

**Tenley-Janney Public-Private Partnership Taskforce**  
**June 4, 2007**

**Minutes**

CM Cheh opened the meeting by welcoming all and asking that all introduce themselves and state the organization that they represented. She then briefly explained the goals of the Taskforce:

- to explore the potential public-private partnership collectively, as a community -- represented as broadly as possible;
- and to explore what is at stake – both the merits and disadvantages of the proposal

In order to best do that, CM Cheh suggested that the Taskforce first hear from Ginnie Cooper, Head Librarian, on the plans for the Tenley Library in absence of a PPP; then DCPS with their plans in absence of a PPP; and then from Roadside on the value-added the PPP might provide.

### **Library Presentation**

Ginnie Cooper gave a brief summary of DCPL plans for the Tenley Library. The budget for the Tenley Library is fully funded at \$15-16 million, which is larger than the other library projects due to the stream and high water table under the building. They are planning to build 20,000 square feet on the fewest possible floors- 2 or 3 maximum. It is important that they have a prominent entrance that is identified as a library, and that the space is designed by an architect that has library experience. There will be some parking; however it will be very limited. Community meeting space will be included.

There will be a series of public meetings this summer. The architect has been selected for the project; however, as negotiations are ongoing, the announcement will not be made until the contract goes to the Council. Design work will begin this summer and into fall. It is anticipated that the earliest completion date for the library will be March 2010.

The Library Board adopted a mixed-use policy that will be on their website soon. They welcome mixed-use opportunities, but will only respond to them with a “preponderance of community support” for a given proposal.

### **DCPS Presentation**

Jane Morrissey of DCPS gave a brief summary of the Janney project with the understanding that DCPS has not yet done its feasibility study for the project. The budget for the project is currently set at \$25.3 million. The timeline for the project is currently set based on a 10-year modernization plan; however, the Council has not approved a 10-year plan. It is anticipated that in absence of a PPP, the project will begin in 2013, with a feasibility study to begin in 2011. The plans call for an addition to the building in addition to modernization of the existing building in anticipation of a total projected student-body of 550 students (including Hearst students who will attend Janney when Hearst is closed). Teacher parking will be included above-ground. There is no estimate from DCPS on total square-footage needed in absence of the feasibility study; however, Allison Feeney of the Janney PTA mentioned a PTA study from 2003 that suggest 60-65 thousand square feet may be needed to provide classrooms for projected student-body.

### **Roadside Presentation**

Armond Spikell of Roadside LLC gave a presentation on a draft proposal for a PPP that would rebuild the library, provide 129,000 square feet of residential condominiums, 63 residential parking spaces (below grade), and teacher and library parking (below grade). Mr. Spikell summarized the financials of such a project: a project value to the developer of \$63.4 million; total development costs of \$40.9 million; a required profit margin of \$12.7 million (20%); and a residual land value for the DCPS land that would be transferred to the project of \$9.8 million, or \$76 a square foot. Mr. Spikell also summarized the incremental tax increase that could be

expected as a result of the project, which could support a PILOT bond of up to \$6.9 million. Together with the land value, the project could yield a total public benefit of up to \$16.8 million.

The site plan that Roadside proposed allows for a new addition to Janney of 13,000 sq. ft., containing a gymnasium, library and 4 additional classrooms; below-grade parking (55 spaces); and new, expanded recreation facilities. The library facilities would include a 20,000 sq. ft. facility with community meeting rooms, below-grade parking (20 spaces); and the ability to work with the design documents provided by the library architects.

Mr. Spikell felt that the PPP provides two benefits to the community:

1. First, through the efficient use of the site through combining parking below-grade for the library, the school, and new residences; and
2. Second, the ability to contribute to the cost of the two public projects in two ways – the mark value of the transferred land and the PILOT bond program (payment in lieu of taxes).

Regarding a timeline, Mr. Spikell believes that if a PPP were agreed to today, they could get up to speed quickly and not slow-down the library timeline, as late fall would be the earliest construction documents would be required (Ginnie Cooper agreed). He also mentioned that in order to keep to that timeline it would be important to begin a PUD process soon, as it would take a minimum of six months. The school timeline, of course, would need to be accelerated if the PPP were to go forward.

Councilmember Cheh asked Mr. Spikell if Roadside were to be in charge of such a PPP, what would their responsibilities be? Mr. Spikell responded that originally he thought they would build the residential housing and the library, and the school would be built separately; however, he now believes that it might be better to do both for more efficient coordination on the site. If this were the case, they would work with a firm that has experience building schools, and would adapt the construction calendar so that activities would be least disruptive for the school.

## **Feedback**

Dr. Omer of DCPS gave his initial impressions of the Roadside proposal. He thought the concept was good, and that the proposal provided a good environment for growth at Janney. Dr. Omer felt it was instructive to look at the examples of past PPP's involving schools, including that involving School Without Walls (SWW), which was most similar to the proposal here, as it involved a land-swap. In the SWW case, GW University provided \$12 million for a land-swap, and that payment was used to pay for about half of the cost of construction for new school construction. Other examples include EdBuild, and McCartney in Ward 8.

