b>Metro Development Objectives</b>	<b>How Addressed by Proposed Project</b>
Proposed project integrates regional transit facilities	The building will integrate two Metro chillers and related equipment serving the Waterfront and NavyYard-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-Ballpark Metrorail Station and M Street SE bus lines (including DC Circulator). The project will have only 51 parking spaces for the 126 units, a ratio of .4
Proposed project increases pedestrian/bicycle-originated 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's financial objectives, including fair market value for Metro	The developer will pay fair market value to Metro, validated by appraisal.
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, 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 sq ft 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 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. Metro offered the site for sale to facilitate a potential purchaser combining the site with an adjoining privately-owned property that was also being offered for sale.

Metro received and evaluated three responses to the JDS in March 2014 and concluded that the proposal from Mid Atlantic Realty Partners, LLC, dba MRP Realty/CAS Riegler team (Developer) best meets Metro's development objectives. It negotiated a Term Sheet with the Developer that was approved by Metro's Board of Directors in September 2014.

Prior to Metro's acquisition, the site was occupied by a gas station. The Developer has conducted two rounds of geologic soil testing. WMATA has reviewed the Developer's test results with its environmental consultant and also with the Developer and has arrived at a mutually agreed upon cost estimate for soil remediation. The estimated costs will be withheld from the purchase price at the time of sale and held in escrow until the Developer performs the remediation.

**Discussion:**

The Purchase and Sale Agreement provides for 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 sq ft of ground floor retail space and 126 apartments in one building;
- Developer incorporation into the project of: 1) the existing chillers (recently upgraded by Metro) and related equipment at grade level; 2) chiller plant cooling towers (recently upgraded by Metro) on the building roof; 3) two dedicated at-grade parking/loading spaces for Metro utility vehicles and three standard parking spaces below grade in the apartment building garage; 4) 500 sq ft of replacement office space for field personnel; and
- Closing on the sale of the property within 24 months of Joint Development Agreement execution with the possibility of a one-year extension after payment of an extension fee and increased sales price.

**FUNDING IMPACT:**

Project will result in new revenue from the property sale and increased ridership resulting from the project.	
Project Manager:	Rosalyn Doggett

Project Department:	Chief Financial Officer/Real Estate and Station Planning
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**TIMELINE:**

<b>Previous Actions</b>	November 2013 - Metro issued Joint Development Solicitation September 2014 - Board approved execution of Term Sheet with Developer
<b>Anticipated actions after presentation</b>	July 2015 - Execution of Purchase and Sale Agreement July 2017 - Closing on sale of property

**RECOMMENDATION:**

Approve the execution of a Purchase and Sale Agreement for redevelopment of the Navy Yard chiller plant site joint development with the team of MRP Realty and CAS Riegler.



Washington Metropolitan Area Transit Authority

# Approval of Navy Yard Chiller Site Joint Development Agreement

Planning, Program Development and Real Estate Committee

July 9, 2015



## Purpose

- Seek Board approval of Joint Development Purchase and Sale Agreement for the Navy Yard Chiller Site





## Background

- 14,100 sq ft site offered in November 2013
- Term Sheet approved by Board September 2014
- Existing chillers serving Navy Yard-Ballpark and Waterfront stations must remain on site; can be relocated
- Sale allows potential combination adjacent parcel





