

CITY OF TAKOMA PARK, MARYLAND (FINAL 10/8/93)

Special Session, Executive Session and Public Hearing of the City Council

Monday, August 2, 1993

CITY OFFICIALS PRESENT:

Councilmember Hamilton
Councilmember Johnson
Councilmember Leary
Councilmember Porter
Councilmember Prensky

City Administrator Habada
Deputy City Administrator Grimmer
Deputy City Clerk Espinosa

CITY OFFICIALS ABSENT:

Mayor Sharp

The City Council convened in Special Session at 7:34 p.m. on Monday, August 2, 1993, in the Council Chamber at 7500 Maple Avenue.

MAYOR AND COUNCIL COMMENTS

Ms. Porter announced that there is a meeting scheduled for Tuesday, August 3, at 7:30 p.m. to be held at Carroll Highlands Elementary School. All persons interested in education issues and in the renovation of the school should plan to attend this meeting.

#1 Resolution re: Street Improvements. Mr. Leary explained that the resolution and included conditions will authorize the issuance of a permit to Keating Construction Company to pave the unimproved alley between Heather Avenue and Linden Circle.

Moved by Ms. Porter; seconded by Mr. Prensky.

Ms. Porter noted that this issue has been before the citizens of Ward 2 for several months. There have been a series of meetings between the owner and potential builder of the lots, and the citizens in the area. She said that as a result of those meetings there has been an agreement made between these parties recommending that the alleyway be paved and made one-way, with its entrance on Heather Avenue and exit on Linden Circle. She stated that the agreement also includes other conditions, one of which is that the alley will be paved by the Mr. Keating, but will continue to remain as a City right-of-way. Ms. Porter noted that there has been agreement on the issues that have come before all parties concerned.

The resolution was unanimously adopted.

RESOLUTION #1993-79
(Attached)

Ms. Porter said that coming to this conclusion has entailed a very long process, involving many people, and has not always been an easy process. She stated that there has been a certain amount of forbearance on both sides and that she appreciates the efforts of both parties and hopes they will continue to work together in the future.

Mr. Leary noted that this process has not been as easy as it may appear from this evening's adoption of the resolution. Discussions have been conducted for months, and Ms. Porter and others have dedicated a lot of time and work to coming to this agreement.

#2 Use of Public Building. Mr. Leary explained that City staff feels it is necessary for the Council to adopt a resolution to authorize the use of a City building for a planned fundraiser for the mid-West flood victims. He noted that last week the Council expressed its support, at least in principle, of this activity. City staff took the event into consideration and because of some ambiguity in the City Code, the Council should pass a resolution authorizing the use of a City building for such a fundraiser.

Mr. Johnson stated that he does support the activity, and that even though the staff memorandum identifies Buddy Daniels as Precinct Chair of the Democratic Committee, his proposal for this event has nothing to do with his party affiliation. Mr. Johnson said that Mr. Daniels makes the proposal as a concerned citizen who feels that this is an opportunity for Takoma Park to make a contribution towards the relief efforts.

Mr. Prensky questioned whether it is necessary to go to the length of adopting a resolution, if a \$105.00 admission fee is levied--donations could be received as offered. He said that maybe the Council could avoid starting a habit of granting special permission to fundraising events, and that the City could sponsor this event with the approach of being a "companion City".

Mr. Johnson said that he thinks the idea of a resolution is well intentioned, but that he feels the Council should simply adopt the recommendation of staff.

Mr. Leary said that Mr. Prensky's comments are well taken, and urged that the City Administrator take his comments, regarding no admission charge, just a request for contributions, into account in the event of similar future requests.

Mr. Prensky noted that he received a letter from Mr. John Hartmann of Cockerill Avenue, who suggested that the City develop a method to raise relief funds for flood victims in the mid-West. The suggestion is that the Community Development Block Grant (CDBG) Committee consider the possibility of redirecting some of the City's CDBG funds to an individual City or in general, to the relief efforts in the mid-West.

The Council voted unanimously to support the use of a City building for a fundraising event to aid the mid-West flood victims.

Mr. Leary stated that the rest of the evening's agenda addresses the potential development at the Takoma Junction site, and that the Council will begin by meeting in Executive Session to receive a report from the City Administrator regarding some of the details associated with the whole series of proposals.

Moved by Mr. Johnson; seconded by Mr. Prensky. The Council adjourned to Executive Session to discuss land acquisition at 7:48 p.m.

The Council returned from Executive Session and reconvened in Special Session for a Public Hearing at 8:19 p.m.

Mr. Leary noted that the subject of the public hearing is the Takoma Junction development proposals, and that the City has been discussing this issue for many years. The discussions were very intense several years ago involving the possible development of the site by the Takoma Co-Op, but for a variety of reasons that proposal did not work out. Once again, the City is considering proposals for the development of the site. Mr. Leary said that the City has hired a market consultant to do a Market Assessment of the property to determine what development is commercially feasible for the site. The head of the firm that conducted the study, Mr. Geigerich, is here this evening to present a brief review of their findings and recommendations.

Mr. Geigerich stated that his firm has conducted a market study of the alternative uses for the site and that they evaluated retail, housing, and office uses. He introduced Mr. Wayne Lemmon who has done a lot of the detailed work on the study and is prepared to lead a slide presentation to illustrate their findings and recommendations. Mr. Geigerich said that Mr. Lemmon has reviewed the research from the 1990 census and from the merchant surveys that were conducted--100% of the merchants in the Takoma Junction area surveyed. Shoppers were also surveyed.

