WATERFRONT

A Mixed-Use Revitalization in Southwest Washington, DC
401 M Street, SW, Washington, DC 20024
www.waterfrontdc.com

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April 7, 2003

Chairperson Carol J. Mitten
DC Zoning Commission
441 4th Street, NW Suite 210 South
Washington, DC 20001

Re: Case No. 02-38; 401 M Street, SW

Dear Chairperson Mitten:

Please accept this letter as rebuttal from the applicant regarding the subject case. The applicant believes that the following issues need clarification beyond the hearing testimony.

Safeway
Safeway brought up the following issues in its testimony on March 31st:
a) Unsuccessful efforts to expand its current store, and
b) Concern regarding traffic congestion (for the remainder of its lease term) after the road and plaza are constructed.

In considering these issues, we would like the Zoning Commission to know that we have every intention of respecting and fulfilling all our current obligations to Safeway for the remaining seventeen years of its lease. It is in everyone's interest that Safeway continue to operate successfully for the remaining term of its lease, and we will exercise our best efforts to ensure that.

The two specific issues noted above are addressed below.

a) We first met with Safeway representatives about the project in October, 2000 and held seven meetings with them since that time in addition to numerous telephone conversations. Our architect and their architect prepared at least ten schemes in a good faith attempt to reconcile the desires and the needs of both the office user and Safeway. As stated in the hearing, it is a design challenge to accommodate the needs of a user that is primarily suburban in character to an urban mixed use project.

ZONING COMMISSION
District of Columbia
Case 02-38
Exhibit 100

Development by Forest City Washington and The Kaempfer Company
1501 K Street, NW, Suite 300, Washington, DC 20005
Phone: 202-331-4300 Fax: 202-331-4313

ZONING COMMISSION
District of Columbia
CASE NO.02-38
EXHIBIT NO.100

Generally, Safeway's ideal store would: a) be approximately twice the size of its current one, b) have ground level parking, c)occupy the entire east side of 4th street and have considerable M Street exposure, and d)have the exclusive right to provide pharmacy service in the project, among other things. Some of these requirements are inconsistent with our desire to create an urban, mixed-use project with a lively, streetfront retail environment. We did draw plans accommodating a large Safeway modeled on other urban developments that we know have worked for grocery stores, but could not reach agreement with Safeway.

We concluded that keeping Safeway at its current size of 30,000 square feet is a viable option because the newest urban grocery stores are that size. Safeway currently has a well-below-market rental rate and is enjoying consistent sales. We believe that Safeway has great incentive to remain in business in its current configuration throughout the remaining 17 plus years of its lease. We will honor all landlord obligations of this lease both in letter and in spirit. Additionally, in the unfortunate event that Safeway should choose to terminate its lease for any reason, the space that Safeway now occupies is easily marketable to other grocers.

b) We began discussing some time ago the configuration for Safeway in its current location after the road is completed, though the conversations did not become serious until last fall. The discussions center on the design of the parking and its access. We have attached the latest correspondence since early February, which addresses this issue. As you can see from the attachments, Safeway's access plan would bisect the plaza, which would be hazardous to pedestrians and antithetical to the atmosphere we wish to create. We feel, and OP agrees, that the metro plaza is a valuable amenity to enhance the "town center" role envisioned for the project. We offered an alternative and suggested that we meet with DDOT to address it. DDOT has likewise expressed its willingness to cooperate. We and our transportation consultants are firmly convinced that we can accommodate the parking and access needs for the store.

Plaza

There has been a suggestion that the new 4th Street be located to the east of the current Metro escalators (between the escalators and the Safeway) and that the plaza be located to the west of this new 4th Street. Unfortunately, the distance between the Metro escalator overhang and the Safeway building, which is approximately 60', is inadequate to install the proper road bed of 55' and a 17.5' sidewalk on each side.

Job Training and Community Involvement

The joint venture developing this project has agreed to use its best efforts to provide job training for local community residents. These jobs could be in the construction trades, security, and property management. We have asked Rosalind Wheeler Styles of Capitol City Associates, Inc. (CCA) to provide us with a proposal regarding how to accomplish this job training. CCA has had considerable experience setting up and implementing job training programs in the DC area.

