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110 Compromise - Q&A #2

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Additional Q&A on the proposed purchase of 110 Compromise.

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110 Compromise Acquisition Q&A Number 2

Several of you have asked follow-up questions regarding Resolution 32-14, which proposes that the City purchase the 110 Compromise Street property that used to be Fawcett's downtown location. I am forwarding these answers so that everyone may benefit from the questions.

Interested readers should also see the article that Alderman Arnett and I wrote in *The Capital* newspaper on October 5. It is available online here:

<http://www.capitalgazette.com/opinion/columns/budge-arnett-column-1005-docx-20141005,0,6578857.story>

And the first Q&A on the topic, which is online at:

<https://www.facebook.com/Ald.Joe.Budge/posts/651626294957920>

If you have additional questions, please write or attend the Eastport Civic Association meeting on Thursday, November 20, 7pm at Eastport Elementary. Alderman Arnett and I will be answering questions after ECA's annual elections.

Regards,
Joe Budge

DNR Grant Land Use Restrictions - *What are the DNR grant restrictions beyond the land area to remain as recreational space?*

The proposed grant will be Federal Land and Water Conservation funds administered by the DNR. LWCF grants must be used for “public outdoor recreation space.”

Who Owns the DNR Grant Land - *Will the city own this land?*

Yes.

Specific Land Area Under DNR Grant - *A 55-foot stretch along the water is being proposed to remain Maritime Zoning, WMC, which includes approximately a 30 deep section adjacent to parcel P.1248 & P.1258. This area of parcels proposed to remain WMC will be approximately 13,285 SF. Is this total area being included under the DNR grant restrictions?*

“P.1248” and “P.1258” are parcel numbers which appear in the Anne Arundel County land records and on the State Tax Maps. A few weeks ago we distributed a graphic of the site which overlays an aerial view on top of the Tax Map. That graphic is referenced in this and several other questions. It is available online on my Facebook page:

<https://www.facebook.com/Ald.Joe.Budge/photos/a.378767188910500.1073741828.377233715730514/651625024958047/?type=1>

Now to address the question: Parcels 1248 and 1256 make up the City-owned parking lot on Newman Street. (Parcel 1258 is off the map somewhere.) The graphic shows that the proposed recreation parcel expands wider than 55-feet, by about thirty feet, between that parking lot and the water. Due to the Height and Bulk regulations, this thirty-foot strip could not be developed as part of the commercial parcel. Therefore we included it in the

proposed recreational parcel.

Selling of an Additional City Parcel - *110 Compromise proposed land acquisition is for parcels P.1247 from the current owners of the Fawcett Property. Please see attached pdf, Parcels-110_Compromise. It appears we are also proposing to sell additional city owned parcel P.1210. Is this correct?*

Parcel P.1210 would not be part of the sale, and in this the graphic is incorrect. P.1210 is a 15-foot strip along the Compromise Street face of 110 Compromise that the City already owns.

According to a survey provided by the owners of 110 Compromise, P.1210 is the sidewalk in front of the present building and the second lane of traffic that was added to Compromise Street in the mid-Seventies. It is obviously infeasible to sell the street.

The owner's survey is at odds with the State Tax Map. This is not unheard of, and a certified survey is taken as being the correct interpretation.

The CDMP calls for 15-foot sidewalks on Compromise Street. If the Tax Map were somehow correct, P.1210 would then encompass the 15-foot setback from the curb that the CDMP calls for. It would be contrary to the Comprehensive Plan to sell it.

C2 Parcel - *Are we combining the leftover parcel P.1247 with P.1210 & P.1255 to create one parcel?*

We would combine the leftover parcel P.1247 with P.1255 to create one parcel. As described above, we would not include P.1210.

What's 30' BRL? - *In the graphic of the proposed commercial parcel, there's a dashed line labeled "30' BRL" that goes across the back of the property. What's that?*

Properties in the C2 Zone must have a thirty-foot rear yard. The dashed line indicates "30 feet Behind Rear Line".

The mandatory "rear yard" coincidentally limits the size of any potential building on the parcel to just below 20,000 square feet (see "Parking requirements", below). In addition it affords the property owner space for outdoor amenities that would complement the businesses in the building.

Cost of Required Demolition and Site Work - *Is it accurate that the existing Fawcett's*

building must be demolished prior to subdividing the parcel P.1247? Has the city created a cost estimate for this demolition and paving that will be required?

Per Planning & Zoning, a subdivision cannot pass through an existing building. The old building would need to be demolished. Public Works estimates the cost of the demolition as \$150,000.

Are there any other costs in the purchase/sale?

Finance estimates an additional \$50,000 in transaction costs (sale recordation fees, etc.)

Is There A Simpler Way? - *Couldn't the end result of the plan be effectuated without a City purchase of the entire footprint, but rather just a purchase of the portion that is within 55' of the water, and a rezoning of the remainder, consistent with the CDMP?*

There are a couple of obstacles to this approach. As mentioned above, to subdivide the property the present building would have to be demolished. The present owners are not interested in this.

Further, Maryland law prohibits the localities from entering into contracts that are conditional on zoning changes. In other words the City cannot enter into an agreement to rezone the street-side parcel if they'll sell us the water-side parcel. This is called "contract zoning."

Without such a contract, the present owners are not interested in waiting to find out if the City Council might actually rezone the parcel.

Why can't The City drive a purchase and reconfiguration process that includes a commercial buyer as an integral component of this transaction?