Mr. Lemmon said that there is a fair amount of material that he would like to cover quickly. He explained a slide showing the Takoma Junction area--the subject Takoma Junction site, C1-C2 Zone, and R60 Zone--and a slide of the Maryland-National Capital Park and Planning Land Use Master Plan illustrating that the area is zoned for convenience-retail surrounded by residential properties. He noted that part of their initial work was to define trade areas: primary trade area, based on convenience-retail market; secondary trade area, based on housing market. The populations for both trade areas are stable, and the demographic profiles are typical of populations inside the beltway. He noted that household type was interesting--families with children comprise only 50% of the area households. Non-families, singles, and multiple tenant homes comprise about the other 50% of area households. The average household incomes for both market areas are approximately the same. By and large, Takoma Park is a middle level white collar area. Mr. Lemmon discussed other aspects of consideration: housing tenure, owner-occupied housing values, renter-occupied housing values. For renter-occupied housing, two-thirds of Takoma Park households have an average monthly rent of \$600 or less. He said that this average rent is a significant constraint because it sets what the market is for this area.

Mr. Lemmon moved to a discussion of what the firm did to access the market support for the Takoma Junction area. He said that they talked to 100% of the Takoma Junction merchants and took a sampling of the Old Town area merchants. The responses indicate that the merchants are pleased with the area, feel Takoma Junction is distinct from Old Town, think that they have more driving traffic, and feel that their immediate area is Takoma Park-Silver Spring, but that their market is a wide ranging area. Merchants responded that they would like to see a grocery store, a table service restaurant, or a pharmacy (recommended by only a few merchants) for the site. The suggestions from shoppers included a hardware store, a restaurant, a grocery store, and a coffee shop. Only one shopper identified the need for a drug store/pharmacy in this immediate area. These perceptions were used to direct the firm in how to interpret the numbers from their reviews of population, income, expenditure, housing, etc. He explained that they did a comparison of how many establishments the spending from the local area would support and the number of establishments currently in the area. He noted some of the conclusions drawn based on supply and demand, and that supply and demand is being met, but served by shopping centers around the periphery of the primary trade area. Residents are not being served in the immediate community of Takoma Park.

Mr. Lemmon stated that in terms of a retail market assessment, the Takoma Park community is being served by shopping areas located at the periphery of the City. The amount of support generated by residents in this area is significantly more than the array of current offerings. Market support exists for retail development on the Takoma Junction site. The most appropriate array for Takoma Junction is convenience retail (grocery store, pharmacy, florist, video rental, beauty/barber, basic needs). Mr. Lemmon said that they found enough market support in terms of serving these needs locally in this community to support more than can be physically built on the immediate site. This indicates that if there is an opportunity to expand the site, the market exists.

Mr. Lemmon explained that the firm conducted a housing assessment. After converting all of the income dollars to constant dollars, and splitting household growth by income category and by age of household head, the firm tried to isolate where there are niches for growth. Even though the number of households overall might not grow by much, there are niches where a certain kind of housing product might address what seems to be the growth opportunities. There is a net growth anticipated in the number of households by certain income categories; however, the strongest housing market growth appears to be in the middle age groups and in middle to moderate income groups. He said that young starter households do not expect to see a lot of growth, and that the pre-retirement age group (55-64) only have modest growth or declines. Moderately priced, single family detached housing is in demand; there is not a lot of demand for multi-family homes or apartments.

Mr. Lemmon stated that the site is really commercial in nature, and that if housing were to be offered on the site, it would probably have to be multi-family which does not appear to concur with the market. The firm concludes for the housing market that no strong market support can be identified for new housing on the subject site. Heavy traffic and commercial nature makes the site unappealing for housing, which might mean that the City will have to discount the property and offer below market rents.

Mr. Lemmon said that they did a review for an office market. He noted that there is a large overhang of vacant space, a lack of regional access, and no real office market context, and said that any offerings would have to be significantly discounted. To pursue an office market at this time is not justified.

Mr. Geigerich presented some recommendations to the Council that were not included in their report. After this analysis, it appears that there is a strong demand for a retail market. He said that if the City decides to participate with a developer who chooses to go with residential development, it would be a risk to the City. There is no demand for an office market, unless it were a local serving office. He noted that there are basically three different directions that the City might consider in its decision making: 1) leave the site alone and the owner may find a use for the site, making it a single use site, 2) establish a Takoma Junction revitalization district, or 3) enter into a public-private partnership, the City becoming contractually engaged with the property owner (financial arrangement, easement, purchase of an equity interest, outright purchase of the property).

Mr. Leary confined the Council to ten minutes of questions and comments before proceeding with the public hearing.

Mr. Elrich asked were the rents that were used to establish retail viability at market, somewhat below market, or an estimated market level.

Mr. Geigerich said that the retail rents are at market.

Mr. Elrich said then that it would be correct to assume that the firm believes that if this project could be undertaken in the private sector, then the developer would make a profit, the rate of return, and pay County and City taxes. What rate of return would the firm envision that the developer would make on this site?

Mr. Geigerich said that the analysis was based on a factor of 10%, rate of return.

Mr. Elrich asked if the City were to take the option of public-private ownership, or if the City were to purchase the property and hire a developer and a management company, then could it be assumed that the City as owner would not have to pay County rent or taxes and could expect to accrue for itself that portion of the rents which covered the profit of the owner, and the City and County

taxes. That which would normally flow to the private sector would flow to the City.

Mr. Geigerich stated that this question might be worthy of further exploration. He said that before the City would get into an agreement regarding the site, there would need to be substantially more analysis to sharpen the fine points of profitability.