From the commencement of our involvement we have recognized the importance of working with and becoming a part of the surrounding southwest community, particularly because we intend to own this project for the long term. To this end, we have responded to numerous community requests including: continued occupancy by Arena Stage, utilization of our facilities for the PSA 110 meetings and the Southwest Neighborhood Assembly meetings, free occupancy for the Southwest Neighborhood Assembly office and the Southwester newspaper office, free utilization of our parking lot by Christ United Methodist Church, the Amidon Elementary School teachers and Arena stage (on weekends and evenings), utilization of 100,000 sf in the facility by Art-O-Matic, and contributions for holiday dinners for all of the residents of Green Leaf Gardens. Our property management team is available on site and meets regularly with members of the surrounding community. It is our intent to continue this involvement for the long term.

Nature of Retail
We have the physical capacity and the desire to accommodate the retail needs of the local community, the office users, and the residents of this project. We can accommodate retail uses evident in any community center. These include the following: a grocery store, a pharmacy, a bank, multiple restaurants, and other small stores such as a video shop, a coffee shop, a hair/nail salon, a flower shop, an electronics store, a cleaners, a repair shop, a hardware store, and/or a bakery.

Time Line
Attached is a time line which is based on our best estimate of a leasing schedule for the project. The time line is provided on two separate pages. Note that the great bulk of the construction is completed in the next seven years, with only the final phase being delayed due to the length of the Safeway lease.

Sincerely,

Gretchen Dudney

Gretchen Dudney
Senior Vice President

cc: ANC 6D

THEKAEMPFERCOMPANY

March 17, 2003

Ms. Avis Black
Area Real Estate Manager
Safeway, Inc.
4551 Forbes Blvd.
Lanham, MD 20706

Dear Avis,

We received your fax illustrating a possible connection to 4th Street. We appreciate the fact that your designer has attempted to minimize the impact of this connection. Unfortunately, we do not believe this design will work because it bisects the plaza and limits its utilization (even with the attractive landscaping).

We would be happy, however, to arrange to meet with the DC Department of Transportation and the DC Office of Planning to see if we can get them to agree to a one-way direct connection to 4th Street from Safeway's parking as hand drawn on your plan. Please let me know if you think such a meeting would be worthwhile.