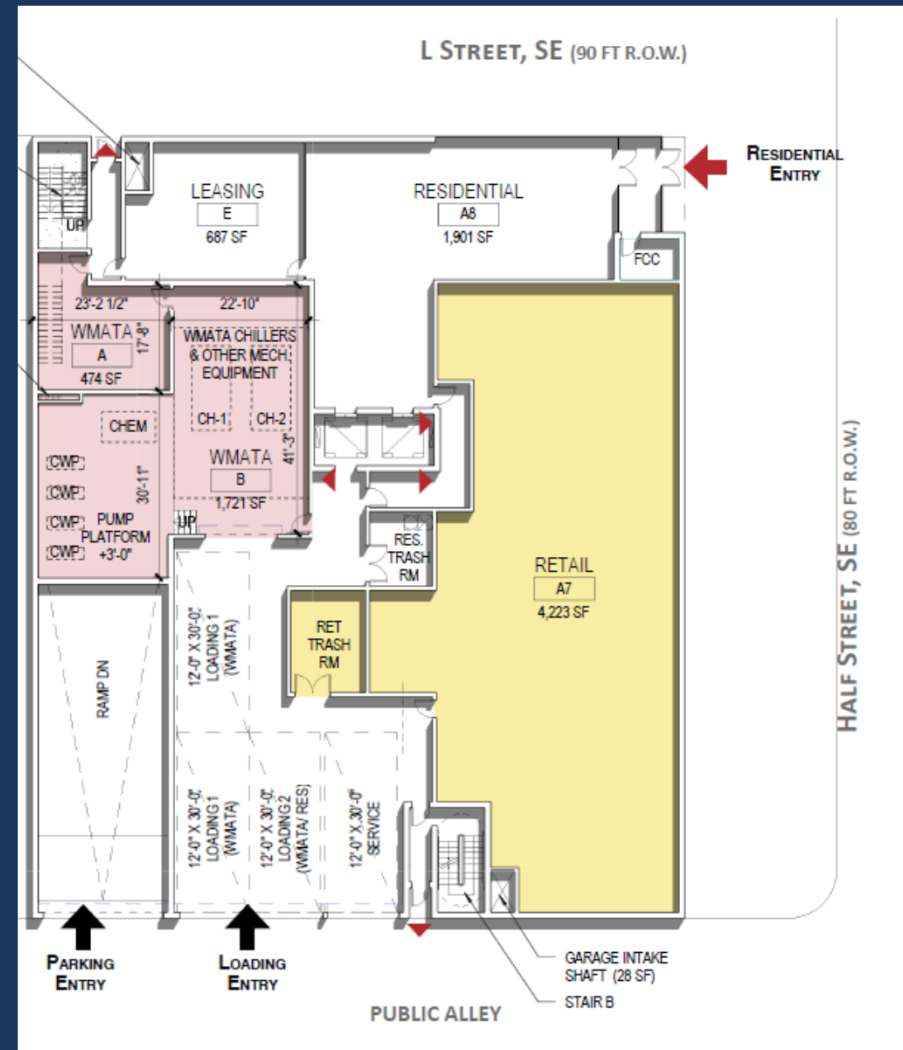
# Site Location





# Development Program

- 126 residential units
- 6,000 sq ft of ground-floor retail
- 500 sq. ft. office space for Metro use
- 51 parking spaces





# Benefits

- Proposed project achieves Metro Joint Development Program objectives:

<b>Integrate regional transit facilities</b>	<b>Provide mixed-use development, including housing and the opportunity to obtain goods and services near transit stations</b>
<b>Reduce automobile dependency</b>	<b>Offer active public spaces</b>
<b>Increase pedestrian / bicycle originated transit trips</b>	<b>Promote and enhance ridership</b>
<b>Foster safe station areas</b>	<b>Generate long-term revenues for Metro</b>
<b>Enhance surround area connections to transit stations</b>	<b>Encourage revitalization and sound growth in the communities that Metro serves</b>



# Benefits

- Ridership and revenue impacts:

Project	Projected Ridership (Daily Trips)	Projected Annual Ridership Revenue
Metro-owned joint development property at Navy Yard Chiller site	96	\$160,544



## Benefits

- Supports Strategic Plan goals of connecting communities and ensuring financial stability:
  - Fills gap in Capitol Riverfront/Ballpark District
  - Low parking ratio promotes transit use
  - Metro receives upgraded facilities
  - Metro receives fair market value from the land sale



# Recommendation

- Approve execution of a Joint Development Purchase and Sale Agreement for the Navy Yard Chiller Site



SUBJECT: APPROVAL TO EXECUTE A PURCHASE AND SALE AGREEMENT FOR THE NAVY YARD CHILLER PLANT SITE JOINT DEVELOPMENT PROJECT

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 that included 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; 2) the Washington Metropolitan Area Transit Authority (WMATA) may require bidders to reserve space on the site to be used as office space for operations and/or police staff; and 3) bidders must provide two to four parking spaces for WMATA's maintenance vehicles in any new development; and

WHEREAS, By Resolution 2014-45, the Board of Directors approved the execution of a Term Sheet for the Navy Yard Chiller Plant site joint development with the team of MidAtlantic Realty Partners, LLC dba MRP Realty, and CAS Riegler, LLC (Developer); and

WHEREAS, WMATA and Developer executed the Term Sheet on December 8, 2014; and

WHEREAS, WMATA and Developer have negotiated a Purchase and Sale Agreement that is acceptable to both parties; and

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

WHEREAS, WMATA will retain perpetual easements for operation of the chiller facilities, office space, and parking spaces on the site; and

WHEREAS, The proposed project is expected to increase ridership for the Metrorail system and the sale of the site will provide needed revenue for the system; and

WHEREAS, The approval of the Board of Directors is required for WMATA to proceed with the Purchase and Sale Agreement with Developer; now, therefore be it

*RESOLVED*, That the Board of Directors approves the execution of a Purchase and Sale Agreement for the Navy Yard Chiller Plant site joint development project with Developer; and be it finally

*RESOLVED*, That this Resolution shall be effective 30 days after its passage by the Board of Directors in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



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Mark R. Pohl  
Acting General Counsel

WMATA File Structure No.:  
21.9.4 Joint Development Agreements

PROPOSED