Mr. Johnson asked how much tax revenue is currently generated by the area that is being talked about, and if it is to be developed by the private sector, how much revenue might be produced if it is fully developed? He said that this information would be helpful in making decisions.

Mr. Geigerich referred to Mr. Johnson's request as a fiscal impact analysis and said that the firm could certainly work on getting this information to the Council. Effectively, property taxes are based on assessed value, and as assessed valuation is increased, more taxes flow. A lot of commercial values are based on income; assessors look at the income generated by a business. He said that the extent to which the level of business and income can be increased, will also increase the assessment of the property.

Mr. Prenskey noted that the firm has dismissed the likelihood of a housing development. He verified that the firm's analysis is based on assumptions about a new market for housing with the potential for new people moving into the City to find housing at a certain level. There is not enough demand from new people for the kinds of housing that were being considered. He said that the firm did not look at anything that related to the public policy interest of expanding the base of lower income or affordable housing for the current City residents.

Mr. Geigerich confirmed that they were looking at the housing option from the external private market sector.

Mr. Lemmon stated that the firm did not just look at people moving in from outside the City. Net growth represented a shifting of age and income in the community as well as any net immigration. He said that the firm was looking at private market housing and the market demand for at-rate private market housing.

Mr. Hamilton noted that the firm did not address the possibility of the public purpose of an expansion of the current fire house or the municipal gym. Why was the area not addressed in terms of its present facilities and needs?

Mr. Geigerich said that this was not part of their evaluation, and that they were looking at the private markets for the individual Zarpas site. He stated that there may be an outside possibility that if the Takoma Park Fire Station were to relocate, the current fire station would revert back to the City of Takoma Park. The City would then have an asset for consideration.

Mr. Leary asked the City Administrator to briefly bring the audience up-to-date on the current status of the property and what the City knows about what might possibly happen on the site in the foreseeable future.

Ms. Habada stated that the owner has the possibility of choosing from two competing interests, drug stores chains--People's and Rite Aid, and that staff has met with representatives from both chains who have expressed their eagerness to make an agreement with Mr. Zarpas. The Co-op is also interested in the Zarpas site and the possibility of locating in Takoma Junction; representatives are present this evening. She said that these are the interested parties and that Mr. Zarpas is interested in the best deal for himself.

Mr. Leary elaborated that the City has been informed that the Turner Electric property may be available for lease by the Co-op or some other tenant. This is another possibility that can be pursued by the City in conjunction with private interests.

Mr. Prenskey asked whether there is any information about the intentions and interests of the other sites.

Ms. Habada said that the owners of the other sites are primarily interested in what might be offered for their properties (Dawes property owner, and less interested Austin-Healey property owner).

Mr. Leary asked for a representative from the Takoma Junction Development Committee to make some remarks.

Roy Kahn, Chairman of the Takoma Junction Development Citizens Advisory Committee said that the committee strongly supports the City's effort to play a controlling financial role in the development of Takoma Junction, and the market study and its conclusion that retail activities are economically viable and that they are best oriented to serving the needs of the immediate Takoma Park community. He said that they do not want a stand-alone chain drug store and that based on the market study, they believe a commercially viable retail development can be developed without a chain drug store. He stated that they do not want the Zarpas site or its funding mechanisms to dictate the development of Takoma Junction. Mr. Kahn said that he understands that there are constraints that have been put on the Council because of various timing issues, but that they want to make sure that there is the greatest amount of flexibility built into anything that the City does, so that the City is not forced to take actions which will ultimately undermine the long term benefits of whatever development takes place in Takoma Junction. He noted that when referring to Takoma Junction, he is speaking about the Zarpas site, the land between Sycamore and up to and including the fire house, and the existing stores on Carroll Avenue. He said that the Takoma Park retail spine ought to be treated as a continuous retail district and that efforts should be made to combine Takoma Junction with Old Town. He noted that the Takoma Junction area lacks a comprehensive plan. Mr. Kahn said that the committee is concerned that the Section 108 application would commit the City to doing things which would not be beneficial, either to the residents who might live in housing if it were built, or the development as a whole. He stated that they do not want the City's haste to produce an inferior development that is not able to support the revitalization of Takoma Junction. The committee would like the City to commit the resources necessary to plan and develop the site properly--whatever it takes, to do a quality job. They favor flexibility and recommend that the City pursue private investors. In the event that the Section 108 funding is the only short term vehicle that the City has at its disposal for getting involved in the project, they are not opposed; however, they do not want the financing effort to end there.

John Reagan, Grant Avenue said that he is concerned that some of the crime seen in Langley Park will be imported into Takoma Park and that he has witnessed traffic around the pay phones located at the Texaco station. He stated that he does not want to see more of this kind of activity attracted by a 24-hour operation like People's Drug, and that he would rather see smaller and more entrepreneurial businesses on the site.

Jonathan Eastman, Proprietor of Knee High to Grasshopper Children's Consignment Store said that he supports the idea of family oriented stores as opposed to a late night convenience store, and that he thinks that the community as a whole wants to see a development take place that will upgrade the area. He asked the Council to work quickly and commit to a decision.

