

MEMORANDUM

October 17, 2006

TO: Education Committee

FROM: *CHS*
Charles H. Sherer, Legislative Analyst

SUBJECT: Supplemental Appropriation to the FY 2007 Capital Budget and
Amendment to the FY 2007-2012 Capital Improvements Program for Montgomery
College for the King Street Art Center, Project No. 056604, \$2,000,000 (contribution)

The Montgomery College Foundation¹ will contribute \$2.0 million to the College for the purchase of furniture, instructional equipment, and information technology and telecommunications equipment purchases, and relocation expenses for the King Street Art Center. **The purpose of this amendment and supplemental appropriation is to authorize the College to spend the contribution.** The Executive recommends approval of the College's request. Council staff agrees.

The Center will be in the former Giant bakery, which is currently being renovated and is scheduled to be completed by April 2007 and open for classes in September 2007. As the PDF states, the Center will house instructional art studios, the programs from the merged Maryland College of Art and Design (now in a building on Georgia Avenue), faculty offices for the Fine Arts Program, support facilities, and the central computer facility for the entire College. (Funding for the \$30 million renovation is on a separate PDF for the Revenue Authority.)

Tentative schedule: Introduce on October 10, ED on October 19, PH/Action on October 24.

¹ According to the College's web site, "The Montgomery College Foundation is a 501©(3) charitable organization governed by business, alumni and community leaders to enhance the work of Montgomery College to a level of excellence comparable to the finest colleges and universities across the country. Through advocacy, influence, and financial support, these volunteer leaders work to ensure understanding of and commitment to the community college philosophy of opportunity, inclusion, and educational achievement for all.

"The Montgomery College Foundation Board of Directors broadly represents the business, professional and academic community. It establishes policies for the Foundation which echoes the vision of the College's President and the Board of Trustees."

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan
County Executive

MEMORANDUM

September 26, 2006

TO: George L. Leventhal, County Council President
FROM: Douglas M. Duncan, County Executive
SUBJECT: Supplemental Appropriation #5-S07-CMC-2 to the FY07 Capital Budget and Amendment to the FY07-12 Capital Improvements Program
Montgomery College
King Street Art Center (No. 056604), \$2,000,000

I am recommending a supplemental appropriation to the FY07 Capital Budget and amendment to the FY07-12 Capital Improvements Program in the amount of \$2,000,000 for the King Street Art Center (No. 056604). An amendment is necessary because this action reflects a significant increase in the amount of resources provided for this project.

The King Street Art Center will house the College's art studios, faculty offices for the Fine Arts program, the merged programs of the former Maryland College of Art and Design, and the College's central computer operations. The Montgomery College Foundation, a private entity, will provide the College with funds for relocation expenses and to purchase furniture, instructional equipment, and information technology and telecommunications equipment for the new facility.

I recommend that the County Council approve this supplemental appropriation of \$2,000,000 for the King Street Art Center and specify that the source of funds is a private contribution. I appreciate your prompt consideration of this action.

DMD:cfg

Attachments: Request from Montgomery College



2006 SEP 27 PM 1:16

RECEIVED
MONTGOMERY COUNTY
COUNCIL

September 18, 2006

SUPPLEMENTAL APPROPRIATION REQUEST
FY2007 CAPITAL BUDGET
KING STREET ART CENTER (CIP#056604)

BACKGROUND

On October 20, 2005, in conjunction with the Montgomery County Revenue Authority and the Montgomery College Foundation, the College participated in its first bond offering in the amount of \$33,000,000 for the renovation and construction of the King Street Art Center (KSAC). As the College, by law, cannot borrow funds, the Montgomery College Foundation borrowed the funds on behalf of the College via the Montgomery County Revenue Authority. The Revenue Authority then loaned the proceeds of the bond sale to the Montgomery College Foundation. Subsequently, the Foundation set up a trust with these proceeds to fund the KSAC construction and renovation. A lease/lease-back arrangement between the College and the Foundation allows the College to ultimately lease the completed building from the Foundation with the College's lease payment over the next 25-years used to pay the debt service on the bonds.

The King Street Art Center is currently under construction with the majority of the new masonry work complete and interior construction now underway. It has always been the College's intention to fund the purchase of furniture and equipment, as well as relocation expenses, from the proceeds of the sale of the School of Art + Design property (SA+D) on Georgia Avenue (formerly the Maryland College of Art and Design), and not through bond proceeds. The lease is funded through the Major Facilities Reserve Fund fee which is financed by a fee paid by students. In order to keep the fee as low as possible, the College decided to fund furniture and equipment through the sale of the SA+D building. However, the timing is such that the property sale will not be completed in time for the furniture and equipment purchases. Therefore, the Montgomery College Foundation will provide a grant of \$2,000,000 to the College to fund the purchase of furniture, instructional equipment, and information technology and telecommunications equipment, as well as relocation expenses, and retain the proceeds of the SA+D property sale when that occurs.

