



Planning, Program Development and Real Estate Committee

Item V – C

July 9, 2015

**Approval of Fort Totten Joint Development
Term Sheet**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201588

Resolution:
 Yes No

TITLE:

Fort Totten Joint Development Term Sheet

PRESENTATION SUMMARY:

Metro intends to sign a non-binding term sheet with Donatelli Development for the development of approximately 3.35 acres of land on the northwest side of the Fort Totten Metro Station. That property is currently used as a Metro commuter parking lot. This project arises from a September 2014 Joint Development Solicitation issued by Metro seeking private sector development on that property.

PURPOSE:

Approve the negotiation and execution of a non-binding term sheet with Donatelli Development for the development of a portion of Metro's land at the Fort Totten Metro Station.

DESCRIPTION:

Toward advancing Metro's joint development program, in September 2014 WMATA issued a Joint Development Solicitation (JDS) for development of the Metro-owned surface parking lot area at the Fort Totten Station.

Donatelli Development submitted a proposal in response to the solicitation and their proposal best met Metro's evaluation criteria. As shown in "Key Highlights" on the following page, 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 project brings the Fort Totten neighborhood closer to the Metro Station site while continuing to provide the same transit facilities as are currently in use.
Proposed project reduces automobile dependency	By creating new multi-family development with some retail use across the street from a Metro Station, the new project creates the opportunity to reduce the need for automobile usage.
Proposed project increases pedestrian/bicycle-originated trips	The plan calls for better pedestrian access to the Metro Station for trips originating or terminating off-site via a more attractive pedestrian element and also creates the potential for trips generated directly on-site.
Proposed project fosters safe station areas	The proposed project will activate the area with new residents, workers and shoppers. Other projects in the vicinity of the Metro Station will enhance this effect.
Proposed project enhances connections to transit stations	The proposed project will enhance pedestrian and bicycle access to the Metro Station (as described above) and provide a new pedestrian plaza.
Proposed project provides mixed-use development	The proposed project includes multi-family residential and retail development.
Proposed project offers active public spaces	A new pedestrian plaza is proposed for the area facing the Metro Station.
Proposed project promotes and enhances ridership	The project will generate new ridership through riders traveling to and from the project itself, while also maintaining access for commuters traveling to and from the Metro Station.
Proposed project achieves Metro's financial objectives, including fair market value for Metro	The developer will pay fair market value to Metro, to be determined by appraisal.
Proposed project encourages revitalization and sound growth	The proposed project is in accord with the District's transit-oriented desires for the Fort Totten area. This is one of several projects in proximity to the Metro Station.

Background and History:

The Fort Totten area is emerging as an area of new development with projects underway on a variety of sites east and northeast of the Metro Station, including a new Walmart-anchored mixed-use project a few blocks away from the station. Development activity at the Red Line stations bracketing Fort Totten (Brookland-CUA and Takoma) is also strong, including one Metro joint development project at each of those stations. Metro sought to take advantage of this significant development momentum in the Fort Totten area by offering the Metro-owned surface parking lot for development.

Discussion:

Donatelli Development will ground lease or purchase the surface parking lot north and northwest of the Fort Totten Metro Station entrance. Donatelli will then develop the site for approximately 345 residential units and approximately 10,000 square feet of retail space; the retail space will face the Station entrance. In addition, the project will include a new parking garage of approximately 425 parking spaces for Metro commuter parking, replacing the surface parking spaces lost. (Residential parking will be in addition to the commuter parking.)

Other Metro transit operations at Fort Totten will not be affected. Those other facilities include a bus loop and Kiss & Ride area east of the Station entrance and a Metro Transit Police facility immediately north of the joint development site. All those will remain in place.