Victor Terroni, Cedar Avenue noted that the market report is clear and convincing, but that the resolution and its relevance to the situation is very confusing. He asked what the relevance of the revitalization district is to the possible lease/sale of the property? He said that he is not sure what the connection is. Mr. Terroni said that the City needs to think about the value of community that should be served by whatever development occurs on the site, and that the City should plan a shopping area that serves the basic needs of the residents. He noted that according to the report, any kind of retail venture will pay for itself, but that all ventures may not be desired.

| Roland Weiss, 24 Columbia Avenue said that he served on the former Takoma Junction Revitalization Committee and that he thinks the market study makes a lot of sense. He stated that it looks a lot like the report that the Co-op tried to put together some time ago, and that maybe more active City involvement at that time would have helped the Co-op pull off the development. He said that he does not believe that housing would work for the site, and that the land identified for a possible "pocket park", indicated in the Master Plan as a conservation district, is not buildable. Mr. Weiss said that he supports active involvement on the part of the City. He noted a resolution that was passed in 1987 regarding the Post Office and the attachments that included a number of criteria for any development that the City was agreeing to at that time. He commented on the City's super majority with regards to re-subdivision of the properties.

_____, Ethan Allen Avenue said that she does not think that housing or any kind of a chain development is appropriate for the site. She stated that she supports the recommendations of the market study.

| Tom Kaufman, Manor Circle said that part of the question before the Council and citizens of the community is what kind of character does the City want to maintain. A chain development will have effects on the traffic and quality of life for the neighboring residents and businesses. He noted that the drug stores have refused to receive calls, answer letters, or meet with civic groups at best suggests an attitude that is arrogant and uncaring. What kind of civic responsibility can we expect from them? Mr. Kaufman urged the City Council to use its intelligence and resourcefulness to prevent this from happening, to work with the property owner, and to listen to the citizens who signed the petition and work with their interests at heart. He commented that Mr. Tobias and Ms. Habada have made a good start on this project and that they should be encouraged to move forward on seeing the project to completion.

Tom Anastasio, Columbia Avenue said that he is very pleased that the City is taking an interest here and particularly, in considering becoming a principal in one way or another. It is clear that pure market forces are not going to serve community interests; the City needs to be involved. Large drug stores are a negative. He reiterated that Takoma Junction has to be viewed as a totality and not just one property. He said that the City should at least consider a little bit of housing, possibly group housing or supervised half-way houses along Columbia Avenue.

Bill Kules, Member of the Takoma Junction Committee said that he wants Takoma Junction to be as attractive as Old Town, and that the City has the opportunity to do this. This will have to be accomplished in the context of a comprehensive plan for the development of Takoma Junction as a whole. What is done in the area needs to reflect the needs and desires of Takoma Park citizens. He noted some of the issues that need to be taken into consideration as development discussions continue. He emphasized the importance of the full support of the City in any development project that takes place.

Charlotte Sobel, Elm Avenue said that what happens on the Zarpas site affects the entire City at large, and that whatever happens on this site is going to indicate whether Carroll Avenue eventually becomes residential in nature, or a continuation of Old Town. She stated that she believes that this is a public policy issue that the City needs to decide. She suggested that the City buy the strip of properties, land bank it, and broker out development once a decision is made regarding the future direction of Carroll Avenue from Old Town to this junction. Ms. Sobel said that as a member of the Affordable Housing Committee she would urge the Council and City to look at this site and the future lands that may become available adjacent to it, as one of the few sites in the City that affordable housing could be developed for large families. If the site gets developed piecemeal, there will never again be the opportunity to change the face of development. She said that a market study in this particular community will never support the development of market rate housing. She noted that what happens to this site is a perfect example of why she thinks the City should take over its own zoning and planning in the future.

David Walker, Takoma Park-Silver Spring Food Co-op commented on the usefulness of the market study. He said that the Co-op needs more space and wants to better serve the Takoma Park community. He explained that the Co-op requires about 5,000-7,000 sq.ft. and that they believe they would be a credible tenant. Mr. Walker explained that the Co-op estimates to have sold about \$1,750,000 worth of food out of their 1000 sq.ft. store front on Sligo Avenue during 1992. He said that they have had a long term interest in Takoma Junction, and that the Co-op would be interested in the Turner site. He stated that they would also be interested in a revitalization district, and that they are currently assembling a package of documentation that will support an initiative on the part of the Co-op. As a Co-op they have a membership, and it is important to balance the interests of the members (workers, owners, customers, community).

Gina Gaskin, Columbia Avenue expressed her desire for community oriented services and said that she does not think that a mega drug store is appropriate for Takoma Junction. She said that this is a wonderful opportunity for the City to work at creating the sense of community that residents of the City wish to have. This property may be a resource for revenue for the City. She stated that she would like to see the creation of some kind of affordable housing on part of the site. She questioned whether it is necessary to wait to acquire all of the surrounding properties before moving forward with development. It is important that the City consider existing businesses.

Carl Elefante, Westmoreland Avenue said that he has been a part of this project in the capacity of Elefante-Mallari Architecture in providing the Department of Housing and Community Development with some information regarding feasibility for the development of the site. He explained that Takoma Junction is a vital location for the City of Takoma Park; the development of the Zarpas property is of legitimate concern to the citizens, Council and City Administration; the planning efforts to date have fallen short of the kind of rigorous responsible creative planning which is needed to wrestle with the complex issues that Takoma Junction represents; a proper planning study needs to be undertaken by the City; the University of Maryland School of Architecture and Planning through its non-profit arm known as CADRE Corporation is a ready source uniquely qualified to undertake the planning of Takoma Junction; and the planning of Takoma Junction should be funded through the use of Montgomery County CDBG allotment.

Mr. Turner, Owner of Turner Electric Company, 201 Ethan Allen said that to set the record straight, his property is not for rent or sale. He stated that Mr. Zarpas bought the property and should be allowed to build what he wants on the property as long as it falls within the zoning requirements. Mr. Turner said that he got so

upset when he heard that the Council was discussing this matter that he had to come down here this evening to comment on the matter, and commented that if the City is thinking about acquiring the whole area and developing it, that the City will have a hard time getting Turner Electric. Anything built on the property will better the property.

