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

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

April 7, 2003

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Carol Mitten, Chair
District of Columbia Zoning Commission
441 4th Street, NW
Suite 220
Washington, DC 20001

RE: ZC Case No. 02-38 (Waterside Mall - PUD & Map Amendment)
Waterside Associates, LLC (the "Applicant"); 401M Street, SW,
Square 499, Lot 60 and Square 542, Lot 88

Dear Chair Mitten and Members of the Commission:

Safeway Inc. has operated a store in the Southwest community for over forty years and a store in the Waterside Mall since 1980. Safeway was pleased to learn that there was an effort to redevelop Waterside Mall and hoped it could include a larger, contemporary, full service Safeway in the project. Unfortunately, Safeway was unable to reach agreement on a new store with the Kaempfer Company (the developer) and turned its attention to how the proposal would affect Safeway store operations in "the interim," to the end of Safeway's lease in 2020. Recently, Safeway has been provided an interim plan which, we are advised, is still being modified. Based on the information that we have been provided about the Applicant's "interim plan" thus far, Safeway believes that the plan will have a negative impact on store operations and Safeway, therefore, must oppose this proposed redevelopment plan.

Mixed-use projects such as this require some design compromises by each use in order to combine them into one functional whole. The challenge is to make sure those design compromises do not interfere with the successful operation of each use. With this in mind, Safeway originally worked with the developer to see if a new, larger Safeway could be incorporated in the redevelopment plans. A larger store would permit Safeway to offer the community a wider range of products, add a full service bakery and expand existing departments such as deli and seafood.

Safeway met at length with the developer and reviewed many possible versions of a redevelopment plan incorporating a new Safeway. After analysis of the various options and the needs of the parties, Safeway concluded that a new store along the lines of the plan attached as Attachment 1 was the best option. This shows a replacement store with

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District of Columbia
Case 02-38
Exhibit 102

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CASE NO.02-38
EXHIBIT NO.102

some surface parking spaces within the redevelopment. This plan is actually a compromise from Safeway's perspective since we would be giving up the corner location with visibility to M Street. Nevertheless, we were willing to pursue a plan along these lines so long as we have a presence on 4th Street and some surface parking in addition to underground parking.

Because there was a desire for 4th Street to be pedestrian-friendly, we developed conceptual elevations to show how the side of our store would appear on 4th Street. These are attached as Attachment 2. This combines street trees, benches, canopies and a varied wall treatment to make that portion of the building contribute aesthetically to the streetscape. Our latest store format includes new departments such as a dry cleaners, in-store bank and Starbucks. Outside seating for Starbucks is commonly provided.

The developer rejected this plan. The developer wanted to have a lobby in this location in the building with the entrance on 4th Street, which placed the supermarket behind the lobby and the rest of the building. This put Safeway in the center of the building with no street presence and only a hallway lead from the store to an entrance on 4th Street. All parking would have to be below grade. Safeway felt that it would not be successful in this configuration because it lacked visibility and convenience for customers. Since we were unable to agree on the site plan there was no reason to address other issues respecting the lease of a new store and the negotiations ceased.

The long-range plan that developer has proposed for the PUD, therefore, does not include a larger Safeway and it is unclear whether the community's need for a full service supermarket will be met. The interim plan includes the current Safeway until the end of its lease, in 2020. Based on the information that it has at this time, Safeway has concerns about the interim plan, which it has discussed with the developer, the Office of Planning and the Department of Transportation. Specifically, the primary concerns are (1) adequacy of parking and (2) ingress and egress to the Safeway's parking area. If Safeway cannot provide a larger, more full service store for the community in the redevelopment, it does not want to be worse off than it is right now.

The grocery business is a convenience business. The typical customer makes multiple trips to the grocery store and customer satisfaction depends in large part on how convenient the experience is. Adequacy of parking and ease of ingress and egress are critical. The proposed interim plan would make the shopping experience less convenient for Safeway customers. This may force them to seek out alternatives, including shopping outside the District of Columbia.