FUNDING IMPACT:

Proposed project will result in new revenue from the disposition of the property and from increased ridership at the Fort Totten Metro Station.	
Project Manager:	Steven A. Teitelbaum, Senior Real Estate Advisor
Project Department/Office:	Department of the Chief Financial Officer / Office of Real Estate and Station Planning

TIMELINE:

Previous Actions	<p>September 2014 – Metro issued a Joint Development Solicitation seeking development of the site</p> <p>February 2015 – Metro staff selected Donatelli Development as the developer, subject to Board approval and eventual FTA concurrence</p> <p>March 2015 – Metro Metro staff circulates non-binding term sheet for negotiation</p>
Anticipated actions after	<p>Summer 2015 – Finalize and execute term sheet</p> <p>Summer/Fall 2015 – negotiate formal Joint Development Agreement and return to Board for approval</p>

presentation

Winter 2015 – seek FTA concurrence in the transaction

Late 2016 / early 2017 – Close on the ground lease of the land,
begin construction

RECOMMENDATION:

Approve the negotiation and execution of a non-binding term sheet with Donatelli Development for the private sector development of a portion of Metro's landholdings at the Fort Totten Metro Station.



Washington Metropolitan Area Transit Authority

Approval of Term Sheet for the Fort Totten Joint Development

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Purpose

- Seek Board approval of term sheet for Fort Totten development





Background

- Fort Totten offered in September 2014 Joint Development Solicitation
 - Offered 3.5 acre surface parking lot northwest of Station entrance
- Two proposals received
- Donatelli Development's proposal best achieved evaluation criteria



Site Location





Development Program

- Approximately 345 residential units
- Approximately 10,000 sq. ft. of retail
- Metro surface parking replaced in new garage
- Bus loop and Kiss & Ride unaffected





Surrounding Development





Benefits

- Supports Strategic Plan goals of connecting communities and ensuring financial stability
- Proposed project achieves Metro Joint Development program objectives:

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



Benefits

- Ridership and revenue impacts:

Project	Projected Ridership	Projected Annual Ridership Revenue
WMATA-owned joint development property at Fort Totten	246	\$205,340



Recommendation

- Approve negotiation and execution of a Term Sheet for Fort Totten development



SUBJECT: APPROVAL TO NEGOTIATE AND EXECUTE A TERM SHEET WITH FOR JOINT DEVELOPMENT AT THE FORT TOTTEN METRORAIL STATION

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) issued Joint Development Solicitation 2014-04, requesting proposals for the private development of a portion of the WMATA-owned land at the Fort Totten Metrorail Station (Metro Station) in the District of Columbia (Fort Totten Joint Development Site); and

WHEREAS, The Fort Totten Joint Development Site includes the surface parking lot at the Metro Station but does not include the Metro Station entrance, the existing bus loop, or the existing Kiss & Ride area; and

WHEREAS, In February 2015, WMATA staff preliminarily designated Donatelli Development as the developer with whom WMATA would negotiate, and has been negotiating with Donatelli Development for the Fort Totten Joint Development Site; and

WHEREAS, The anticipated development of the Fort Totten Joint Development Site includes approximately 345 multifamily rental units and approximately 10,000 square feet of retail space, with associated parking for residents, and retail use and a replacement parking garage for Metro commuter use; and

WHEREAS, Negotiations anticipate the ground lease or sale of the Fort Totten Joint Development Site to Donatelli Development in exchange for a payment of fair market value to be confirmed by an independent appraisal of the development potential of the Fort Totten Joint Development Site; and

WHEREAS, WMATA staff seeks the Board of Directors authorization to negotiate and execute a non-binding term sheet with Donatelli Development on substantially the terms set forth above, subject to the further approval of the Board to any binding agreement and to the concurrence of the Federal Transit Administration in accordance with its procedures; now, therefore be it

***RESOLVED,* That the Board of Directors authorizes staff to negotiate and enter into a non-binding term sheet with Donatelli Development for the development of the Fort Totten Joint Development Site substantially on the terms set forth above; 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,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No:
21.9.3 Joint Development Pre-Contract Actions

PROPOSED