

Summary Minutes

ALEXANDRIA WATERFRONT COMMISSION

Thursday, February 14, 2013

Alexandria City Hall, Room 2000

Members:

Present:

Gina Baum, Alexandria Park and Recreation Commission
Christine Bernstein, Founders Park Community Association
Stewart Dunn, Alexandria Planning Commission
Art Fox, Citizen east of Washington St. and south of King St.
Charlotte Hall, Alexandria Chamber of Commerce
Jacob Hoogland, Alexandria Archaeological Commission
Nathan Macek, At-large citizen from west of Washington St. and Chair
Jody Manor, Alexandria Convention and Visitors Association (ACVA)
Kathleen Seifert, Alexandria Seaport Foundation
Paul Smedberg, Alexandria City Council
Stephen Thayer, Citizen east of Washington St. and north of King St.
Christa Watters, Citizen east of Washington St. and north of Pendleton St
Ryan Wojtanowski, Alexandria Environmental Policy Commission

Excused:

Dennis Auld, Citizen, Park Planning District II
Suzanne Bethel, Old Town Business and Professional Association
Morgan Delaney, Historic Alexandria Foundation
Doug Gosnell, Alexandria Marina pleasure boat leaseholder
Trey Hanbury, Citizen, Park Planning District I
Melinda Lyle, Citizen, Park Planning District III
Patricia Miller, Alexandria Commission on the Arts
Townsend A. Van Fleet, Old Town Civic Association

City Staff:

Jack Browand, Recreation, Parks, and Cultural Activities (RPCA)
Michael Cross, Fire Department
Mark Jinks, Office of City Manager
Karl Moritz, Planning and Zoning (P&Z)
Nancy Williams, Planning and Zoning (P&Z)

Guests:

Engin Artemel
Gary Baker, The Realco Group
Bill Dickinson, Rappaport Companies
Val Hawkins, Alexandria Economic Development Partnership (AEDP)
Tom Hulfish, Chair, Board of Architectural Review, Old & Historic District
Stephanie Landrum, AEDP
Ed McCrystal, The Realco Group
Christina Mindrup, AEDP
Larry Pearce, The Realco Group
Eric Wallner, Chief Executive Officer, Torpedo Factory Arts Center

Welcome and Introductions

The Commission was called to order at 5:05 p.m. and commissioners, staff and guests introduced themselves.

Discussion: Torpedo Factory Food Pavilion

Dickinson of Rappaport Companies, broker of the Food Pavilion facility, said that his firm had discussed leasing the facility with a long list of potential tenants. The feedback received is that there is interest in being on the water, but the property has challenges. Restaurants have been a logical focus tenant, but not exclusive. The successful candidate has to be successful elsewhere, meaning well-funded and established as the likely investment range is between \$4 million and \$5 million. National firms choose their location based on the best investment opportunities around the country. The Waterfront Small Area Plan is an important part of showing potential tenants what's coming. Questions include how long before plan implementation will be visible.

Pearce, principal with The Realco Group, master lease holders of the Food Pavilion, said that going back to 2011, the difficult national economic environment constrained many restaurant groups from expanding. He said the industry is seeing increased interest in expansion, especially as the economy improves.

Pearce said that the Food Pavilion represents a \$1,000+ daily economic cost to The Realco Group, which the firm is not comfortable with. He said the firm wants to see a return on investment instead of a drain on capital. He said the firm is looking at minimum additional investment of \$1.5 million (in addition to the investment of any restaurant operator) to make the facility tenant-ready. He said the firm has a long-range investment horizon and wants a firm with every possible indication of success. He said the firm does not want an undercapitalized tenant, but a partner with sufficient capital to do the right job.

Dunn asked whether the firm was looking for one tenant or several. Dickinson said it could be one or several, but is not likely to be more than two. The facility is a "period piece" in terms of architecture, but doesn't always work from a functional standpoint. The Realco Group has explored a number of renovation options, but the building has natural breakpoint for two tenants.

Dunn asked why the food court failed. Pearce said it housed multiple tenants, and there was not enough traffic for those businesses to be profitable on a 12-month basis. The facility was dead from late-October through mid-March and several tenants had trouble paying rent during the winter months. The food court has always been an economic drain on the rest of The Realco Group's Alexandria Waterfront project (which includes 101 North Union Street, 201 North Union Street, and the Chart House restaurant). Foot traffic has been an issue in the arcade of 101 North Union Street as well. Pearce said that a well-known national company in the coffee/bakery business looking for space in Old Town is more focused towards the City Courthouse and upper end of King Street because of the limited foot traffic near the water.