The interim plan reduces the surface parking for Safeway from 50 spaces to 44 spaces and reduces surface parking for the other retail on the west side of 4th Street. The primary parking for the new retail would be in the current structure behind the storefronts. Since surface parking is more convenient, Safeway is concerned that all retail customers will park in the Safeway lot and reduce the available parking for its customers.

The primary concern is the egress and ingress to the surface parking lot. Currently the plan shows no entrance or exit to the parking lot from 4th Street. All customers will be required to enter the lot from M Street at the existing entrance. This entrance, however, will also serve the truck loading area and the new two-way street that is proposed from M Street to I Street. This forces numerous, potentially conflicting, traffic movements all through the same entrance. At worst, it could be hazardous; at best, it would be a traffic choke-point making ingress and egress inconvenient for customers, particularly if there is an accident or car break-down in this area.

To solve this, Safeway proposed to relieve the pressure on this one entrance by providing a right out only driveway from the parking area to 4th Street in front of its store. Because of the proposal to provide a public plaza at the Metro, Safeway developed conceptual drawings on how the plaza and driveway would be coordinated. These drawings are attached at Attachment 3.[1] The plaza and driveway could be constructed of the same materials. The typical curb and gutter would not be necessary but the driveway would be separated from the pedestrian areas by bollards. The driveway would be one-way and right out only for traffic moving north on 4th Street. The plaza would still be a substantial public area but the congestion in the M Street entrance to the parking areas would be relieved.

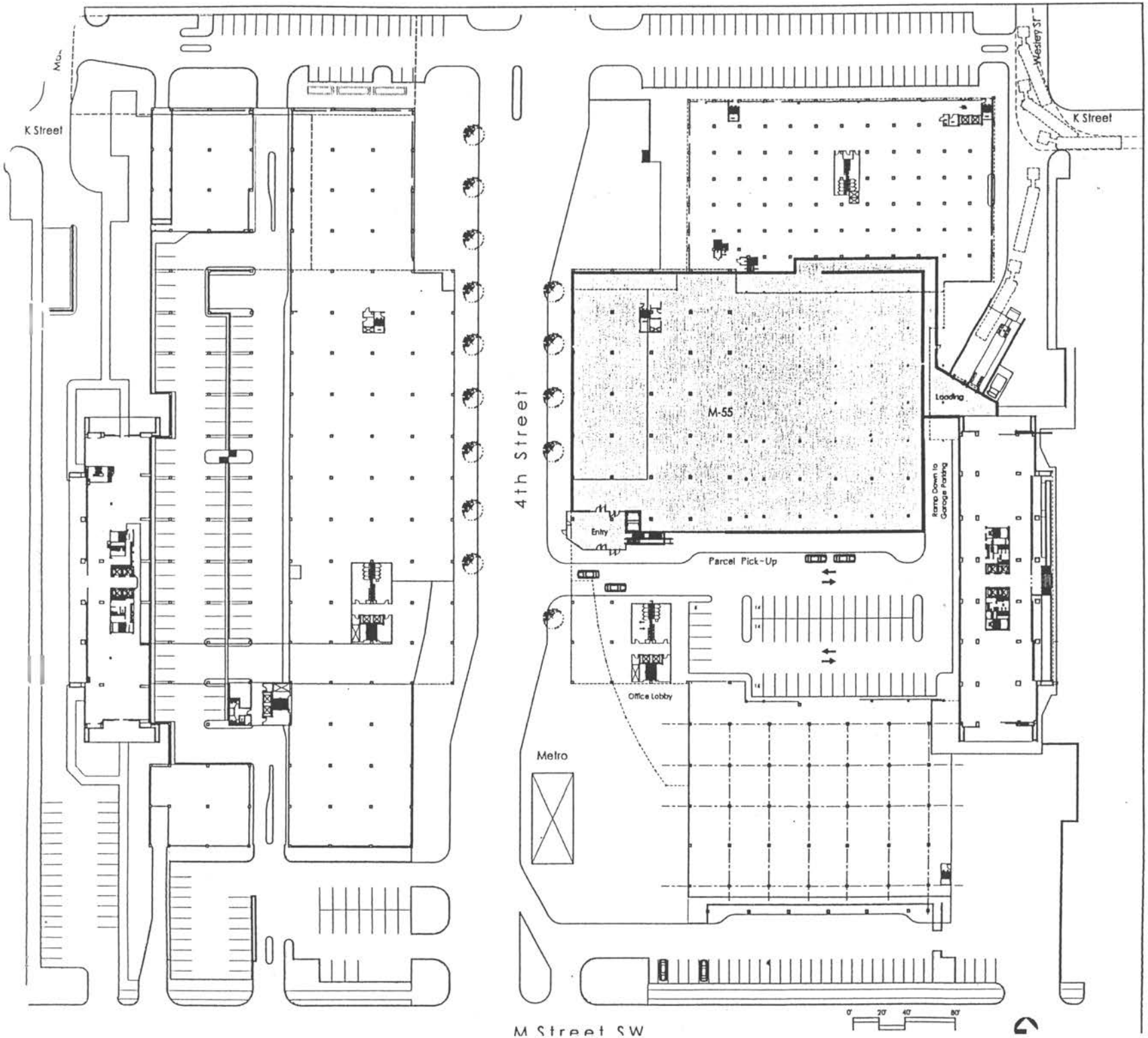
It is Safeway's desire to serve the Southwest community as well as it can for as long as it can. A redeveloped Waterside Mall could be beneficial to the community, the City and Safeway if effectively designed. Unfortunately, the current plan will have a significant negative impact on Safeway store operations and Safeway urges the Zoning Commission to reject it.

