



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of December 15, 2007**

REVISED REPORT

DATE: ~~December 13, 2007~~ December 14, 2007

SUBJECT: U-3130-05-1 USE PERMIT AMENDMENT, to amend Condition #12 to permit the installation of new utility poles and/or retention of existing utility poles associated with undergrounding of utilities; 2312 Shirlington Road (RPC #31-022-003, -004, -005, -006, 099).

Applicant:

AHC, Inc.
2300 Ninth Street South, Suite 200
Arlington, Virginia 22204

By:

Joseph P. Weatherly
AHC, Inc.
2300 Ninth Street South, Suite 200

REVISION EXPLANATION: The language in the County Manager's recommendation is revised to correctly state the request sought by the applicant.

C.M. RECOMMENDATION:

Approve the ~~site plan~~ use permit amendment request to revise Condition #12 to permit the installation of new utility poles and/or retention of existing utility poles associated with undergrounding of utilities.

ISSUE: Should the scope of the utility undergrounding improvements be revised to address the high costs of utility undergrounding relative to the size of the 94-unit affordable housing project?

SUMMARY: Due to high construction costs related to removing existing aerial utilities along the periphery of the site, the applicant has requested relief from full compliance with Condition #12, which requires the applicant to place underground "all existing aerial utilities within or

County Manager: _____

County Attorney: _____

Staff: Richard Tucker, DCPHD
Robert Gibson, DES
Abe Bibizadeh, DES

PLA-4842

along the periphery of this site.” Staff and the developer have worked with the utility companies to identify potential cost savings by relocating poles on the periphery of the site. As a result, existing aerial utilities will be required to be removed along the Shirlington Road frontage of the new development, except for existing utility poles located near the 23rd Street South and 24th Street South intersections which will remain in place in order to provide a transition to offsite aerial utility lines. Staff is continuing to work with the applicant and the utility companies to determine the exact placement of the relocated poles.

BACKGROUND: The County Board approved the 94-unit project in January 2006. Condition #12 of the use permit requires the developer to place underground all existing aerial utilities within or along the periphery of the site, which includes the entire block frontage along Shirlington Road, 23rd Street South and 24th Street South. No aerial utilities exist along the South Kenmore Street frontage. The applicant has encountered higher than anticipated utility undergrounding costs and is now seeking to revise the utility undergrounding project scope in an effort to reduce costs.

Project Information:

Site: The site contains 47,798 square feet and is located between Shirlington Road and South Kenmore Street, north of 24th Street South. The applicant’s proposal is for 100% of the 94 dwelling units to be affordable. The project also includes approximately 1,400 square feet of retail.

Zoning: The site is zoned “C-2” Service Commercial – Community Business District.

Land Use: The site is designated on the General Land Use Plan as “Service Commercial” (Personal and business services. Generally one to four stories. Maximum 1.5 FAR.). The site is located within the boundaries of the Nauck Village Center Special Revitalization District.

Neighborhood: The project is located within the boundaries of the Nauck Civic Association.

Parking: The project as proposed requires 108 parking spaces, including 3 spaces for commercial uses and 105 spaces for residential uses. The applicant has proposed to provide 108 spaces in a below-grade structure.

DISCUSSION: Previously, the County has provided relief from standard undergrounding requirements for low density townhouse projects (designated either “Low” Residential [1-10 units per acre] or “Low” Residential [11-15 units per acre] on the General Land Use Plan) where the County has found that the excessive undergrounding costs have rendered small scale residential projects infeasible. This is typically done in smaller scale development outside of the Metro corridors. The Tazewell Place Project (SP #279), the 501 South Glebe Road Project (SP #316) and the South Glebe Road Townhouse Project (SP #373) project are previous examples of instances where this policy has been applied. Staff has determined that the proposed Shelton development, as a moderate density (2.0 FAR) affordable housing project, has similar feasibility

constraints and could therefore be eligible for consideration of modified undergrounding requirements by the County Board.

Since undergrounding costs can vary widely from site to site, the County has worked with the developer in each of the previous cases to modify the requirements based upon: (a) what would be considered a reasonable per unit cost expenditure, based on the projected unit cost; (b) the possibility for a portion of the undergrounding work to be done either as part of a previously identified County project at a later date, or as part of future private development; or (c) the general character of the streets around the project, the surrounding area, and the likelihood that additional subsequent undergrounding could occur in the vicinity.