Dr. Omer also suggested that it would be wise to put together a working committee between the schools, the library and the community to get a buy-in from the beginning, and to agree on how much of the benefit of the PPP goes to the schools.

Ginnie Cooper suggested that the library would be more affected by the PPP, as the residences would be on top of the library. The biggest advantage to the library would be the additional parking, as they could not afford to build below-grade. In addition, since putting parking underground will allow the use of the entire lot, it lets the library have more square footage on a single floor, which she prefers, and possibly a bigger library.

Ms. Cooper has had experience in the past with both PPP's and public partnerships, and feels that it works best when one contractor does all of the public work to insure proper coordination.

Regarding a third floor, Ms. Cooper feels that libraries are better on fewer floors, as they then require fewer staff, oversight, and are more conducive to family use. Use of a third floor for "semi-public" use, like meeting space, is less burdensome.

Ms. Cooper asked Mr. Spikell whether excavation for underground parking will require more time. Mr. Spikell estimates that it would take four to six months to get the parking excavated; however,

part of that time would involve building the underlying structure of the library, and a 2010 completion date would not be terribly difficult.

CM Cheh asked that as a Community we look at the pluses and minuses of the proposal, including new residences above a subway, more activity vs. less activity on the site, and an accelerated schedule for the Janney modernization. Given the library calendar, the Community has the summer to decide how best to proceed.

## **Past Experiences**

CM Cheh then asked J.R. Clark to explain the process required to execute a PPP with a land transfer like that being discussed, as Mr. Clark had participated in the SWW PPP. Mr. Clark outlined the following steps, some of which may not apply after the Mayoral takeover of the schools:

1. Determine who owns the land, and whether developer will be given fee-simple title;
2. School Board hearing on land transfer (if applicable), and a 30 day notice/comment period;
3. Memo of Understanding drafted between schools and the developer, and placed in the DC Register;
4. 45-day comment period;
5. Adoption of PPP in Council.

However, there may be an option for the Mayor to submit his proposal directly to the Council, where the required hearing would be held. Dr. Omer suggested that DCPS can propose w/out the Board, and that the process for the schools would start with the Council. The library, on the other hand, will need to work through their Board.

Regarding the PILOT financing, if this option is used it will require a feasibility study by the OCFO before a PILOT agreement can be generated. If affordable housing is also a component of the project, this will also complicate the process. All of these things must be done before the PUD process begins.

It is unclear how the process might change if there is no land transfer, but rather just provision of development rights on the land. The Code says that DCPS has control of the use of the land, but does not have title for the "dirt". In addition, there is only one single plot for both sites, but there would be two approval processes – one for Library Board, one for the Schools. There are also two different zoning classes – C3A & R1B – that cut across both the library and the school.

For the SWW process, the DCPS hearing was used for the public comment on the land transfer, so part of the process was consolidated, yielding only one approval document before the Council. Mr. Clark felt that the key would be to get all of the stakeholders – community and public agencies – together from the beginning to set out a common goal and path.

Another decision that will impact the process and the timeline is whether to go sole source or compete the project through an RFP. A sole source contract would be a more difficult process to move.

## **Community Comments & Questions**

1. *What is the proposed size of the DCPS addition and the proposed library?* An addition of 13,000 s.f. built on two levels was used as part of the site plan for the Roadside draft proposal. DCPS initial estimates (before feasibility study) suggest 40-50 thousand s.f. needed. The Janney PTA estimates up to 65 thousand s.f. needed.

The Roadside draft proposal has a 2.5-story library totally 20 thousand s.f. taking up the entire current site, with residents only above a portion of the library. Residential entrance would be separate, on Albemarle.

Cathy Wiss mentioned a concern that the LEAD Act, the “Library Enhancement, Assessment, and Development Act of 2006,” recommends that library land be considered for mixed-use projects, but that proceeds shall go into a separate library development trust fund. She also said that when polling library users, all wanted a new library soon, and there were mixed feelings on mixed-use. Her biggest concern is that if residences are put on top of the library, it will not be possible to expand up later. She feels it is important to build for the future.

Armond and Ginnie Cooper both suggested that the library doesn’t necessarily have to be constrained by it’s current site, as there is a fair amount of green space between the library and the school. Only through the PPP could the potential for a bigger footprint for the library be obtained now. Conversely, as a standalone project, the Library could only build on the existing footprint with a small amount of parking behind the building. Ginnie Cooper added that it would be unlikely they would build above such a structure in the future in any case.