This supplemental appropriation request is therefore recommended to provide the appropriation authority to use the grant funds for the furniture, instructional equipment, and information technology and telecommunications equipment purchases, and relocation expenses for the King Street Art Center. The supplemental request totals \$2,000,000 with the source of funds being grants. If approved by the Board of Trustees, this request will be submitted to the County Executive for review and recommendation, before being forwarded to the County Council for public hearing(s) and final action on amending the College's FY2007-2008 Biennial Capital Budget.

RECOMMENDATION

It is recommended that a supplemental appropriation request amending the Approved FY2007-2008 Biennial Capital Budget in the amount of \$2,000,000 be submitted to the County for consideration to provide appropriation authority from grants for the purchase of furniture, instructional equipment, and information technology and telecommunications equipment, as well as relocation expenses, for the King Street Art Center.

BACK-UP INFORMATION

Board Resolution
Project Description Form

RESOURCE PERSONS

Mr. Capp
Mr. Moore
Mr. Sears
Mr. Sorrell

MONTGOMERY COLLEGE
campuses at
Germantown, Rockville, Takoma Park/Silver Spring
Maryland

Agenda Item # _____
September 18, 2006

BOARD OF TRUSTEES
RESOLUTION

Adopted on _____
Resolution # _____

Subject: Supplemental Appropriation Request,
King Street Art Center
FY2007-2008 Biennial Capital Budget

WHEREAS, on June 19, 2006, by Board Resolution #06-06-069, the Board of Trustees authorized the President to implement the FY2007 Capital Budget, as approved by the Montgomery County Council pursuant to Council Resolution #15-1464, adopted May 25, 2006; and

WHEREAS, the College plans to purchase furniture, instructional equipment, and information technology and telecommunications equipment, as well as provide for relocation expenses, as part of the King Street Art Center project; and

WHEREAS, the Montgomery College Foundation will provide a grant of \$2,000,000 to the College for this purpose as part of a share of the proceeds from the sale of the School of Art + Design at Montgomery College property; and

WHEREAS, the College desires to amend the FY2007-2008 Biennial Capital Budget and provide for a supplemental appropriation of \$2,000,000 for the King Street Art Center (CIP#056604) to provide funds for the purchase of furniture, instructional equipment, and information technology and telecommunications equipment, as well as relocation expenses; and

WHEREAS, the Chief Business Officer certifies that contingent upon County approval of the appropriation authority for the King Street Art Center (CIP#056604), sufficient funds are available in the grants fund for the proposed purposes; and

WHEREAS, the President of the College recommends the following action; now therefore be it

Resolved, That the Board amends the FY2007-2008 Biennial Capital Budget to include a supplemental appropriation request of \$2,000,000 to fund the purchase of furniture, instructional equipment, and information technology and telecommunications equipment, and relocation expenses, for the King Street Art Center (CIP#056604) with funding provided by grants; and be it further

Resolved, That the Board authorizes the President to transmit the supplemental appropriation request to the Montgomery County Executive for review and recommendation to the Montgomery County Council for final action for funding the project.

CRN:abg

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

SUBJECT: Supplemental Appropriation to the FY 2007 Capital Budget and
Amendment to the FY 2007-2012 Capital Improvements Program
Montgomery College
King Street Art Center, Project No. 056604, \$2,000,000 (contribution)

Background

1. Section 16-301(d) of the Education Article of the Code of Maryland states that the capital and operating budgets of community colleges shall be prepared and considered in accordance with County fiscal procedures not inconsistent with State law. Section 16-304(a) and (b) state that each County governing body may appropriate money by major function to pay the cost of establishing and operating a community college.
2. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may re-approve the appropriation, as if it were an item in the annual budget.
3. Section 302 of the County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of six Council members.

- The Board of Trustees for Montgomery College requested an amendment to the FY 2007-2012 Capital Improvements Program and a supplemental appropriation to the FY 2007 Capital Budget for the subject project as follows:

Cost Element	Amount	Funding
F&E	\$2,000,000	Contribution

- The funds requested in this supplemental appropriation are for the purchase of furniture, instructional equipment, and information technology and telecommunications equipment purchases, and relocation expenses for the King Street Art Center.
- Notice of a public hearing was given, and a public hearing was held.
- The County Executive recommends approval of the supplemental appropriation and suggests that the source of funds be contribution.

Action

The County Council for Montgomery County, Maryland, approves the requested amendment to the FY 2007-2012 Capital Improvements Program and approves a supplemental appropriation to the FY 2007 Capital Budget for the subject project as reflected on the attached project description form.