Very truly yours,

Avis E. Black
Area Real Estate Manager

cc: Eric Price, Deputy Mayor Planning and Economic Development
Andrew Altman, Director, Office of Planning
Jerry Moore, III, Esquire
ANC 6D
The Honorable Sharon Ambrose
Gretchen Dudney, Kaempfer Company

[1] This drawing also shows a building configuration that would be possible if Safeway expanded its existing store. The expansion option was not entertained by the developer so this should be reviewed for the design of the plaza and driveway only.



SAFEWAY

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WATERFRONT

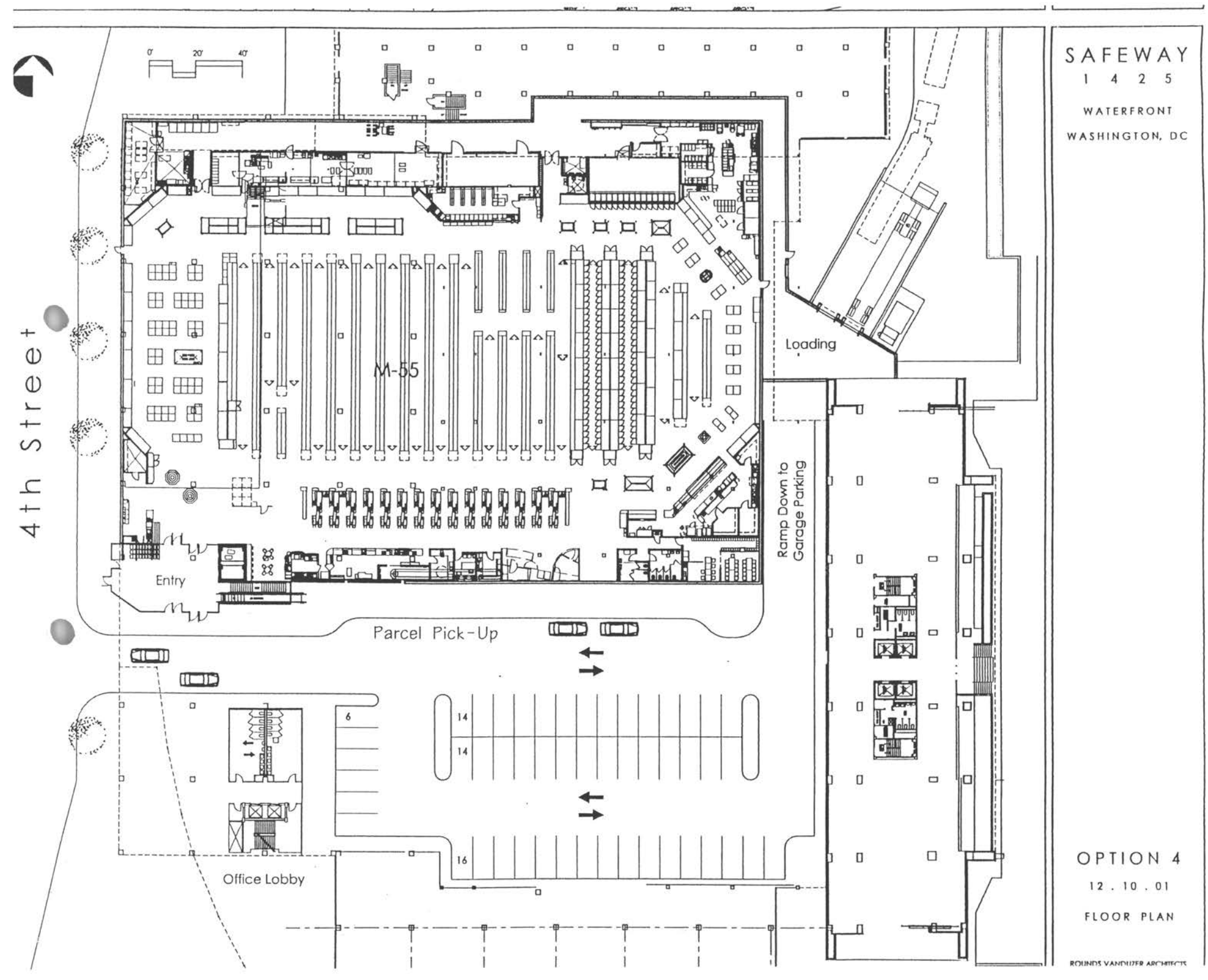
WASHINGTON, DC

OPTION 4

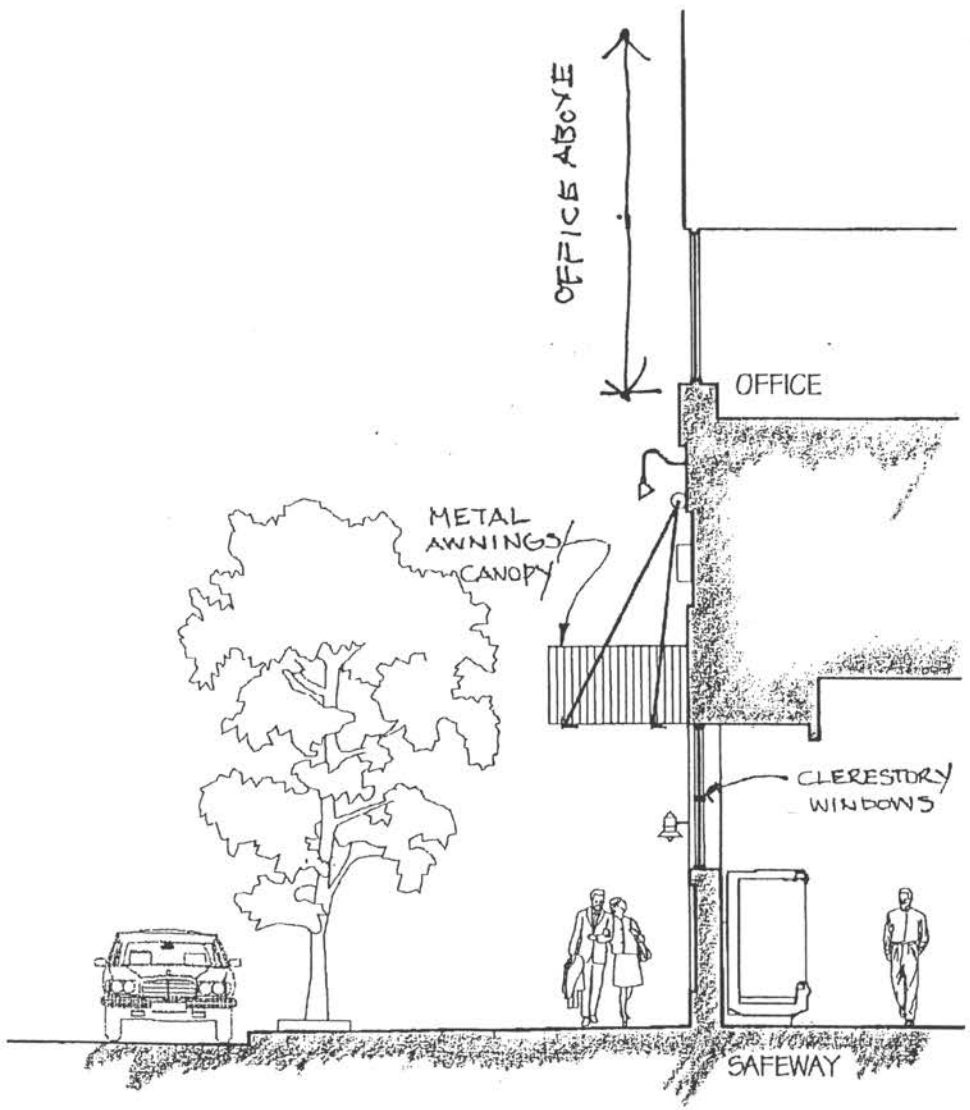
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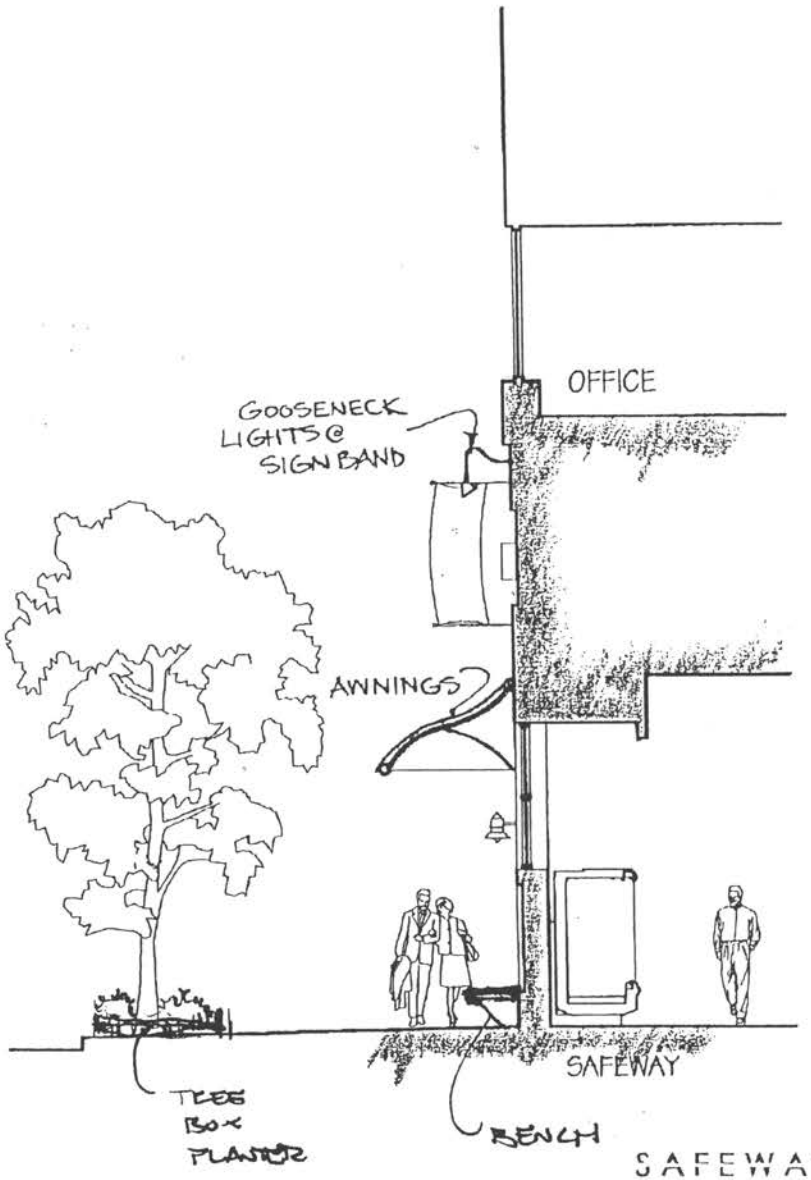
SITE PLAN