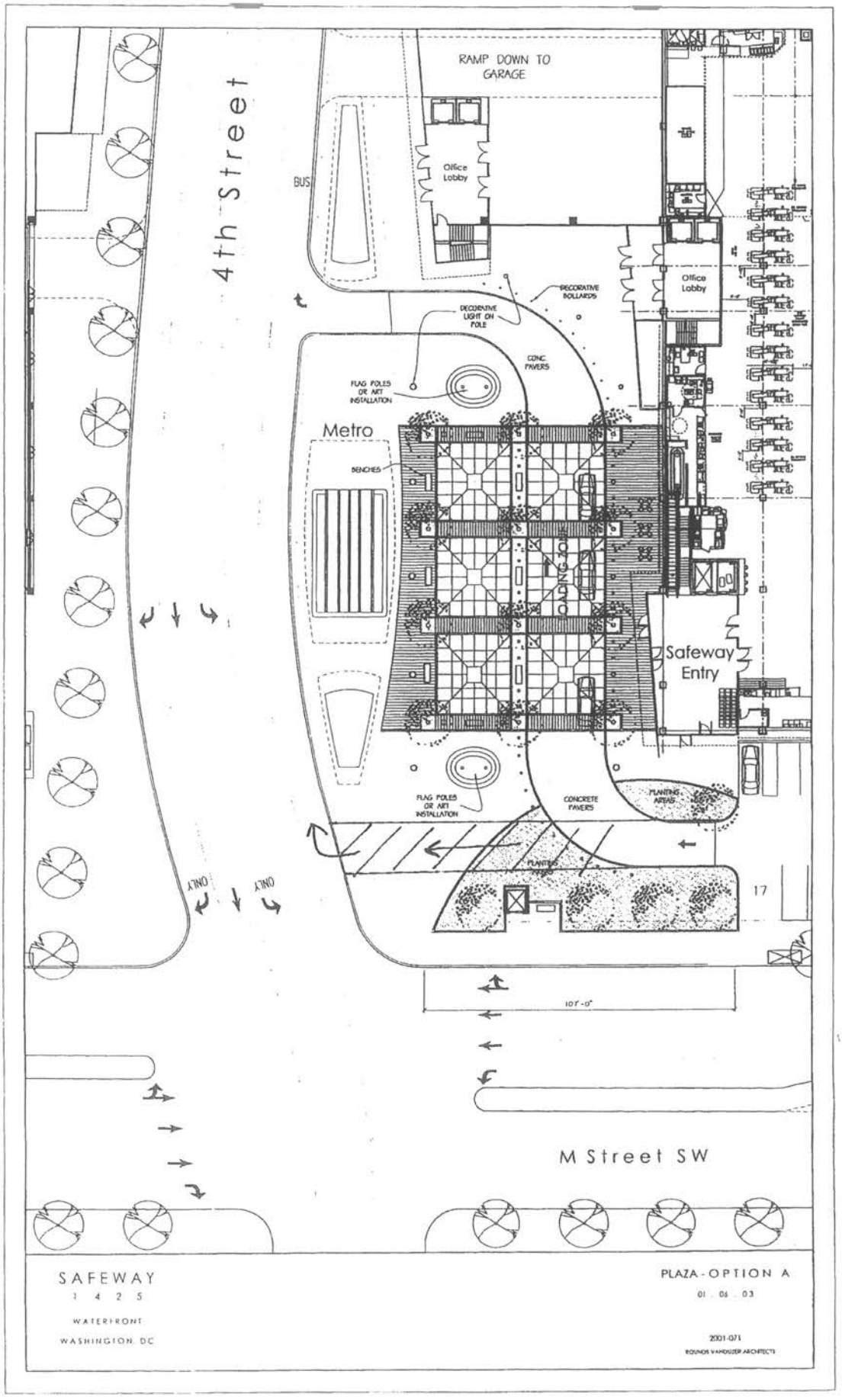
Sincerely,

Gretchen Dudney
Senior Vice President

cc: Mitchell Schear
Deborah Ratner Salzberg

1501 K Street N.W. • Suite 300 • Washington, D.C. 20005 • 202.331.4300 • Fax: 202.331.4313

attachment to 3/17/03 letter



SAFEWAY INC.
4551 FORBES BLVD.
LANHAM, MD 20706-4344

BY FAX AND US MAIL

Writer's Direct Dial Number: (301) 918-6662

March 14, 2003

Ms. Gretchen Dudney
Sr. Vice President & Director of Development
The Kaempfer Company
1501 K Street, NW
Suite 450
Washington, DC 20005

RE: Safeway #1425
Washington, DC

Dear Gretchen:

As we discussed yesterday, enclosed are concept drawings done by Rounds Vanduzer to show how a driveway might be incorporated into the Plaza in front of the store. For some reason, Mark used a concept drawing of the buildings from some other scheme so the buildings shown do not reflect existing conditions. Please review this simply for the general concept of the Plaza and driveway.

As I mentioned, we would agree that the driveway be "right out" only onto 4th Street.

Naturally, there are a number of ways to refine this and the landscaping is a bit denser than is practical for the sake of visibility. But I think it gives you the idea of how the two uses might work together.

I look forward to receiving the survey and other information we spoke about and talking to you further about this.