Cost Element	Amount	Funding
F&E	\$2,000,000	Contribution

This is a correct copy of Council action.

Linda M. Lauer
Clerk of the Council

King Street Art Center -- No. 056604

Category **Montgomery College**
 Agency **Montgomery College**
 Planning Area **Takoma Park**
 Relocation Impact **None**

Date Last Modified
 Previous PDF Page Number
 Required Adequate Public Facility

September 21, 2006
 NONE
 NO

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY06	Rem. FY06	Total 6 Years	FY07	FY08	FY09	FY10	FY11	FY12	Beyond 6 Years
Planning, Design and Supervision	2,650	2,625	25	0	0	0	0	0	0	0	0
Land											
Site Improvements and Utilities	250	0	0	250	250	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	2,000	0	0	2,000	2,000	0	0	0	0	0	0
Total	4,900	2,625	25	2,250	2,250	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Major Facility Reserve Fund (MC only)	2,650	2,625	25	0	0	0	0	0	0	0	0
G.O. Bonds	250	0	0	250	250	0	0	0	0	0	0
Contributions	2,000	0	0	2,000	2,000	0	0	0	0	0	0
Revenue Authority	0	0	0	0	0	0	0	0	0	0	0

ANNUAL OPERATING BUDGET IMPACT (\$000)

DESCRIPTION

This project will provide funding for design, construction contingency, site improvements, furniture, instructional equipment, information technology and telecommunications equipment, and relocation expenses associated with the renovation of the former Giant Food Bakery (located in South Silver Spring) and create the new King Street Art Center (approx. 130,000 gross square feet). The new Art Center will house instructional art studios, support facilities, and faculty offices for the College's Fine Arts program (relocating from the Pavilion of Fine Arts) and the merged programs of the School of Art & Design (SA+D) at Montgomery College (formerly Maryland College of Art & Design); the College's central computer facility (relocated from the Rockville Campus); and community art studios/organization office space. The new facility will provide up-to-date instructional art studios that meet current requirements and respond to the needs of the merged art programs of the College and SA+D. The Art Center is part of an overall plan to develop the College's South Silver Spring property.

JUSTIFICATION

The Takoma Park Campus has a current (Fall 2005) instructional space deficit of 38,366 net square feet and a total space deficit of 125,226 net square feet. Following the construction of the four new buildings (Health Sciences Building, Student Services Center, Cultural Arts Center and the King Street Art Center) the 2015 projected instructional space deficit will be reduced to 23,688 and the total space deficit will be reduced to 55,005 net square feet. The new Art Center will bring the merged studio art programs of the Takoma Park Campus and SA+D under one roof and also support the revitalization of South Silver Spring as part of the Silver Spring Arts and Entertainment District initiative. The relocation of the Takoma Park Campus art program and SA+D from their currently inadequate facilities is supported by the College's facilities condition assessment studies and the recommendations of the College's Facilities Master Plan. Furthermore, the relocation of the College's central computer operations from the Computer Science Building on the Rockville Campus to the new Art Center will allow for the renovation of four classrooms on the congested Rockville Campus and avoid an alternative of leased space for the College's central computer operations.

Plans and Studies

Collegewide Facilities Condition Assessment (8/02); Giant Bakery Facilities Condition Assessment (8/02); MCAD (now SA+D) Facilities Condition Assessment (11/02); Request for Proposals, Lease, Redevelopment and Lease-Back of Former Giant Food Bakery Site, Silver Spring, Maryland - Bid No. 603-003 (11/3/02); Project Manual, King Street Art Center, Takoma Park Campus (8/12/03); and Collegewide Facilities Master Plan (1/04).

STATUS

The project is currently under construction.

FISCAL NOTE

This supplemental appropriation covers furniture, equipment and relocation expenses. \$2,000,000 is funded by a grant from the Montgomery College Foundation. \$250,000 is transferred from Life Safety Systems: College (#046601)(BOT Resol. #06-09-101, 9/18/06). FY2007 Supplemental Appropriation: \$2,000,000 (Contributions-Grants).

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation FY05 (\$000)	Revenue Authority	
Initial Cost Estimate 2,650	Takoma Park Campus Expansion (#996662)	
First Cost Estimate	Fine Arts Pavilion Renovation (#056602)	
Current Scope FY05 2,650	School of Art & Design at Montgomery College	
Last FY's Cost Estimate 2,650		
Present Cost Estimate 4,900	Montgomery College asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.	
Appropriation Request FY08 0		
Supplemental Appropriation Request FY07 2,000		
Transfer 0		
Cumulative Appropriation 2,650		
Expenditures/Encumbrances 2,626		
Unencumbered Balance 24		
Partial Closeout Thru FY05 0		
New Partial Closeout FY06 0		
Total Partial Closeout 0		