ATTACHMENT 1(a)



ATTACHMENT 1 (4)





OPTION 4

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schematic sections

ROUNDS VANDUZER ARCHITECTS

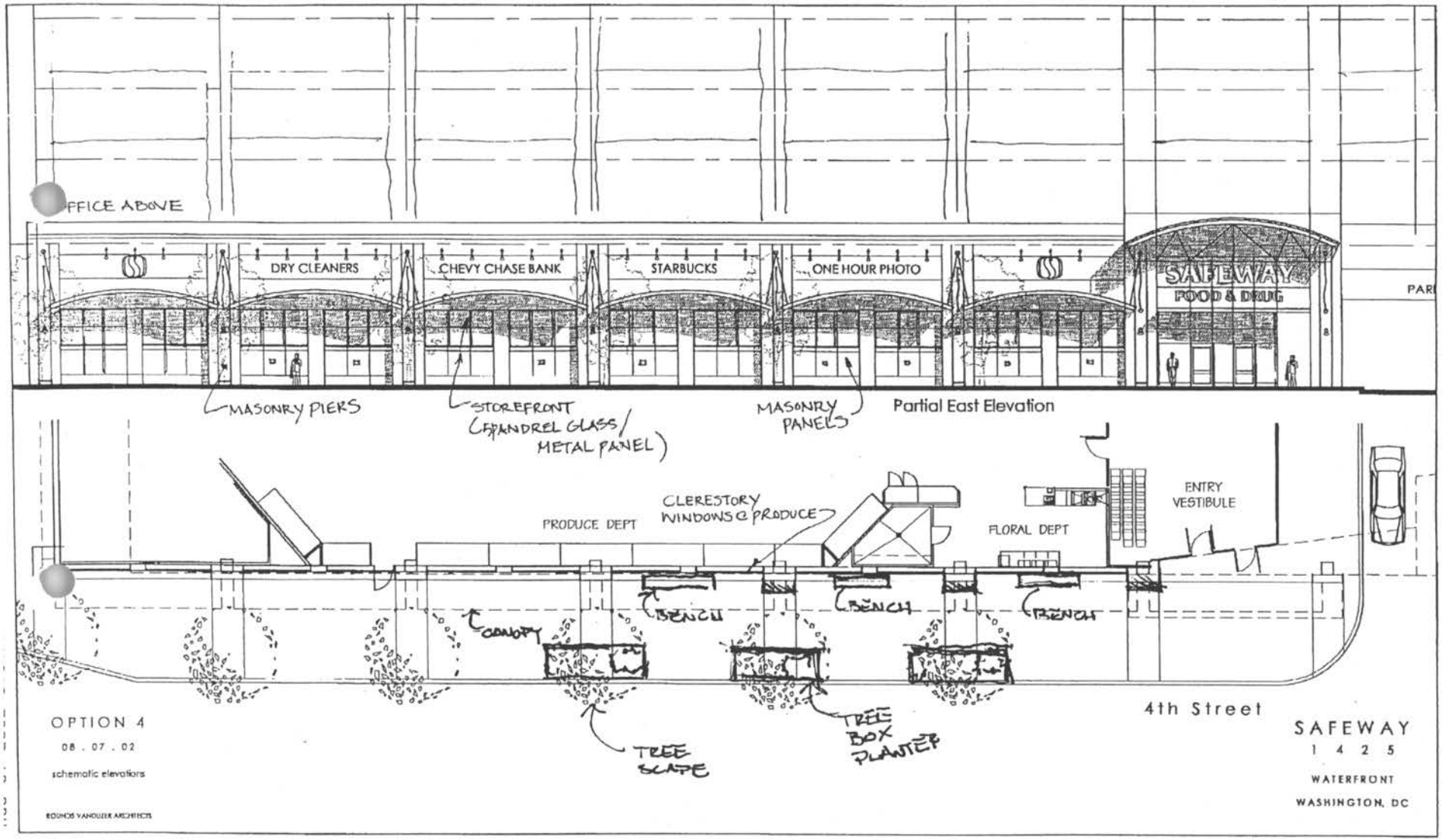
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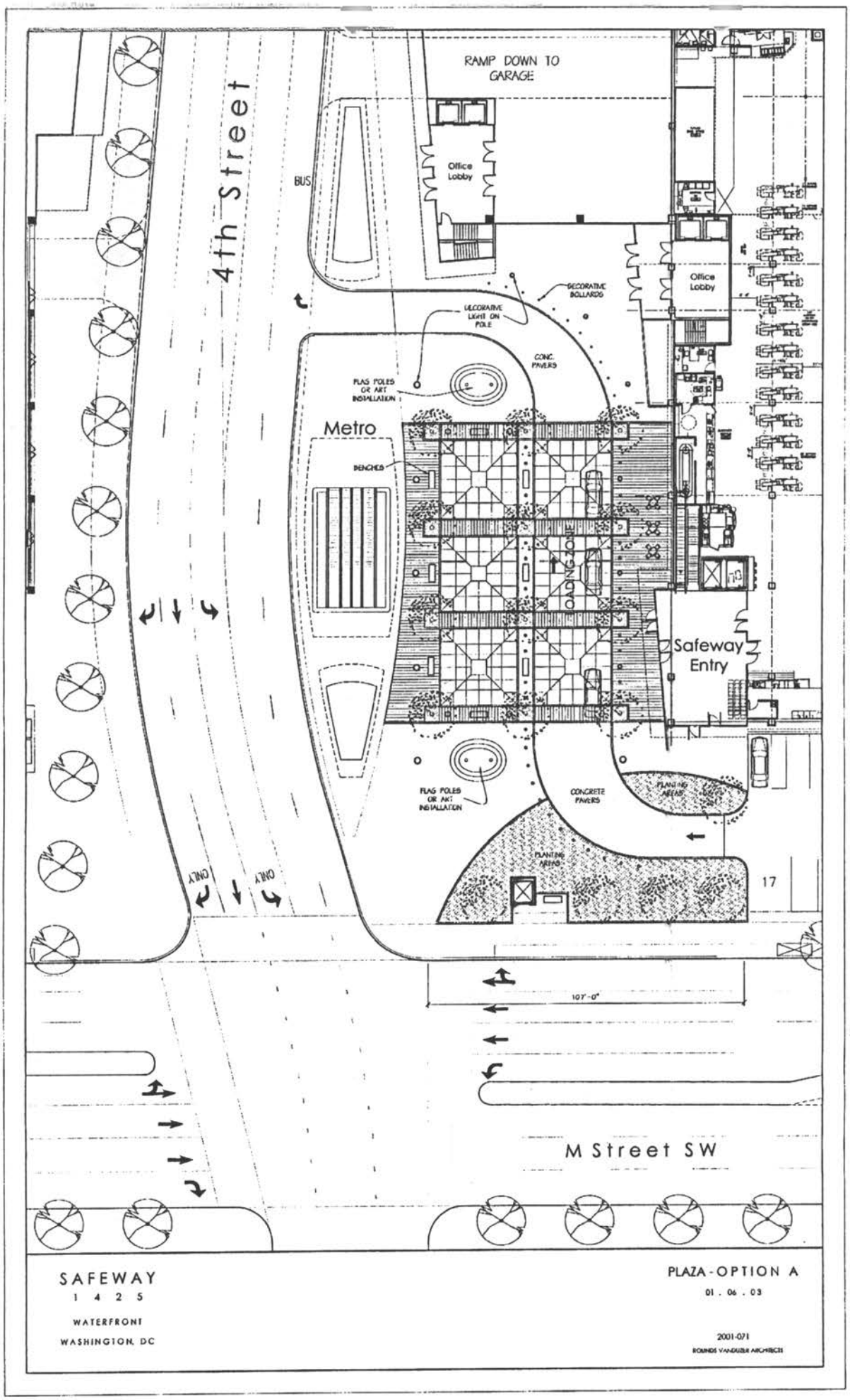
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