Very truly yours,

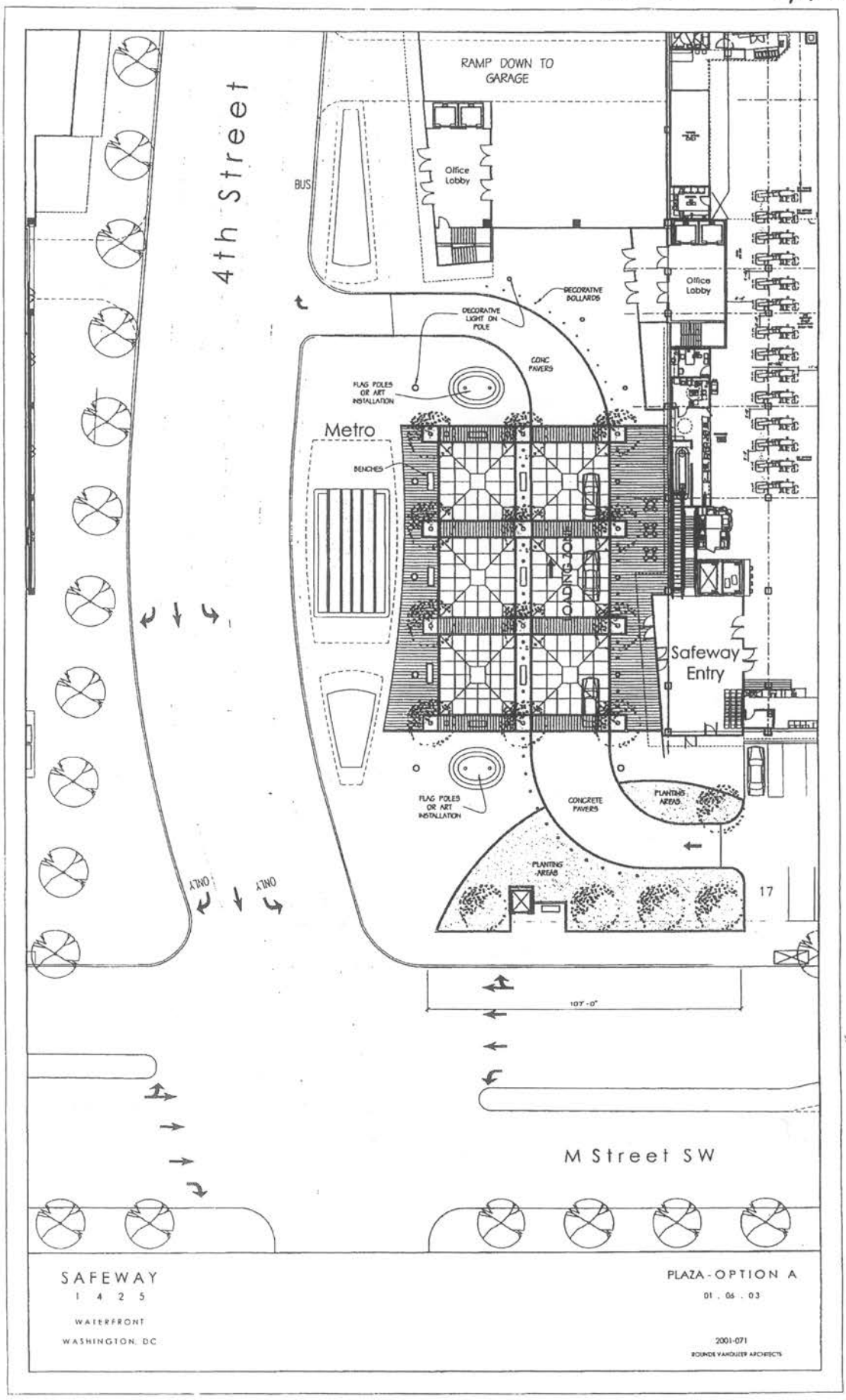
Avis E. Black
Area Real Estate Manager

Enclosure

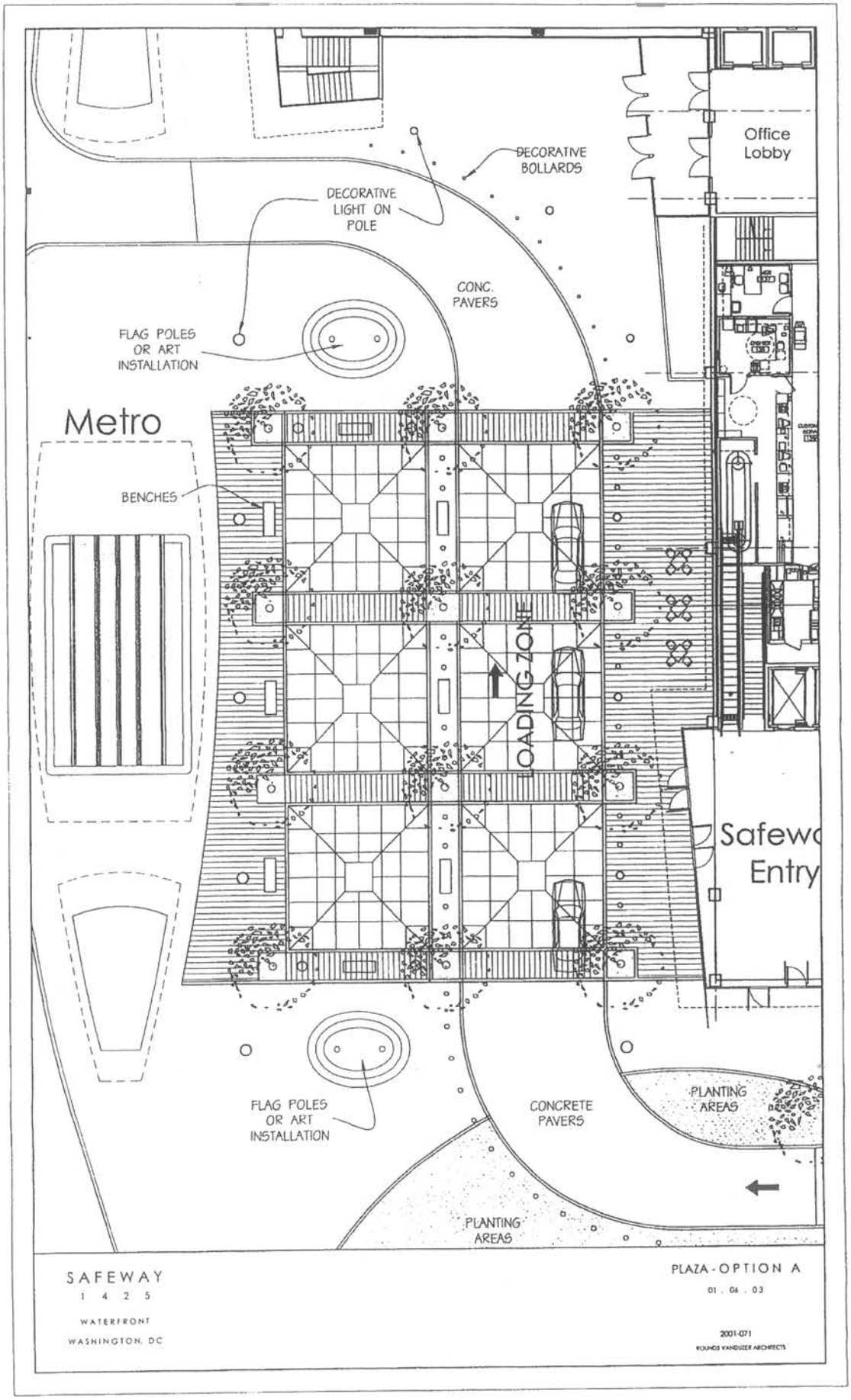
cc: Tom Castleberry
Scott Jacobs

Recycled Paper

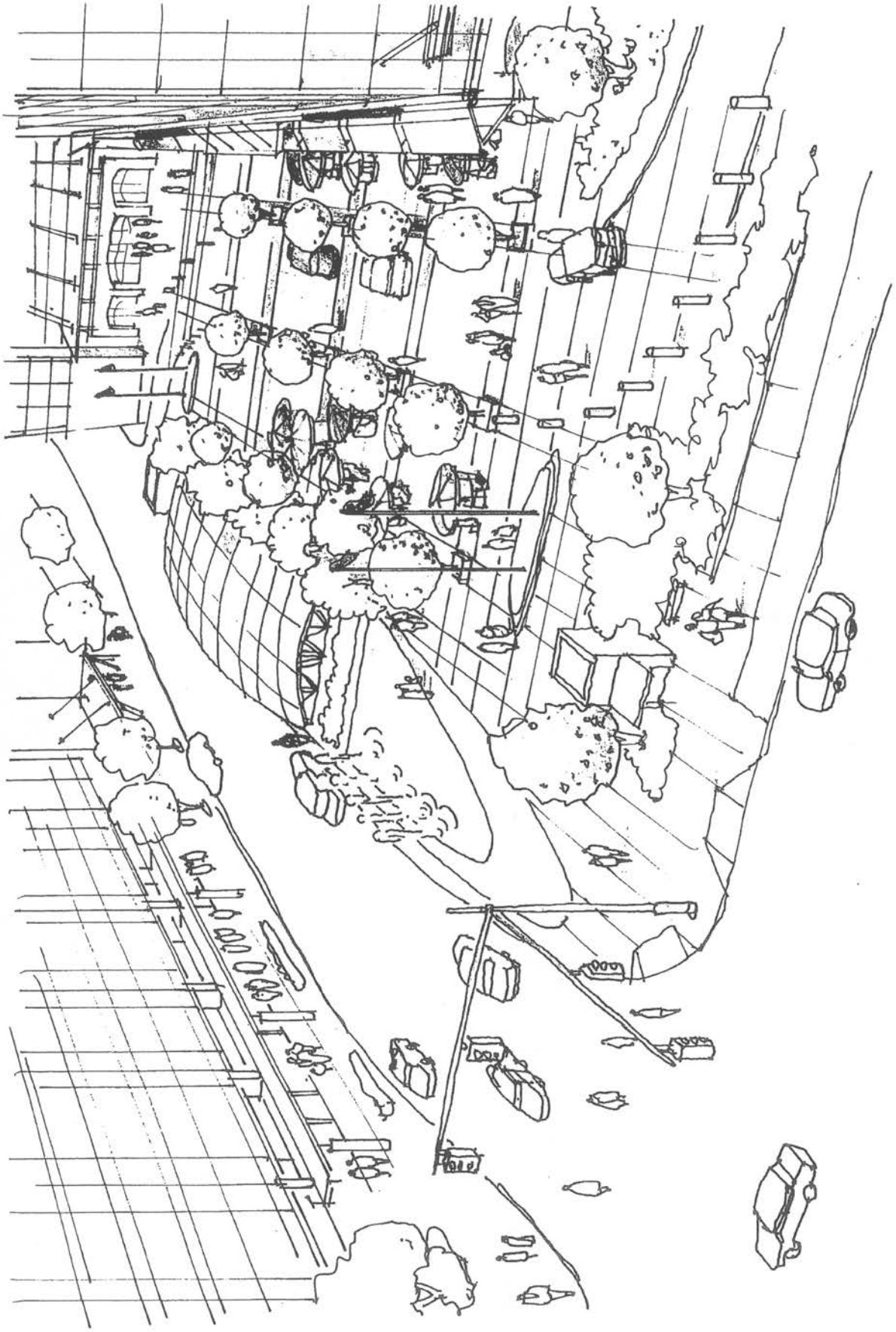
Attachment to 3/14 letter



Attachment to 3/14 letter



attachment to 3/14 letter



THEKAEMPFERCOMPANY

March 3, 2003

Ms. Avis Black
Area Real Estate Manager
Safeway, Inc.
4551 Forbes Blvd.
Lanham, MD 20706

Dear Avis,

Pursuant to the request in your letter dated February 10, 2003, I have enclosed a scaled, conceptual plan of the interim parking arrangements for Waterfront—that is, after the road is completed but before the construction of the buildings on the four corners of the site. This is still a work-in-progress, and a couple of areas have already changed.

First, the plan shows a median break on M street on the west side of the project. You may recall that DDOT has approved the median break for Safeway but rejected the median break on the west side. Second, our plans for the plaza are continuing to evolve, and this plan does not reflect the latest landscape design. Third, DDOT will implement some traffic calming measures on 4th Street, which have not yet been revealed to us and are not included on the plan. Also, the parking ramp shown to the north of your loading docks and the southernmost ramps on 4th Street are still in the planning stage.

However, the plan does show the surface parking, loading, ingress and egress to scale and in more detail. We would very much appreciate your comments and would appreciate the opportunity to meet with you to answer your questions and try to address any concerns you may have.