Allison Feeney added that a parent feasibility study conducted in 2003 determined that the existing school is 38,000 s.f.; that looking forward, they will need 19,000 s.f. in additional program space; and that a gross-up factor of 0.42 is needed for ADA accessibility, A/C, hallways, etc. This adds up to an addition of 27,000 gross s.f., or 65,000 s.f. total.

2. *Ward 3 Vision:* Ron Eichner said he liked the PPP idea of leveraging city assets, and was in favor of the project. He had two points to raise:
  - a. *Street-level activity.* Does the plan contribute to the streetscape? He would like to see a reading room at the street-level that shows activity, and perhaps a public square with a fountain similar to that in front of the Barnes & Noble in Bethesda.
  - b. *It is good to add residences near the metro*
3. *Cityline:* Steve Hicks supports the idea, and feels it is good for the community as a whole. There will be some short-term costs, but these should be heavily discounted given the opportunities the project provides. Several specific points made by Steve include:
  - a. *Competition is best.* He strongly encourages looking into delaying the timeline to get potentially greater benefits from additional proposals.
  - b. *Rental vs. Condo residences?* Susan Linsky of Roadside said that no decision has been made about whether they would go condo or rental; rather, this was a pro forma example to explain the financial structure of such a deal.
  - c. *Parking.* One car per unit would help keep cars off the street.
  - d. *View for Cityline residents.* Some will lose view of Cathedral, so this should be kept in mind, although he doesn’t feel it is worth looking the opportunity over this.
4. *Friendship Neighborhood Association:* Gina Mirigliano feels it is important to plan for growth, and expressed concern that the existing proposals may not take this into account.

Jane Morrissey from DCPS answered that DCPS takes demographics into account when planning occupancy levels for schools, and the Hearst closure was also taken into account in reaching a number of 550 students for the new Janney School. Robin O’Hara of DCPS Planning could more completely answer questions about the planned size of the student body and how the number was reached.

Scott Cartland also gave figures on current classroom needs for Janney – namely, 2 Pre-K’s, 4 Kindergartens, 1<sup>st</sup> grade and 2<sup>nd</sup> grade classrooms; and 33rd, 4<sup>th</sup> and 5<sup>th</sup> grade classrooms. In addition, there are other educational needs, such as space for occupational therapy, ESL, learning labs, and administrative offices.

5. *CSTO*: Andra Tamburro expressed interest in the proposal, but had no CSTO position at this time. She had some questions for clarification:
    - a. *Funding*. When will the OCFO come into the discussion? It is too soon, as the project is too conceptual at this point. First we must know we are going forward, and have a specific plan.
    - b. *Condo vs. Rentals*. Will there be a smaller tax benefit for the new residences if they are rentals? Not necessarily, as they will still generate new residences, and the developer would own them, and would owe property taxes. The level of tax collections might change under this scenario, but the numbers have not been ruin by Roadside, so no clear answer.
    - c. *How would the estimated \$16.8 million in public benefit be distributed between the two public projects?* Not clear – the city would in large part decide, although the community should participate in the discussion and make recommendations.
  
  6. *Tenley Historical Society*. Mary Alice Levine asked about workforce housing, and how that would influence the financing of the project. Susan Linsky and CM Cheh suggested that this would require a subsidy from the city perhaps in Housing Production Trust Fund money.
  
  7. *ANC3E*: Anne Sullivan announced the details of the ANC3E special committee meetings on the same topic, and their community meeting, scheduled for June 25<sup>th</sup> or 26<sup>th</sup>. She said they would wait to weigh-in on the project until their meetings were concluded.
  
  8. *Tenleytown Neighbors Association*: Doug Wonderlic suggested that an important next step is to develop a schedule for the PPP process as soon as possible. Ginnie Cooper agreed. CM Cheh answered that after hearing the presentations during the meeting, she would like to form an interagency group to find out how such a process would be implemented so that the government is prepared to act if we decide to go forward with the PPP. Jane Morrissey mentioned that Kimberly Driggins of DCPS was instrumental in getting the SWW PPP through the process and would be a good resource for this project.
  
  9. *ANC3E*: Anne Sullivan asked if DCPL and DCPS would consider just a Public-Public Partnership. CM Cheh answered that maximizing the value of a partnership really comes with the private aspect; without that, it really is just a matter of increased efficiency with little value-added.
- Ginnie Cooper said that the Library Board discussed this, but felt that the Public-Public Partnership would only slow them down, so would not agree to such an arrangement.
- Jane Morrissey said that DCPS would only speed-up the Janney modernization if there was additional value-added for the school.
10. *Ward 3 Vision*: Steve Hicks suggested that missing a chance for increased density at the metro was a mistake.

## Next Meeting

CM Cheh proposed the next meeting of the Taskforce be scheduled 18 June 2007, and invited all participants to send comments, questions and concerns to Susan Banta so that an agenda for the meeting could be determined based on our progress at the first meeting. Based on this feedback, CM Cheh will decide if the next meeting will be a broader community meeting or a further discussion among Taskforce members.