Jim Douglas, 18 Sherman Avenue said that he would like to bring a couple of perspectives into the discussions. He stated that he thinks there is a public policy interest in the City becoming involved in the Takoma Junction area because of the partial revitalization that has occurred, traffic flow and associated parking problems, not becoming central economic planners, and not taking excessive risk with tax dollars. He said that the entire economic unit needs to be considered and that the area needs to be developed as a destination shopping location. Mr. Douglas said that he is very skeptical of the opportunities for housing facing on Carroll Avenue because the currently available land is very small and not feasible, and that he is disturbed by the comments about linking Takoma Junction and Old Town as one business district. He commented that this would have an extremely bad effect on the block of Carroll Avenue between Philadelphia Avenue and Takoma Towers. He said that the City should be in the position of influencing the direction of the development in order to create an anchor of retail market in the neighborhood as well as dealing with the parking, traffic, and neighborhood infringement issues. The City's approach should be flexible. Mr. Douglas stated that it is his personal view that the Co-op would be great, and a chain drug store would be bad. He noted that he would like to see the Fire Station go to somewhere else that is nearby but not quite so nearby. He stated that he thinks the City's public interest is in the larger issue of the type and nature of development, and not whether the site is going to house a Rite-Aid, People's Drug, Co-op, or some other business establishment.

Mr. Leary asked whether Mr. Douglas does not think that it should be the City's role to get involved to the extent of saying that there shall not be a Rite-Aid drug store on that site.

Mr. Douglas responded that although he does not personally support a Rite-Aid drug store for the site, it is a market decision.

Mr. Leary closed the public hearing.

Mr. Leary explained the two resolutions before the Council for consideration. One deals with the establishment of a revitalization district along the lines suggested by Mr. Geigerich in his presentation; the second authorizes the City Administrator to seek a Section 108 grant, to negotiate with the property owner to develop a plan regarding what takes place on the site, to negotiate an agreement with Mr. Zarpas to acquire some interest in his property, and to encourage the inclusion of a local community oriented grocery store in the Takoma Junction business district. Mr. Leary said that the Council will discuss both resolutions simultaneously.

Mr. Elrich stated that he is supportive of public-private ownership and that the City should seriously consider purchase of the property, the hiring of a private sector developer, and a private sector property manager. He said that the City has the opportunity to control what the community will look like, and that the City has the ability of being able to select the tenant mix. It is important to bring a substantial draw to Takoma Junction. He noted that this is an entrepreneurial opportunity for the City. He suggested that the Council move forward to the purchase of an interest (Zarpas' entire interest in the property) and then have the necessary discussion in the community about how to develop the site.

Ms. Porter noted her concern about traffic issues, and stated that she feels it is possible to go forward without creating enormous traffic problems. Another concern is that the City not risk City general funds in a project like this. CDBG funds are designed for development purposes, and this would be an appropriate project for use of those funds. She noted that the City has commitments from the County for CDBG funding, at least in the near future, that could be used to do some things that would allow the City to impact on this development without the outright purchase of the property. She commented that if the City is going to influence what goes on with the development of the site, there is going to have to be a financial commitment on the City's part. At this point, the Council is discussing the extent of the commitment and what kinds of funding the Council would be willing to commit on a project like this.

Mr. Johnson stated that he intends to support the draft resolution to designate this a revitalization district but that he is not in a position to support the purchase of the Zarpas property. He said that he would like to see an economic analysis in terms of what are the possibilities of increasing the commercial tax base, and that he is not sure that the City has the capability to develop the property if we were to purchase it. He commented that we need to move forward.

Mr. Prensky commented on the public support for the City's overall interest in having a serious say in the development of Takoma Junction. He said that he thinks it is the Council's responsibility to do what it can to increase the commercial tax revenues in the City, so as not to have to increase the residential property taxes. He noted that the City does not want to lose the existing base of businesses in the City but that at the same time, we have a tremendous need to provide a more viable business district that will be successful in the future. There is market support for more like businesses. Mr. Prensky said that the residents have expressed their concerns about a Rite-Aid or People's Drug. He expressed his distaste for the billboards currently located on the property and said that he would like to see them removed. He stated that he wants to see that the City do everything in its power to see the food Co-op locate in Takoma Junction. He commented on several of the options that have been discussed this evening. He said that he supports moving forward with the next set of risks and voting for the resolutions.

Mr. Leary stated that he also supports spending the currently available money from this year's CDBG funds to try and keep the City's foot in the door, to try to influence the development on the property to the extent of discouraging a People's or Rite-Aid drug store from developing. He said that he thinks there are limits to what the City can do to try and prevent a chain development, and that he is not prepared to authorize the spending of funds to buy the property. He noted that if the City were to buy the property, we would no longer receive property tax revenue from the property. Mr. Leary said that it is prudent for the Council to take a limited step.

Ms. Habada said that the resolution does not state the specific dollar amount of CDBG funds to be directed to the project, and that it only states that staff can pursue funds up to the limit of CDBG funds available to the City.

Mr. Leary said that he would like to offer that as an amendment to the resolution.

Ms. Habada asked whether Mr. Leary would like to address the issue about a larger geographic area for the district.

Mr. Porter noted that a lot of people have made the suggestion that the Council look at the entire commercial district which she believes would include the businesses across the street.

Mr. Douglas suggested that the Council use the same defining boundaries that were used for the revitalization work that was done 5-6 years ago.

Mr. Prenskey said that he wants to be sure not to include current residential properties in the revitalization district.

Mr. Leary asked for additional comments on the first resolution.

