

**TESTIMONY OF SHIV NEWALDESS
PROJECT MANAGER
DEPUTY MAYOR'S OFFICE FOR PLANNING & ECONOMIC DEVELOPMENT
BEFORE THE ZONING COMMISSION IN Z.C. CASE NO. 13-14
MCMILLAN SAND FILTRATION SITE
MAY 1, 2014**

INTRODUCTION

Good evening Chairman Hood and other members of the Zoning Commission. My name is Shiv Newaldass, Project Manager in the Office of the Deputy Mayor for Planning and Economic Development. Since 2012, I have been the project manager for the redevelopment of McMillan Sand Filtration Site.

STATEMENT OF SUPPORT

I am pleased to be here tonight on behalf of the Deputy Mayor's office to testify in strong support of the PUD application for the McMillan Sand Filtration Site, as well as answer your questions concerning the Deputy Mayor's Office's role in the project. As you will hear tonight, the District's efforts on this project date back many years. The commitment of this administration and those past to develop this complex site has been unwavering and we are pleased by the progress and milestones made by the team in the recent months.

BACKGROUND AND HISTORY OF PROJECT

The District's involvement with the site dates back to almost 3 decades. On May 15, 1986, the U.S. General Services Administration (GSA) declared the McMillan Sand Filter Site as Surplus Property. On September 25, 1987, the District of Columbia acquired the Site for \$9.3 Million for the purpose of creating a mixed-use project with new commercial, residential, recreational, and community development; and open space.

Since the acquisition of the property, the McMillan site has been the subject of multiple efforts to develop this very complicated site, that, unfortunately, were never able to materialize.

In the early 2000's, the District conducted planning workshops for the site to explore potential uses. Several options were considered; however, each option had to conform to a set of community revitalization goals as follows:

- Provide open space;
- Preserve and adaptively reuse the site features;
- Creativity;
- Mitigate neighborhood impacts;
- Provide a feasible development plan; and
- Be responsive to community needs and concerns.

As you will hear from the applicants, all of these community revitalization goals are being met by the plan submitted in the PUD application.

The site currently appears to be an area of open space with two rows of distinct above ground structures. However, beneath the surface, there are located 20 filter cells constructed well over a hundred years ago. These cells were constructed with UNreinforced concrete and each cell is one acre in size. The cells are in varying conditions and some are significantly deteriorated, with 4 only that had been deemed stable. For the District, this site presents a severely under-utilized asset that, if properly leveraged, could create a world class community comprised of new mixed-income housing, office space, retail, substantial historic preservation and adaptive re-use. All of these components would be anchored by an 8-acre,

publically-accessible park; the largest new park of its kind being planned in the District.

Solicitations

Over the years, several solicitations for the site were issued. However, again, due to the complexity of the site, a viable plan did not materialize. In March of 2006, the District transferred jurisdiction of the property to the National Capital Revitalization Corporation (NCRC). The intent was for NCRC to act as the master developer and pursue a phased development approach, starting with the significant land development and infrastructure work needed. In order to do that, NCRC issued a solicitation for land development partners. With the new approach in place, it was finally, at this time, that more substantial interest was received for the development of the site.

In September 2006, five bids from various development partnerships were received. A rigorous year-long vetting and community engagement process ensued. The community provided feedback which supported the ultimate selection of Vision McMillan Partners (VMP) in June of 2007. NCRC was dissolved and jurisdiction of the project was transferred back to the District. Since NCRC was no longer acting as the master developer, the District consulted with the community and the determination was made to include in the development structure, vertical development responsibilities for VMP.

Since 2007, the District has since negotiated and executed term sheets, an exclusive rights agreement, and a development management services contract with VMP. Finally, the District and the development team are negotiating the land

disposition agreement, which we intend to submit to Council for review and approval in the coming months.

The Programs and Goals for the Site

The McMillan project is geared to promote community development and economic growth on the 25-acre site located in Ward 5. Specifically, the McMillan development team's plan prioritizes the following:

- Open space, parks and green space;
- Historic preservation and cultural amenities;
- Affordable housing;
- Neighborhood-serving retail;
- Job creation with a healthcare industry focus; and
- Positive fiscal and economic impacts.

Further, both multi-family parcels, which comprise approximately 25% of the development program, will be wholly owned and developed by Jair Lynch Development Partners, which is a CBE entity. This significant involvement of a CBE company is supported by DMPED.

Additionally, our fiscal analysis estimates that 3,200 permanent jobs and 3,000 construction jobs will be created by the project; and over a 30 year period, the project will generate \$1.2 Billion in new tax revenues.

Lastly, we see an expansion of much needed affordable housing, neighborhood serving retail for an area that has been deemed a "food desert," and the creation of world-class community amenities to an area that has been lacking.

Special attention has been focused on the public amenities for this project, by all involved, especially the District. DC Water is currently utilizing portions of the McMillan site to address longstanding stormwater management issues in parts of Ward 5. The District is responsible for funding and completing the park and community center portions of the project and will commence construction of those amenities, pursuant to receipt of all applicable permits, after DC Water's completion of its work and vacation of the property. At current, DC Water intends to complete its work at McMillan by the 2nd Quarter of 2016 and work can begin to deliver a best in class recreation space for the surrounding communities and the District as a whole.

CONCLUSION

This is not an easy site to develop. It is complex, to say the very least. As staff noted during the HPRB process, "McMillan represents one of the most challenging sites imaginable to both preserve and adapt for current use. The deteriorated structural conditions the paucity of viable reuse options for the below-grade cells, the enormity of infrastructure and site alteration necessary to stabilize the site ... have made planning for the preservation and adaptation of the site unusually difficult." (HPRB Report 2012).

I think the team has struck a balance of economic development and preservation of open space and historic structures, of fiscal impact and community amenities, and of reweaving the urban fabric while distinguishing an historic landmark. Collectively, they have maximized the overall benefit to both the surrounding communities and the District as a whole.

The potential benefits of the McMillan San Filtration Site to the Ward 5 community and the District at large are clearly significant. The economic development and the social and fiscal impact of a project of this magnitude would bestow considerable benefits to the residents of Ward 5 and the residents and visitors to the District in general and should not be deferred. The Deputy Mayor's Office's position is that there should be no undue delay in approving the PUD application and realizing these benefits for the Ward 5 community.

Thank you for the opportunity to present testimony on this PUD application. I would be happy to answer any questions you may have.

Shiv Newaldass

Project Manager with the Office of the Deputy Mayor for Planning and Economic Development, Government of District of Columbia