Sincerely,

Gretchen Dudney
Senior Vice President

3-13-03
- Send site survey to Avis
large scale

cc: Mitchell N. Schear
Deborah Ratner Salzberg

1501 K Street N.W. • Suite 300 • Washington, D.C. 20005 • 202.331.4300 • Fax: 202.331.4313

THEKAEMPFERCOMPANY

February 6, 2003

Ms. Avis Black
Area Real Estate Manager
Safeway, Inc.
4551 Forbes Blvd.
Lanham, MD 20706

Dear Avis,

I have enclosed a copy of the city's traffic study as you requested. The M Street median break approval, which we discussed, is illustrated on the second-to-last page of the report We were pleased that DDOT agreed to our request, which allows a direct turn-in to Safeway from eastbound traffic on M Street.

I have also included a conceptual site plan, which illustrates the design after the construction of the road and prior to the Safeway lease expiration, though this is not technically a part of the PUD application. We are still designing the plaza and would be happy to brief you on it in more detail.

Regarding parking: There are currently 173 spaces in the lots accessed from M Street. Those spaces originally serviced approximately 100,000 sf of retail, including Safeway. After the road and the plaza are constructed, that number will range from 78 to 106, depending on the final design in and around the lots. The reduced parking will service approximately 50,000 sf of retail including Safeway.

Please let me know if I can answer any questions.