Eric Sepler, Owner of Kinetic Artistry commented that this is a vital issue and that the Council has done an excellent job of articulating the important points of discussion this evening. He noted that there is a partisan feeling in Takoma Junction and Old Town, and commented on his concerns about entering into a joint venture with Mr. Zarpas.

The resolution was adopted unanimously.

RESOLUTION #1993-80
(Attached)

Mr. Turner, Turner Electric said that there is a need for the customer draw from a chain retail store, and that such a store would encourage people to shop in the Takoma Junction area. He stated that he hates the idea of his tax money being spent to help someone develop a piece of property that the person is willing to develop on his own.

Mr. Leary explained that the resolution authorizes the City Administrator to move forward with four operative things. He asked what would be the purpose of applying for a Section 108 grant if the City is not going to acquire the property.

Ms. Habada stated that there are a number of different scenarios where the Section 108 loan could be used--acquisition or construction or as a loan guarantee. The City is going to have to be specific in the way it intends to spend the money when the application is submitted; there needs to be an agreement between the City and the property owner before a HUD application is submitted. She said that in regards to #3 of the resolution, the next step could very well be a scenario in which the City negotiates an agreement in terms of influencing the site planning or acceptability of the Food Co-op as a tenant and looking at their finances in terms of being able to sell that to an owner, developer and the bank. She assured the Council that she is not suggesting that this resolution gives her the authorization to negotiate a purchase agreement with Mr. Zarpas.

Mr. Johnson said that he has some serious problems with #3.

Mr. Leary suggested that the Council authorize the City Administrator to spend currently available CDBG funds--that amount of money and no more at this point--to obtain some interest with Mr. Zarpas that enables the City to influence the course of development.

Mr. Prenskey said that the Council could authorize specifically the 50k CDBG allocation and that he would add to that whatever other County, State or Federal economic development funding that may be identified by the City Administrator.

Mr. Leary said that he would like to see that options available but not exercised without further Council action.

Ms. Porter stated that the immediate issue this evening is whether the City wants to get involved in the development. She asked what parts of the resolved clause (#1-4) does the City Administrator need authority from the Council to proceed in what needs to be done between now and early September?

Ms. Habada said that definitely #3, and item #2 in terms of negotiating with one particular property owner. She noted that in regards to the limit on funding, the City will be able to keep its foot in the door, and that it will limit the City to negotiations with the Co-op because that is all that is possible, in terms of what is on the horizon, for Mr. Zarpas to understand as a business that the City would like to see on the property. She said that she would like to talk to Mr. Zarpas about the possibility of working out some arrangements where the Co-op could be bankable as a tenant, and that she would like to proceed in that direction. She stated that she would like work on getting a development team.

Mr. Elrich said that he thinks there is a value in going ahead with the Section 108 process but also exploring the other options. He noted that the City does not know what State and Federal funds might be available and what conditions are attached to those funds. He stated that he is very concerned about dealing with Mr. Zarpas, and that the City should negotiate the broadest parameters possible. Mr. Elrich said that he does not want to see the City invest money until there is a clear understanding from the lender and property owner that the City has a stake in the matter.

Ms. Habada said that there are two directions that she can see the City getting in at this point--influencing the site planning decision, or acquisition. These are the two positions in which we would not be in a partnership agreement with Mr. Zarpas.

Mr. Johnson said that if the adoption of this resolution authorizes the City Administrator to negotiate the purchase of the property for the City, or have the City assume any financial burden that Mr. Zarpas may not be able to meet, he cannot support the resolution.

Mr. Prensky said that the Council should authorize the City Administrator to work within a range, and that he believe the Council has discussed a range of zero to 80k, and to attempt to purchase certain rights for site control.

Ms. Porter stated that the resolution be amended to authorize the City Administrator to hire a development team.

Mr. Leary moved an amendment to strike #1 and #2, adds the item that Ms. Porter has suggested (use of CDBG funds to purchase expertise to develop...), and wherever appropriate, add that the City Administrator is authorized to spend up to 80k.

Ms. Porter said that in lieu of striking #1, include "proceed to determine additional potential sources of funding" which would allow the City Administrator to look for other sources without committing them.

Ms. Habada stated that in the event that there are other property owners that might be interested in selling or leasing their property to other entities, the City might want to have the freedom of looking at those options.

Mr. Douglas commented that the process should be started sooner rather than later, that #2 is locking the City into an impossible task, and that the critical issue is #3. What is going to be enough money to buy an interest. He said that the interest should not be limited to the Co-op specifically.

Ms. Porter said that she believes that the Council wants to go forward with giving the City Administrator a certain amount of leeway to negotiate, but that there is a reluctance to allow the City Administrator to commit the City to a purchase of the property.

Mr. Leary said that there has been the addition of #5 to authorize the formation of a development team.

Ms. Habada suggested that "and obtain" be removed from #1.

Mr. Johnson asked whether the Council is in agreement that the City will not be a guarantor of any of Mr. Zarpas' obligations?

The Council agreed to this.

Moved by Mr. Leary; seconded by Mr. Johnson. The amendment was adopted. The amended resolution was adopted unanimously.

RESOLUTION #1993-81
(Attached)

The Council adjourned at 11:25 p.m.

Introduced by: Councilmember Porter

Resolution No. 1993-79

Authorization to Issue A Permit to Pave the Alley
Between Heather Avenue and Linden Circle

- WHEREAS, Keating Construction Company is proposing to develop 901 and 903 Heather Avenue, AND
- WHEREAS, in connection with this development the developer has communicated with neighboring citizens regarding his development plans, AND
- WHEREAS, pursuant to this citizen communication, the Keating Construction Company proposes to pave the existing undeveloped alley between Heather Avenue and Linden Circle, AND
- WHEREAS, the proposed paving is considered to be a change to the alley pursuant to Section 11-25 of the City of Takoma Park Code requiring Council approval for issuance of a permit, AND
- WHEREAS, the Director of Public Works has recommended Council approval for this action subject to certain conditions.

