

City of Alexandria, Virginia

PRELIMINARY MEMORANDUM¹

DATE: APRIL 24, 2015

TO: MADAM CHAIR AND MEMBERS OF THE PLANNING COMMISSION

FROM: KARL MORITZ, DIRECTOR, PLANNING AND ZONING *for Karl*

SUBJECT: SELECTION OF A LOCALLY PREFERRED ALTERNATIVE FOR THE POTOMAC YARD METRORAIL STATION

ISSUE: Selection of a Locally Preferred Alternative (LPA) for the Potomac Yard Metrorail Station.

RECOMMENDATION: That the Planning Commission recommend to City Council Alternative B for the Potomac Yard Metrorail station based on consistency with the Master Plan, Potomac Yard Coordinated Development District(s) approvals and associated approvals.

BACKGROUND: Potomac Yard represents one of the most significant redevelopment opportunities for the City with the potential to achieve the vision for an urban mix of uses near transit. The construction of a Metrorail station has been the center of discussion in regard to transportation and land use planning for Potomac Yard for many years, most recently in the adopted 2008 City-wide Transportation Master Plan and the 2010 North Potomac Yard Small Area Plan.

In 2011, the City of Alexandria initiated an Environmental Impact Statement (EIS) under National Environmental Policy Act (NEPA) for construction of the proposed Potomac Yard Metrorail Station. The lead Federal agency for the EIS has been the Federal Transit Administration (FTA) and the City has been the project co-lead and sponsor. WMATA and the National Park Service (NPS) have been cooperating agencies. As part of this process, a Draft EIS was released on March 27, 2015.

The selection of the preferred location of the Metrorail station is a significant decision for the City from a transportation, land use and economic development perspective. This decision is one of the final steps in the Draft EIS process. Following selection of the preferred alternative, a Final EIS will be prepared which will include further design and refinement of the preferred alternative to minimize community and environmental impacts. The NEPA process will close out with Records of Decision (ROD) issued by FTA and NPS in 2016. Following the ROD, the project can move to award of the design-build contract, final design, and construction.

¹ An updated memorandum will be issued in conjunction with the May 16, 2015 City Council Public Hearing

Building a new Metrorail station is the key to transforming Potomac Yard into a smart-growth, urban, walkable community with a mix of office, residential uses, high-quality retail, entertainment, and new parks. A new Metrorail station will help accommodate growing transportation demand in the Route 1 corridor within the existing roadway network and will provide additional benefits to the City, as described in the Potomac Yard Metrorail Station Staff Recommendation document for the Preferred Alternative (Attachment).

DISCUSSION: Getting the Metrorail station location right, closest to the most potential development and office uses in particular, is critical to the success of the project. The North Potomac Yard Small Area Plan recommends that the station be located closest to the highest density. The Plan also allows the most density if the station is constructed in the Alternative B location (and requires the developer to contribute to the cost of construction), and therefore yields the most economic benefit to the City. Alternative B locates the Metrorail station within 0.25 mile of the densest development and creates the best opportunity for smart growth and a walkable, compact, urban community. If Alternative B is selected, based on existing land use decisions, the North Potomac Yard development would have 3.825 million more square feet of development than if any of the other alternatives were selected. Staff has determined after much analysis that Alternative B best balances land use and transportation, is consistent with City plans, and places the station in the best location to serve the largest number of potential Metrorail riders.

The Draft EIS evaluates two construction access options: access primarily via the George Washington Memorial Parkway (GWMP) (Option 1) or via Potomac Greens Drive (Option 2). Both options were evaluated in order to understand the potential impacts. However, NPS policy and federal regulations prohibit commercial vehicles on the GWMP if another option is available. Therefore, staff recommends that City Council select Alternative B with Construction Access via Potomac Greens (Option 2 - no access from GWMP) as their preferred alternative.

Staff recommends that during refinement of the preferred alternative through the Final EIS process and as design advances, the City continue to pursue strategies to avoid, minimize, or mitigate adverse impacts to the community, natural, and cultural resources, including but not limited to the strategies outlined in the staff recommendation (Attachment).

Because Alternative B would require a land exchange and release of the Greens Scenic Easement from the National Park Service, the City will need to enter in to a Net Benefits Agreement with NPS to include the elements outlined in Appendix B of the attached staff recommendation.