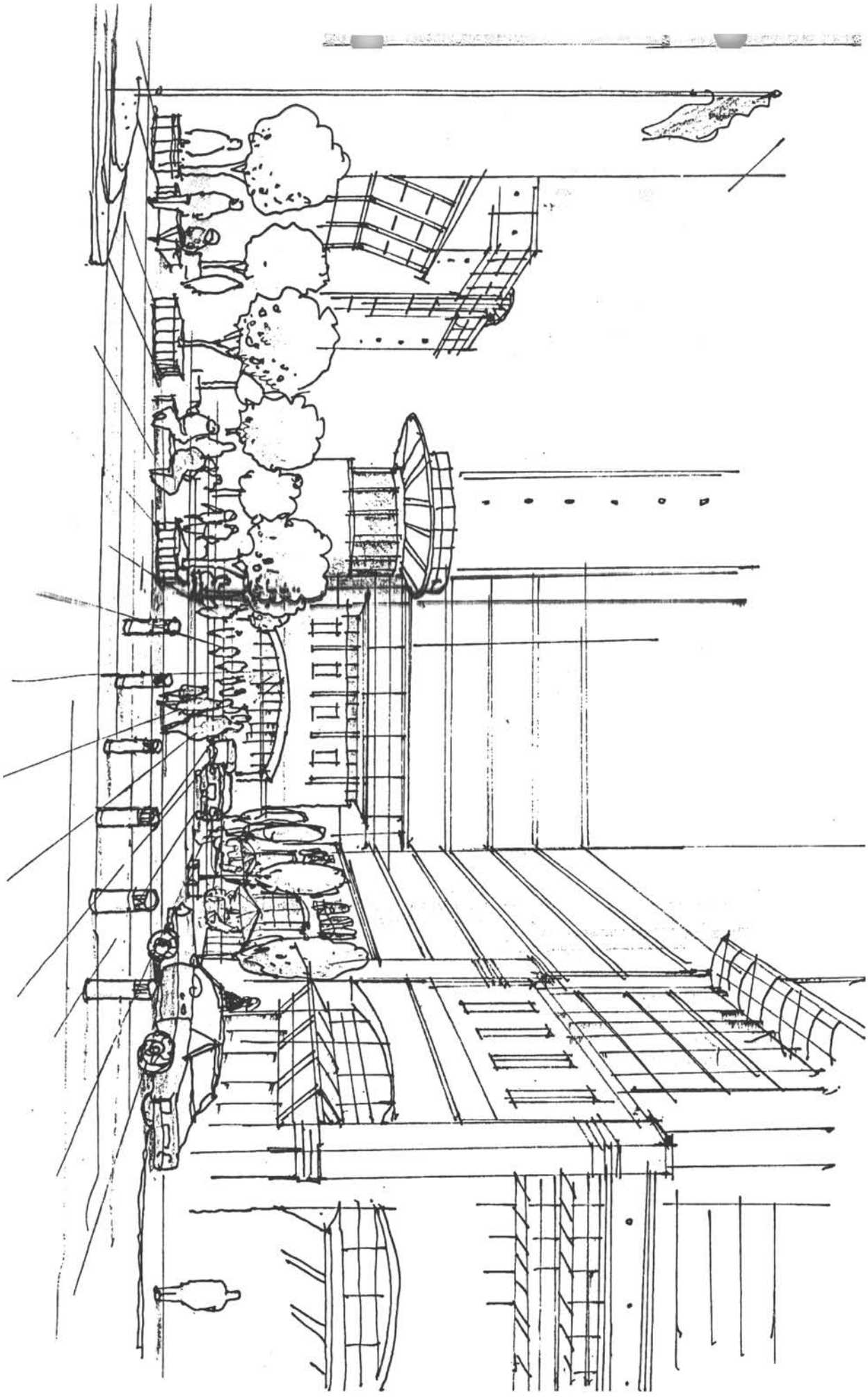
ATTACHMENT 2(a)



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ATTACHMENT 2(6)



ATTACHMENT 3(a)



ATTACHMENT 3(b)