

- a. Negotiate a new ten-year replacement lease (ending on December 31, 2027) of the City's Cameron Run park property with the Northern Virginia Regional Park Authority (NOVA Parks);
 - b. Redefine the property leased to 14.6 acres to exclude Lake Cook, the largely undeveloped land east of Lake Cook and the Wards Woods Natural Area;
 - c. Establish a lease rate of the property of \$200,000 per year to be adjusted annually by changes in the national Consumer Price Index (CPI-U) capped at no higher than 50% of NOVA Parks net operating income for the Cameron Run Park, and direct those lease funds to fund future Cameron Run Park investments by the City; and
 - d. Establish within the lease with NOVA Parks the permission for the City to use designated areas of the NOVA Park leased area for City purposes in the off-season.
2. Declare that it is the City's intent that as of January 1, 2028, Cameron Run Park will become a City park whose specific park and recreation uses will be determined in the years leading up to 2028; and
 3. Declare that if lease negotiations based upon the above proposed terms are unsuccessful, then the existing lease would expire on July 1, 2021 and the Cameron Run parkland would revert to City control and custody for use for public park and recreation purposes.

BACKGROUND: In 1981, Northern Virginia Regional Parks Authority ("NOVA Parks") entered into a 40-year lease agreement with the City of Alexandria for 53 acres of City-owned land on Eisenhower Avenue later named the Cameron Run Regional Park for the nominal amount of ten dollars. Since then the amount of City-owned and subject to NOVA Parks lease land has been reduced to about 26 acres. Conditions of the 1981 lease included development of a "wave action swimming pool and associated support facilities, landscaping and lake improvements", as well as many other improvements. The current lease is set to expire in 2021, and NOVA Parks has requested a new or extended lease of the property to continue operations of their Regional Park on the site which include a wave pool, spray area, water slides, children's play areas, mini golf course, batting cage, picnic pavilions and related amenities.

In the fall of 2014, The Department of Recreation, Parks and Cultural Activities ("RPCA") informed the Park & Recreation Commission (the "Commission") of the desire by NOVA Parks to extend its current lease at the Cameron Run Regional Park property by 40 years. On January 15, 2015, the Commission approved the Cameron Run Recreational Area Coordinated Park and Open Space Plan. This plan, considered the current and future needs of City residents, as identified in the 2013 Needs Assessment conducted by RPCA and public comment. The Commission recommended at this time that City Council not extend NOVA Parks' lease.

In the first half of 2016, the City resumed discussions with NOVA Parks on a lease extension for the Cameron Run Regional Park and scheduled a City Council Public Hearing on the lease extension. On Saturday, June 18, 2016, City Council held a public hearing to receive input on a request by NOVA Parks to issue a new (replacement) lease for the Cameron Run Regional Park for a period of twenty (20) years ending in 2036. City Council deferred action and directed staff to develop a planning process, to consider alternative uses at the park, and to bring the issue of the future status of the Cameron Run park back to Council for consideration.

RPCA staff, in coordination with the Park and Recreation Commission, outlined a public process to identify potential alternative future use of the Cameron Run Regional Park site. The Commission endorsed the planning process on July 21, 2016 following a Commission public hearing on June 23, 2016. On August 23, 2016, RPCA issued a Request for Proposals (RFP) to seek consultant services to develop, recommend and implement a Public Planning Process and provide alternative Conceptual Plan(s) for the NOVA Parks Cameron Run Regional Park site. The City subsequently executed a contract with Michael Baker International for planning services. On December 15, 2016, the Park & Recreation Commission endorsed the Cameron Run Park Public Planning Process developed by RPCA in coordination with Michael Baker International. On January 10, 2017, City Council authorized the City Manager to direct RPCA to proceed with the proposed planning process.

DISCUSSION: Parks in the Eisenhower corridor will need to accommodate current and future needs of new residents. The Eisenhower East and West Small Area Plans show over the long term a combined increase of 22,000 additional residents at full development. Growth will occur at the rate that the market dictates. Based on household and population estimates, produced by the Department of Planning & Zoning, there will be substantial population growth near the Cameron Run Regional Park, particularly in the areas around Eisenhower Avenue Metro Station and the Eisenhower West and Landmark/Van Dorn Small Area Plans. The Eisenhower West Small Area Plan includes an additional 9.3 million square feet of new development by 2040. The Eisenhower East Small Area Plan includes an additional 6.5 million square feet of development. While that development will include open space, it will not likely include large tracts of land such as the current 26 acre Cameron Run Park.