NOW THEREFORE BE IT RESOLVED THAT the City Council authorizes the issuance of a City permit to Keating Construction Company for the purpose of paving the existing unimproved alley between Heather Avenue and Linden Circle subject to the following conditions:

1. Completion of a survey to identify the portion of the alley to be paved.
2. Evidence of the issuance of a Building Permit by Prince George's County.
3. Payment of a permit fee in an amount of 4% of the estimated cost of the paving.
4. Issuance of a City stormwater permit or waiver.
5. The attached agreement between Tom Keating and neighbors surrounding the alley.
6. Other requirements of the Director of Public Works outlined and authorized in Chapter 11 of the City of Takoma Park Code.

ADOPTED this 2nd day of August, 1993.



**AGREEMENT BETWEEN TOM KEATING AND NEIGHBORS SURROUNDING
ALLEY BETWEEN HEATHER AVENUE AND LINDEN CIRCLE**

After discussions between Tom Keating, president of Keating Construction Co. which owns two lots near the corner of Heather Avenue and Sligo Creek Parkway, and residents of the surrounding neighborhood concerning the alley that runs between Heather Avenue and Linden Circle, all parties came to the following agreement.

For his part, Tom Keating agrees that:

- 1) The alley will be paved to Public Works specifications 11-12 (a)(3) from Heather Avenue through to Linden Circle;
- 2) He will support the neighbors request to the city to post the alley as one-way, with the entrance on Heather Avenue and the exit on Linden Circle;
- 3) He will construct, at his own expense, a 6-foot high windgate wood fence across that portion of the property lines of lots 3 and 4 on Elm Avenue that face the alley; the fence on lot 3 will contain a gate; and the construction of these fences will occur after the gravel base of the alley has been laid, but before any other construction;
- 4) During construction, a temporary construction fence will be placed between lots 2 and 3 on Heather Avenue that is sufficient to keep dirt and debris from construction off the property at lot 3; the construction of this fence will occur after the gravel base of the alley has been laid but before any other construction;
- 5) A permanent 6 foot high windgate wood fence, or other type of fence if mutually agreed upon, will be constructed at his expense between lots 2 and 3 on Heather Avenue from the alley to a point approximately opposite the existing dogwood tree, and another fence of the same material along the property line of lot 3 along the alley; the construction of these fences will occur no later than the date on which the final wearing surface is laid on the alley or the first occupancy permit is issued, whichever occurs first;
- 6) Driveways from the alley to the new homes on lots 1 and 2 on Heather Avenue will be constructed to minimize the potential impact on the trees located on those lots. Location and design of driveways to lots 1 and 2 will be submitted to the Takoma Park Arborist for his review and comment and Keating Construction Co. will make every reasonable effort to work with the arborist to minimize damage to any trees which may be impacted by the driveways.


7) He will set up another meeting with neighborhood residents at such time as he has preliminary elevations and site plans for the homes and driveways to be built on lots 1 and 2 on Heather Avenue, but before the final plans have been drawn, so that neighborhood residents can see and comment on the plans.

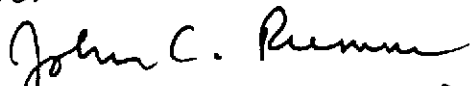
For their part, the undersigned residents of the area agree to support Tom Keating's request to pave the alley in order to provide access to the two houses to be build on lots 1 and 2 on Heather Avenue.

KEATING CONSTRUCTION CO.

29 July 1993


Thomas P. Keating, Pres.

 7/29/93
(1013 Elm Ave.)

 7/29/93
(1014 Elm Avenue)

Debra L. Fuller } 1016 Elm
EVA M. RODRIGUEZ }

John E. Pross
(1010 Elm Ave.)

Caryn M. Stallings
1014 Elm Avenue

Leon C. Woodson
1012 Elm Ave.

John B. Dunn
906 Heather Av

Fred Lemson
900 Heather ave.

Barbara Simonsen
900 Heather Avenue

Ernest E. Stange
907 Heather Ave.

Evelyn Bradley & Frederick W. Colley
1015 Elm Ave

8-1-93 - Virginia J. Ryan
~~XXXXXXXXXXXXXXXXXXXX~~
841 Linden Circle

8-1-93 Adaline M. Keller
1005 Elm Ave

8-1-93 KATEL BOUL *
901 SLIGO CREEK PKWY

* SUBJECT TO AN AGREEMENT BY THE CITY THAT : (1) THE RAISING OF THE ALLEY WILL NOT INTERFERE WITH THE RETAINING WALL BEHIND THE PROUSE PROPERTY; AND (2) IF THE RAISING RESULTS EVENTUALLY IN THE DEATH OF THE TREE THAT IS AT THE LINDEN END OF THE ALLEY, THE CITY WILL TAKE RESPONSIBILITY FOR REMOVING THE TREE.

8.1.93 ~~XXXXXXXXXXXX~~ * AS ABOVE
8-1-93 PEG O'BRIEN
8-2-93 Carolyn As Hammett

901 SLIGO
CREEK PKWAY

OKAY
P. Keefe
8.2.93

Drafted by: Gloria Nance-Sims
Introduced by: Councilmember Leary

Adopted: August 2, 1993

Resolution 1993-80

To designate a business revitalization district in the Takoma Junction area.