The City cannot enter into a contract with a commercial buyer that promises the commercial parcel will be rezoned C2.

Alderman Arnett and I have each heard from potential buyers. They understand the prohibition against contract zoning and, accordingly, we've mutually declined to discuss specifics. The City cannot engage with a commercial buyer until the zoning question on the parcel is settled.

How will the commercial parcel be sold? Will there be restrictions on the parcel?

Several methods have been proposed. Alderman Arnett and myself recommend the simplest and most common for government property sales: the City solicits sealed bids from prospective buyers and selects the highest bidder who can close the sale with cash. If the bidder needs to finance the transaction, they are free to do so without involving the City. We will recommend that the City engage a commercial real estate broker to market the property.

The only restriction we would place on the sale would be the fifteen-foot building setback from the curb described in the CDMP. Other restrictions would be imposed under law by zoning, the building code, Historic District Height Restrictions, and applicable decisions of the City's Boards and Commissions – primarily the Historic Preservation Commission for exterior design and the Board of Appeals for any potential Special Exceptions.

All that being said, under City law the Administration has wide discretion in how to write the RFP (Request For Proposal) for bids. Since the Council has to approve the eventual sale, we expect a high degree of collaboration. There are several bridges to cross before we get there, though, such as purchasing the property and zoning. Neither Alderman Arnett nor myself have discussed this topic in any detail with the Administration.

Guarantee of City Selling this Property - *Has the city discussed not selling the leftover parcel P.1247 with P.1255? This resolution has been presented to the public that only a potential city financial burden will only be \$1 million. Do we want to add a restriction to this resolution that requires the city to sell this property and not develop it? This could be a \$4.5 million plus financial commitment by the city.*

In a previous Q&A I pointed out that, should the Council decide to keep the property, we would seek matching grant money for the second parcel. The net City exposure would be 50% of \$4.5, which equals \$2.25 million.

What if the frontage on Compromise proves to be of little interest for sale once the waterfront is removed?

We believe the probability of this is low. The commercial parcel would be closer to the water than any of the properties on Dock Street or Market Space, and would not be separated from the water by a street.

In the worst case, however, the City would end up keeping the property.

What's the hurry? - *It is understood that real estate transactions often have an urgency to them "lest an opportunity slip away." There is some perception that the owners have*

placed pressure on the City to move quickly when history suggests that there is not a long queue waiting to acquire this property.

The property owners have expressed to us their interest in finding tenants for their property under the current zoning. The owners can enter into an agreement with a tenant at any time while the City discusses this acquisition. We know through our personal contacts that the owners were holding discussions with at least two organizations interested in becoming tenants at the time they agreed to sell the property to the City,

Should the present owners enter into a lease with a tenant – either because they grow impatient or the City decides not to purchase the property – the City will have no say in which tenant(s) are selected, how long the lease might be, or whether the new tenant needs to support the Boat Shows or public slips on the waterfront.

Adjacent Parking Lots - *What is still unclear to me is the extent to which the additional City-owned adjacent parking lots are to be included in the property reconfiguration.*

There is no intention to involve either of the City-owned parking lots in the 110 Compromise transactions. In the long run, the CDMP calls for the present Donner Lot to become park. Some of the lot adjoining Newman Street is part of the "opportunity area". However, I think it's important to retain the view across that property from the street to the water. Further, until the city does the parking study that the CDMP calls for, we shouldn't contemplate erasing either of the two city parking lots.

What is the schedule for that parking study?

The Administration has not announced plans for a parking study. Alderman Arnett and I are not assuming any change in the City's parking management or strategy as part of what happens at 110 Compromise. But like pretty much everyone else, we think parking is an area for improvement and would welcome that.

If this is developed as you propose, won't it bring more traffic and congestion downtown?

Ideally, the waterfront park and commercial space will be an attraction, giving more people reasons to come downtown and, once here, to stay and enjoy our shops, restaurants, and waterfront. This would be a positive for the Annapolis economy and improve the employment opportunities in town.

We would welcome the parking and transportation studies that the CDMP calls for to

relieve congestion.

What requirements are imposed on the buyer of the commercial property relating to parking?

Off-street parking facilities are not required in the C2 or C2A districts except that uses containing twenty thousand feet or more of floor area must provide 20 parking spaces, plus one space for each additional five hundred square feet of floor area.

If the parcel were to remain in the Maritime zone, the required parking spaces would be determined by the Table of Off-Street Parking Requirements in 21.66.130 of the Municipal Code. These requirements vary by use. They range from one space per 200 square feet to one space per 800 square feet for many uses in Maritime zones. Other maritime uses could require one space per two employees.

Lease Agreements for Existing Parking Areas - *Will the city consider a long term lease for parcel P.1248 to help resolve a future developer's parking issues? I understand that C2 does not require parking IF the developed building is 20,000 SF or less. I believe it is in a future developer's best interest to try to lease this parking area to create their development as a more attractive to future tenants. I would like to know if this has been discussed.*

We have not discussed leasing P.1248, the existing City parking lot on Newman Street, to a potential purchaser of the reconfigured 110 Compromise property. The CDMP calls for comprehensive parking study before eliminating significant amounts of City parking.

Is there an impact in this on the Circle versus T intersection?

The 110 Compromise proposal has no linkage to the Circle v. Tee discussion. The property itself would not be impacted by the Tee reconfiguration if that were to happen. Which is not likely – as far as we know there are no discussions in the Administration or Council about moving that reconfiguration forward.

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