As set by City Council, the City's open space goal is to maintain 7.3 acres of open space per 1,000 residents. An increase in population of 22,000 people in the Eisenhower Corridor by 2045 will require approximately 160 acres of open space to meet the population increase. As the market demands, during future development there will be a need for the City to provide more local parks for its residents. This is in addition to the existing need to serve the existing City population with sufficient parks. City parks should develop in sync with the community's changing needs. As popularity of specific park amenities change, parks often transition from one type of facility to another. The ability to acquire significant open space in the City is very limited and it is important to dedicate available sites to serve Alexandria resident's needs. Cameron Run Park's location in the Eisenhower Corridor makes it a key component of the local park network for adjacent residents, and a potentially valuable resource for all City park and recreation users.

Future of Cameron Run Regional Park: The Cameron Run Park Planning & Conceptual Design Final Report, based on resident and stakeholder feedback, identified the highest and best uses of Cameron Run Park:

- A park that serves the needs of Alexandria residents;
- A space that provides year-round activities through creative uses of the existing infrastructure including the parking area such as festivals, temporary ice skating, temporary sports fields, sports "Bubble" structures, and community program;
- A park that provides natural paths with environmental signage that are also suitable for recreational/fitness biking, walking and running;
- A park that provides family entertainment for a reasonable cost, and some amenities for no cost;
- A park that is well maintained;
- A park that contains an aquatic facility which could include the existing facilities or new indoor facilities; and
- A park that provides these amenities without undue burden on the City's resources, and/or generates revenue to offset operating and capital.

With the highest and best use themes identified, the City will need to decide in the years close to the proposed December 31, 2027 end of the proposed 10-year lease replacement:

- How to move forward with transforming the park over time into a space that responds to input from the community in response to future development, and
- Whether to establish other options other than direct City operations for a managed park at Cameron Run to meet Alexandria community needs via lease, operating agreement, or concession.

Proposed 10-year replacement lease: Given the above stated projected needs for more open space for City residents park and recreation use, the question for the City largely focuses on whether or not to extend the lease beyond its current expiration date of June 30, 2021, and if so for how long. Two factors point to some extension of the lease as warranted. First, the development in the Eisenhower corridor will not occur in just a few years, but will take a decade for significantly more development to accumulate to a critical mass of new residents. Second, the City's 10-year capital improvement program (CIP) is fully financially subscribed to largely address existing City facility needs, existing School facility needs, as well as accommodating through new school construction a substantial growth in the student population. As a result, in the short term, it is unlikely that the City would be able to fund significant capital investments at Cameron Run Park. Therefore, it is recommended that the City replace the current lease with NOVA Parks, which has about 3 1/2 years remaining, with a new 10-year lease that would end on December 31, 2027. Such a ten-year lease will then enable NOVA Parks to operate the facility for 10 years from the end of this year, and then the Cameron Run Park would shift to City responsibility about the time when CIP funding issues that the City is currently dealing with are largely addressed.

As part of the new lease there are a number of terms which City staff recommend be reflected in the new lease:

1. The Cameron Run Park area to be leased to NOVA Parks by the City should be redefined to the high activity areas used by NOVA Parks customers. The less active areas would then shift to City custody, control, and maintenance. This would include (Attachment 3) some of the wooded areas, Lake Cook, the area immediately around Lake Cook (which is largely an RPA), as well as the undeveloped land east of Lake Cook. These areas are not core to the NOVA Parks functions at Cameron Run and fit better with the core functions of the City's Department of Recreation and Parks and Cultural Activities. Also, the City is currently undertaking the installation of a \$4.3 million four bay storm water treatment facility in Lake Cook, and will need to maintain that investment going forward. This proposed carve out of these largely unimproved lands and the lake would reduce the area leased to NOVA Parks from the current 25.8 acres to about 14.6 acres. Since 1981, the City and NOVA Parks have reduced the original Cameron Run parks leased area to NOVA Parks from 53 acres to 26 acres.
2. It is estimated by the City's Office of Real Estate Assessment that the real estate value of the reduced 14.6 acre Cameron Run Park as unimproved park land would be approximately \$5 million. NOVA Parks current budget reflects an expected net operating income (i.e., revenues less operating expenses) from Cameron Run Park of some \$0.6 million although in a recent letter NOVA Parks indicates that they did not achieve that level of net income in FY 2017 and think due to weather conditions that their FY 2018 net income will also be diminished.