Wojtanowski said the ideal leasee might be a single restaurateur, someone whose reputation doesn't require a neon sign to attract people, such as a celebrity chef with a local focus. Pearce responded that this has been a target for The Realco Group's

marketing. Wojtanowski said the name needs to be substantial enough that it draws people time and again.

Bernstein suggested thinking outside the box to make the Waterfront more vibrant, and less of a seasonal operation. She said so many waterfront communities have marketplaces with multiple vendors that sell interesting cuisine with a bent towards fresh produce, fresh fish, and gourmet items. Pearce said he's been to the Ferry Terminal Marketplace in San Francisco (which has major retail), Faneuil Hall in Boston, and others. Dickinson said that a festival marketplace is a wonderful idea, but very difficult to make work. Most are located in dense places, and there isn't sufficient density here. He also said the area draws from a semicircle, since it's on the water. He said festival marketplaces can work if they are destinations, but people need to be able to access it by car. He said the facility will need to be able to rely on people from the immediate vicinity, and also bring people in. He said the Chart House is very successful, but people come from all over to dine there. He added that there are not many "dry uses" that are Waterfront focused—fitness places, sporting goods. In addition a sporting goods store needs somewhere people can strap purchases to the car and drive away.

Dunn said that leasing the facility is obviously a challenge. He asked if the Waterfront Small Area Plan is a plus or minus and what can the City do to help beyond what it's already doing. Dickinson said that AEDP has been very helpful. He said the plan is an absolute plus. He added that implementation moves at a slow pace, and that people are concerned with what will be accomplished in the short term.

Thayer asked if the building itself is a challenge. Pearce said yes, that it has been historically. He said the existing building was designed in 1979 as the last piece of the project. As Torpedo Factory redevelopment proceeded, Pearce said he realized it would be difficult to make the facility work. Pearce said the restaurant Radio Free Italy didn't last because they couldn't get the mezzanine to work for long-term success. He said The Realco Group is willing to work with a partner to invest in the building to improve it, but he doesn't have that plan yet. He said his group doesn't want to undertake renovations without a partner on board.

Baum suggested pursuing a restaurant for the majority of the building and using any leftover space for pop-up restaurants.

Artemel, the City's former Planning Director, said that he knew the City needed to have an anchor at the Food Pavilion, and Faneuil Hall was the model. That didn't happen here because the facility is too small, so they thought they could try a Food Court to serve the region. Later, the Chart House came and served as a magnet, but that didn't benefit the food court. He said that The Realco Group was on target with wanting a tenant like the Chart House. Dickinson said the Chart House is fabulous, and said they are looking for something complementary so they feed off each other.

Williams said the City went through Waterfront Small Area Plan with The Realco Group recently and walked through implementation and features that will be developed in the near-term. She said the City is serious about helping the Food Pavilion redevelop, including Union Street corridor improvements, wayfinding, landscaping, and other improvements. She urged everyone to think of plan implementation as a phased

approach.

Bernstein asked about the impending Beachcombers RFP. Dickinson said he sees it as a positive, as a restaurant there complements the Torpedo Plaza area.

Hall asked about the status of wayfinding. Williams said it is funded and being implemented incrementally. Jinks said the next funding amount is \$225,000 next fiscal year.

Landrum said she and her AEDP colleagues will be attending the International Council of Shopping Centers convention and would be identifying potential tenants for the Food Pavilion and other vacant commercial properties in Alexandria. She said they feed ideas to the Rappaport Companies. She said that business is picking up in Old Town, with a 30 percent increase in local business recently. She said Old Town is also seeing some new national tenants, and a 25 percent to 30 percent increase in rents in Old Town, but at a huge discount compared to Clarendon and Georgetown. She said there is interest in opening a new restaurant at 100 King Street but it has a kitchen on two floors. She said larger spaces are taking longer to develop.

Jinks said that Code Enforcement is now Code Administration and the City has been highly cooperative in helping small businesses get their approvals in a timely fashion.

Wallner said that other cities are developing "cultural corridors." He said Alexandria could put in a museum or performing arts space that could make it a regional destination. Landrum said the Old Town Theater could have become a national retailer, but took the riskier path to renovate and bring in The Comedy Zone. She said they are trying to work out the kinks in the business but is starting to do better, with audiences of approximately 100 on Fridays and Saturdays. Recently, they started collaborating with neighborhood restaurants and hotels to create an entertainment district along middle King Street, which previously catered mostly to locals. She said they would be marketing the concept further.

Announcements/Public Discussion

Macek reviewed the schedule of upcoming Commission meetings.

Macek invited public comments. There were no public comments offered.

Adjournment

The meeting was adjourned at 6:18 p.m.