- Whereas, The principal goals of the City's involvement in the Takoma Junction development process as adopted by Council Resolution 1993-57 are:
- to ensure the site(s) is developed in a comprehensive manner which is compatible with the existing commercial district and neighboring residential areas, and which is in accordance with the proposed Open Space Plan;
 - to increase the City's commercial tax base and provide employment opportunities to City residents;
 - to strengthen the existing commercial area and ensure that the goods and service needs of the citizens are considered in the tenant mix and preserves the character of Takoma Junction; and
 - to encourage the incorporation of an affordable housing component in the project; and
- Whereas, The staff, in cooperation with the Takoma Junction Development Advisory Committee has explored the opportunities for developing the last vacant lot and possible adjacent lots in the Takoma Junction Commercial area; and
- Whereas, The City has commissioned a market analysis and the consultants have developed findings and have presented recommendations with regard to the feasibility of commercial demand for local, community serving retail uses at the Takoma Junction location; and
- Whereas, the consultants have identified in their report to the City, substantial demand for a number of local community serving retail uses; and
- Whereas, The market study report has indicated that there is more market support than can be accommodated on the subject site and that long range planning should look ahead to providing a more comprehensive development to serve the residents of the community by potentially expanding the development site to include all land beginning at Turner Electric and including all the intervening land through and including the Takoma Park Fire station; and
- Whereas, The City Council desires to fully provide for an appropriate and adequate level of shopping services for the citizens Takoma Park within the city.

NOW THEREFORE BE IT RESOLVED THAT the City Council hereby designates the area as specified herein (see map) to be the Takoma Junction Business Revitalization District which will be utilized as the basis for focussing the planning and development of this area to most conveniently serve the shopping needs of the citizens of Takoma Park.

Dated this 2nd day of August , 1993.

Introduced By: Councilmember Leary
Drafted By: Gloria Nance-Sims

Adopted: 8/2/93

Resolution 1993-81

A resolution to authorize the City Administrator to undertake a program of action to implement the Takoma Junction Business Revitalization Project.

- Whereas, The City Council has conducted a public Hearing with appropriate public notice to ascertain the facts and the expressed opinions of the citizens of Takoma Park; and
- Whereas, the City Council has appointed a Takoma Junction Development Citizens Advisory Committee and the Committee has presented its recommendations to the City council; and
- Whereas, The City has considered the recommendations of the consultants engaged by the city to provide advice with regard to the market demand for various uses within the city; and
- Whereas, The City Council has become aware of the expression of desire by the residents for a better balance of retail uses within the City, alleviating the need for residents to travel to facilities outside the city; and
- Whereas, The City Council has created the Takoma Junction Business Revitalization District; and
- Whereas, The City Council is committed to improving the diversity and quality of retail services available to its citizens within the borders of the City of Takoma Park.

NOW THEREFORE BE IT RESOLVED THAT the City Council hereby authorizes the City Administrator to proceed with the following program of action:

1. Immediately proceed to seek grant and loan funding to achieve the revitalization of this business district including Section 108 and all other funds necessary to bring about successful development of the district; and
2. The City Administrator is authorized to negotiate an agreement with Mr. Zarpas and the lender of the subject property to acquire a beneficial interest in the property with regard to the right to influence the use and site planning of the property to assure its use and compatibility with the adopted goals of the Business Revitalization District; and
3. To encourage the inclusion of a local, community oriented grocery store in the Takoma Junction Business District to best serve the convenient, day to day shopping needs of the residents in the city; and
4. The City Administrator is authorized to recruit and assemble a Development Team, whose mission is to assist the City Administrator in undertaking a program of action to implement the Takoma Junction Business Revitalization Project.

Dated this 2nd day of August, 1993.

Introduced by: Councilmember Leary
Drafted by: Gloria Nance-Sims

Adopted: 8/2/93

Resolution #1993-81

A resolution to authorize the City Administrator to undertake a program of action to implement the Takoma Junction Business Revitalization Project.

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- Whereas, the City has considered the recommendations of the consultants engaged by the city to provide advice with regard to the market demand for various uses within the City; and
- Whereas, the City Council has become aware of the expression of desire by the residents for a better balance of retail uses within the City, alleviating the need for residents to travel to facilities outside the City; and
- Whereas, the City Council has created the Takoma Junction Business Revitalization District; and
- Whereas, the City Council is committed to improving the diversity and quality of retail services available to its citizens within the borders of the City of Takoma Park.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council hereby authorizes the City Administrator to proceed with the following program of action:

1. Immediately proceed to seek ~~and obtain~~ grant and loan funding to achieve the revitalization of this business district including Section 108 and all other funds necessary to bring about successful development of the district; and
- ~~2. Negotiate with subject property owner(s) to ensure creation of a unified retail development plan which meets the needs and desires of all segments of the Takoma Park customer base; and~~
- ~~3.2.~~ The City Administrator is authorized to negotiate an agreement with Mr. Zarpas and the lender of the subject property to acquire a beneficial interest in the property with regard to the right to influence the use and site planning of the property to assure its use and compatibility with the adopted goals of the Business Revitalization District; and
- ~~4.3.~~ To encourage the inclusion of a local, community oriented grocery store in the Takoma Junction Business District to best serve the convenient, day to day shopping needs of the residents in the City; ~~and~~
- ~~5.4.~~ The City Administrator is authorized to recruit and assemble a Development Team, whose mission is to assist the City Administrator in undertaking a program of action to implement the Takoma Junction Business Revitalization Project.

Dates this 2nd day of August, 1993.