Regardless of their recent experience, the history of the Cameron Run Park has been that it has been a steady producer of net income for NOVA Parks for some time. In exchange for extending the lease from its current remaining 3 ½ year term date to a 10-year term, it is proposed that NOVA Parks pay the City 50% of its net operating income annually with a lease cap of \$0.2 million. This would provide the City

with a reasonable but low 4% rate of return on the value of the property it is leasing to NOVA Parks, but allow NOVA Parks to pay less to the City for years when annual net income is lower than \$400,000. Those lease revenues are proposed to be earmarked for Cameron Run Park capital investments by the City either during the lease period and/or after the 10-year lease period has expired.

3. It is also proposed that the new lease with NOVA Parks designate times and places where a portion of Cameron Run Park could be used in the off season by the City for other City purposes, most likely for parks and recreation type uses.

NOVA Parks Finances: The City of Alexandria is one of six jurisdictions who belong to NOVA Parks. The City of Alexandria pays the same jurisdictional rate per resident as the other five jurisdictions (Arlington, Fairfax County, Fairfax City, City of Falls Church and Loudoun County). The NOVA Parks operating budget is \$26.6 million including \$3.7 million (14%) provided by the six member jurisdictions. Earnings from park use fees and sales total 71% of NOVA Parks operating budget. NOVA Parks capital budget for park development, vehicle purchases and land acquisition totals \$8.3 million with \$5.0 million (60%) derived from jurisdictional contributions and much of the remaining balance of \$3.3 million planned to be derived from revenue bonds.

The current yearly NOVA Parks jurisdictional contribution rate is \$2.57 for capital contribution and \$1.89 for operating expenses for a total of \$4.46 per resident. The City's FY 2018 approved NOVA Parks budget includes (using a per resident funding formulae) contribution from the City of Alexandria to NOVA Parks of \$0.3 million for operations and \$0.4 million for capital totaling an overall \$0.7 million contribution from Alexandria to NOVA Parks.

The current FY 2018 NOVA Parks operating budget for Cameron Run (Great Waves Waterpark and other park elements) shows a net income of \$0.6 million per year. For Carlyle House the NOVA Parks budget shows a \$0.2 million operating subsidy. Although FY 2016 actuals were very similar to these numbers, these operating budget amounts will vary annually based upon a number of variables. These amounts also do not include any planned capital investments at these two NOVA Parks sites in Alexandria, which may be funded in the NOVA Parks Capital Improvement Program or from revenue bonds.

Should the City Continue Membership in NOVA Parks? This question has been raised by some in the community as to whether or not the City should remain a member of NOVA Parks, and is the cost-benefit balance for the City appropriate? For the reasons explained in the next few paragraphs I do not recommend that the City withdraw from NOVA Parks.

NOVA Parks like many regional institutions exists to provide benefits for all of the residents who live in its member jurisdictions. NOVA Parks has some 32 park sites covering over 12,000 acres. 22 of those parks are in western Fairfax County or Loudoun County.

NOVA Parks was created to provide large park experiences (nature areas, access to large bodies of water for recreational purposes, lower cost public golf courses, etc.) which are difficult if not impossible to create in an urban environment where the cost and availability of large tracts of land are problematic. The City could not duplicate for its residents what NOVA Parks offers for its residents in the region, because the City does not have within its borders large tracts of open space that it could acquire at a reasonable cost to create additional large natural areas or even a small 9-hole golf course. NOVA Parks fills a niche that the City cannot. Therefore, I do not recommend that the City withdraw from NOVA Parks. However, I do believe there are financial equity and service equity issues that NOVA Parks should address.

NOVA Parks should review its long-range plans in regards to better serving the residents of Alexandria (as well as eastern Fairfax County and Arlington) which likely have similar access issues as Alexandria residents.

NOVA Parks should also explore other options in regard to allocation of jurisdictional funding shares rather than just continuing to use population as the sole measure of the jurisdictional funding obligations. For example, proportionate use of regional facilities is often a factor in the jurisdictional formulae for sharing regional financial obligations (WMATA, regional juvenile detention home, etc.).

Lease Process: Since State law requires that leases of City land (even to another public entity) for a period longer than five years be publicly advertised and competed, after a lease document is negotiated with NOVA Parks it will need to be publicly advertised and be subject to competition. However, given the circumstances of the Cameron Run Park property and the terms and conditions of the lease, it would be highly unlikely that another entity would submit a qualifying proposal. Alternatively, a 5-year extension for a total of 8 ½ year new lease would not trigger this requirement.

FISCAL IMPACT: This new ten-year lease would generate up to \$2 million in lease revenues to the City for Cameron Run Park reinvestment purposes.

ATTACHMENTS:

1. Cameron Run Park Planning & Conceptual Design Final Report
2. Alexandria Park & Recreation Commission Cameron Run Park Memorandum of 9-20-17
3. Proposed general outline of area to be leased to NOVA Parks

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