Sincerely,

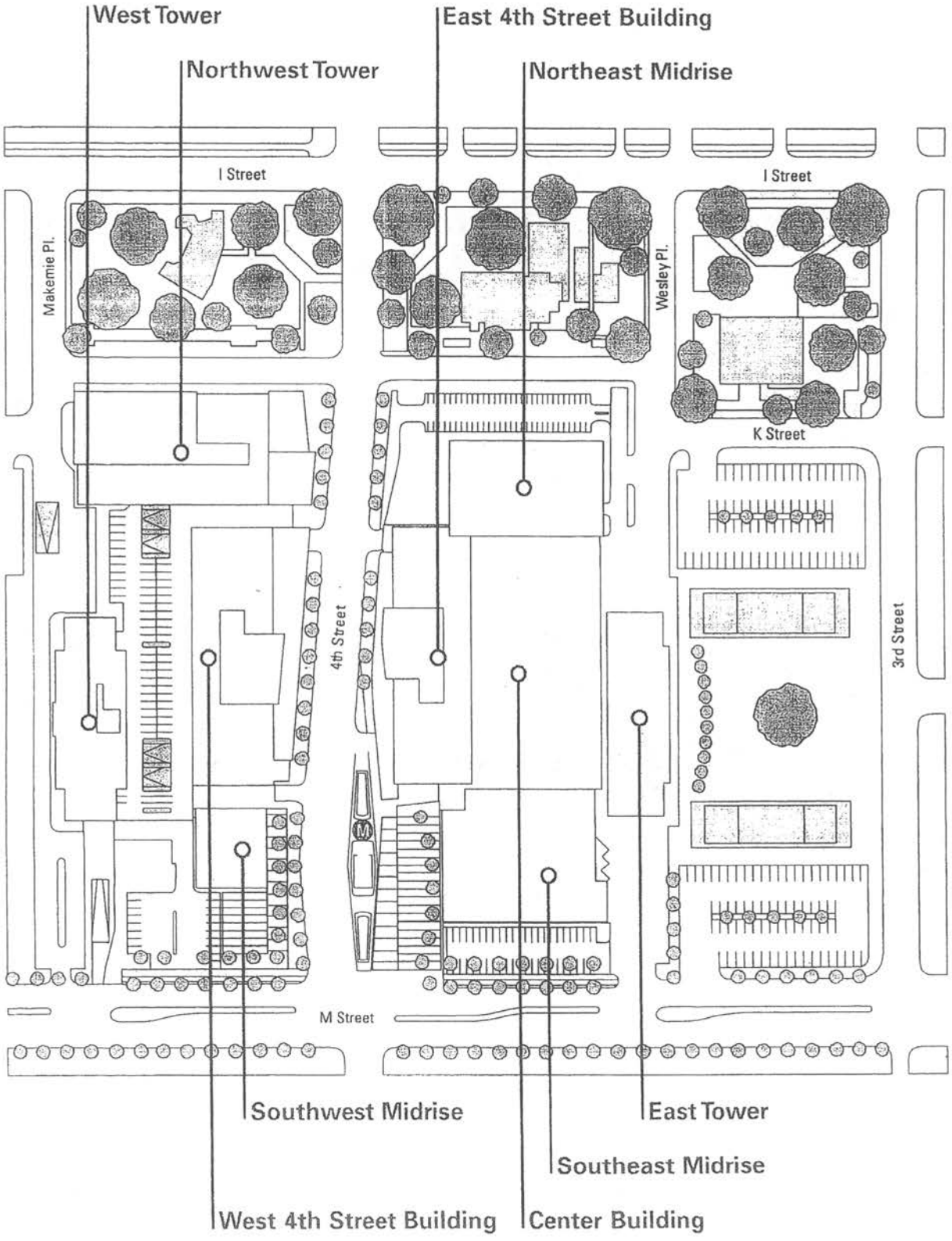
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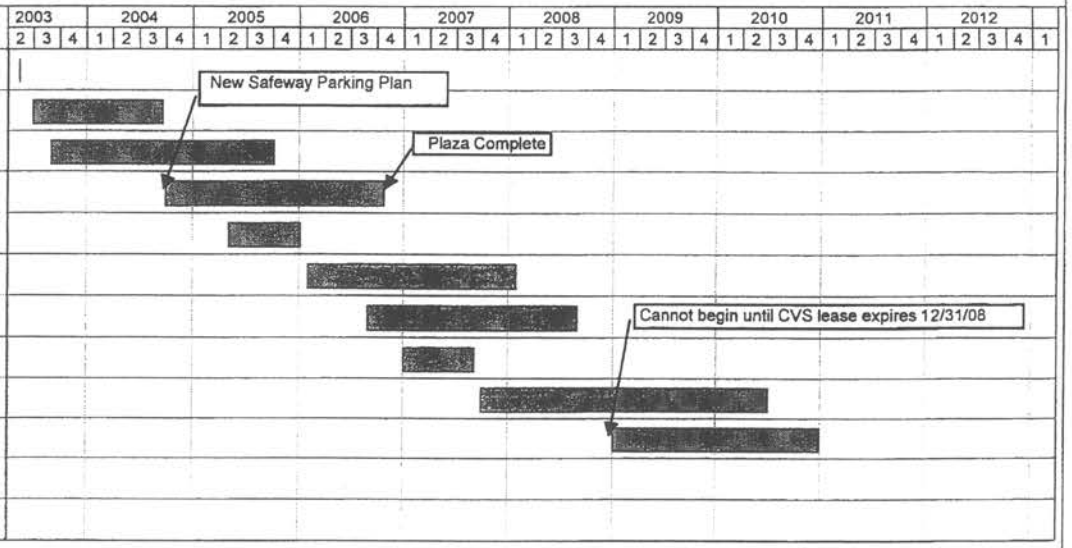
attachment
to 2/06 letter

PHASE 1



Waterfront Time Line
Based on Best Estimate Leasing Schedule
Submitted to Zoning Commission 4/7/2003

ID	Task Name
1	PUD Approval
2	Road Approval and Final Design
3	Matter-of-Right Construction (NE Midrise, East Tower, West Tower, SE Midrise)
4	Road Construction
5	2nd Stage PUD- East and West 4th Street
6	East 4th Street and Center Bldg Construction
7	West 4th Street Construction
8	2nd stage PUD-NW Residential, SW Tower
9	NW Residential construction
10	SW Tower Construction
11	2nd Stage PUD- NE Tower, SE Tower
12	SE Tower Construction



Waterfront Time Line
Based on Best Estimate Leasing Schedule
Submitted to Zoning Commission 4/7/2003

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1	PUD Approval
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9	NW Residential construction
10	SW Tower Construction
11	2nd Stage PUD- NE Tower, SE Tower
12	SE Tower Construction