Staff has worked with the applicant and the utility companies to determine the cost of the undergrounding as required in the approved use permit. The estimated undergrounding costs for this site, based on the original project scope provided by the utility companies, will be approximately \$3.2M (\$34,042 per unit). At the time the use permit was approved, the applicant estimated undergrounding costs of \$700,000 (\$7,447 per unit). Whereas generally the developer is responsible for undergrounding all aerial utilities along the periphery of the site as a condition of special exception approval, small, infill development projects outside of the higher-density corridors often cannot absorb the high costs of removing aerial utilities. In this case, staff has worked with the applicant and the utility companies to identify elements of the originally conceived undergrounding project that either (a) could be completed at a later date as part of another redevelopment project that is likely to occur, or (b) are less essential to achieving the overall aesthetic goal of undergrounding the Nauck Revitalization area (i.e. street frontages other than Shirlington Road).

Existing aerial utilities along the periphery of the site include wires and poles for electrical lines (Dominion Virginia Power), telephone lines (Verizon), and cable lines (Comcast). Based on preliminary cost estimates the following changes are proposed:

1. Near the intersection of Shirlington Road and 23rd Street South, the developer has requested to terminate undergrounding at an existing or relocated pole rather than continue the undergrounding along Shirlington Road to the south, as required.
2. Near the intersection of Shirlington Road and 24th Street South, the developer has requested to terminate undergrounding at an existing or relocated pole rather than continue the undergrounding along Shirlington Road to the north, as required.
3. Verizon and Comcast have agreed to re-route aerial utilities along the 24th Street South frontage to existing off-site poles along Kenmore Street that provide service to properties west of Kenmore Street, thereby eliminating the need to underground the utilities along this frontage of the site.
4. The applicant has agreed to install manholes at each utility transition location in conjunction with the undergrounding to be done as part of the project to serve as the connection point for subsequent undergrounding projects, should they occur.

Aerial utilities along the 23rd Street frontage have already been temporarily undergrounded and will have to be placed underground permanently because of their close proximity to the building façade. In addition to requesting that the undergrounding requirements be revised for this project, the applicant has requested that the deadline for completion of the undergrounding work be changed to a later phase of the development process. Construction of the building is proceeding ahead of the undergrounding work, due to the continued discussions on the scope of work. Staff has revised the condition language to reflect this issue.

Undegrounding Project Cost Summary (Estimated):

\$3,200,000	Original Project Cost (for all utilities)*
\$790,000	Revised Dominion Estimate**
\$750,000	Revised Verizon Estimate**
\$100,000	Revised Comcast Estimate**
\$1,640,000	Revised Project Cost
\$1,560,000	Projected Savings

* Applicant's estimate

** Estimates based on agreements reached at meetings between the applicant, the utility companies, and County staff. The estimates are not based on actual design plans, but are the best gauge of costs provided by the utility companies.

In working with the applicant, staff has determined that the revised utility undergrounding project, as outlined above, can be achieved within the applicant's overall budget. Staff proposes to modify the condition language with regard to the deadline by which the undergrounding is to be completed. In light of significant delays that may occur in coordinating the utility undergrounding with the various utility companies, the applicant has agreed to post a letter of credit to guarantee to completion of the undergrounding project, which may occur after the completion and occupation of the building. Staff therefore recommends that the County Board approve the revised condition language found on the following page, which will allow the applicant to move forward with the revised undergrounding project.

CONCLUSION: Staff has investigated the issues arising from completion of the utility undergrounding as required and is continuing to work out solutions with the applicant and the utility companies. The proposed solutions will dramatically reduce the development costs related to removing aerial utilities (from \$3.2M to \$1.64M) for the project while generally conforming with County policies. Therefore, staff recommends that the County Board approve the applicant's use permit amendment request, which would allow for the retention of one utility pole at two locations: near the intersection of Shirlington Road and 23rd Street South and the intersection of 24th Street South and Shirlington Road, as provided for in the revised Condition #12 for Use Permit U-3130-05-1. It is also recommended that the language in Condition #12 be revised to extend the deadline by which the undergrounding work be completed by the applicant.

REVISED CONDITION:

12. The developer agrees to remove or place underground all existing aerial utilities within or along the periphery of the entire use permit site as shown on the final site development and landscape plan and the final engineering plan approved by the County Manager, except that existing or relocated poles may be located along Shirlington Road at or near the intersections of 23rd Street South and 24th Street South. Any utility improvements necessary to provide adequate utility services to this development or utility work necessary to provide a terminus to the underground facilities shall be paid for by the developer and shall not result in the installation of any additional utility poles, or aerial devices, except as indicated above. ~~All utility relocation shall be completed prior to the issuance of the Shell and Core Certificate of Occupancy.~~ The developer agrees to post a letter of credit, within 90 days of the approval of this condition, with a banking institution and in a form acceptable to the County Manager, in the amount of \$1.64 million, which shall guarantee completion of the undergrounding project within 3 years of the issuance of the final Certificate of Occupancy for the building. The letter of credit shall only be released by the County upon the satisfactory completion of the undergrounding project.

PREVIOUS COUNTY BOARD ACTIONS:

January 2006

County Board approved U-3130-05-01