All mitigation measures suggested in the staff report will be confirmed and refined during the Final EIS or at later stages when the details of the project components and the construction scenarios are further developed.

COMMUNITY INPUT: The public has been engaged throughout the NEPA process through public meetings, meetings with community groups, briefings of boards and commissions, and meetings of the Potomac Yard Metrorail Implementation Work Group (PYMIG), all of which were open to the public. Since February 2015, staff has reached approximately 250 residents at meetings of community groups and 100 residents through a series of three recent informational open houses. Print, electronic, and broadcast media coverage has been extensive.

Many residents have expressed support for Alternative B based on its potential to positively affect the development of Potomac Yard, its citywide economic benefits, and its transportation benefits. Residents who support Alternative B have noted some concerns about some of the potential negative effects. These potential negative effects of Alternative B are the same or similar to effects that may occur with Alternative A, with the exception of the NPS land required and the scenic easement revision, which would be offset by the mitigation committed to in the Net Benefits Agreement. The most frequently noted concerns related to the effects of Alternative B include impacts from construction, parking and traffic, impacts to the GWMP, impacts to parks, wetlands, the potential for increased crime, and questions on financial feasibility. Additional detail is included in Appendix C of the attached staff recommendation.

Additional comments received from the public following the publication of this memorandum will be transmitted to City Council on May 19, 2015 as an addendum.

IMPLEMENTATION: Following approval of the LPA by City Council, preparation of the Final EIS will begin. This process will include public discussion of proposed mitigation measures in Fall 2015. The project team anticipates releasing a combined Final EIS and ROD in early 2016.

Procurement for the design-build contract will also begin following approval of the LPA, and will run concurrently with the Final EIS process. Award of the design-build contract is expected in mid-2016, with construction beginning in early 2017. The station is anticipated to open in 2019.

FISCAL IMPACT: The current financing plan for the Potomac Yard Metrorail Station assumes a self-financing plan that will not require the use of current general fund revenues. The bulk of the capital costs will be paid for using new Potomac Yard-generated tax revenues and developer contributions. The City has established the Potomac Yard Metrorail Station Fund, the proceeds of which are to be used solely for the design, construction, and financing of the station and will be segregated from other revenues. The Station Fund will accumulate revenue from net new tax revenues from Potomac Yard, two special tax districts, and developer contributions. The City will fund the portion of the station construction costs not funded through other sources described below by issuing general obligation bonds. The bond issuance will be structured to minimize debt service in the early years, with a gradually increasing annual principal repayment over 30 years.

In January 2015, the Commonwealth Transportation Board awarded the City of Alexandria a \$50 million loan from the Virginia Transportation Infrastructure Bank (VTIB) for construction of the Metrorail station. The 30-year loan locks in an interest rate of 2.17%, which is lower than the City's bonding rate. The loan also requires no interest or principal payments for four and one-half years after contract completion. This grace period is important to allow early development around the Metrorail station to begin to create new revenue prior to the City's first repayments. The flexible terms of the VTIB loan repayment reduce the City's risk as new development is anticipated to generate new revenues utilized for the repayment of principal and interest associated with the loan.

The plan also assumes \$69.5 million in Northern Virginia Transportation Authority (NVTA)-granted 70% funds, with the majority of that funding requested for FY2017. Although NVTA has not yet considered the City's request, the Potomac Yard Metrorail Station was one of the

highest ranked projects during consideration of NVTAs projects for FY2015 and FY2016, indicating that the City's request has a high probability of being funded. In addition, the City is planning to apply for up to \$50 million through the United States Department of Transportation's TIGER program. However, the probability of a TIGER grant award is low given that the number of grant applications for this program typically exceeds available federal funds. Staff recommends that additional regional, state, and federal funding sources continue to be pursued where available. Prior to authorization of the design-build contract by City Council, assumptions in the financial feasibility analysis will be updated based on real estate performance and revised projections to ensure that the project remains financially feasible.

ATTACHMENT:

Staff Recommendation for the Preferred Alternative – April 24, 2015 with appendices:

Appendix A: Draft EIS Executive Summary

Appendix B: Letter from the National Park Service re: Net Benefit Agreement

Appendix C: Community Feedback on Impacts of Alternatives

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