

Worksession

MEMORANDUM

February 23, 2010

TO: Public Safety Committee
FROM: Justina J. Ferben, Legislative Analyst
SUBJECT: **Liquor Warehouse Expansion and Relocation Project
FY11-16 Capital Improvements Program (Page 7-5)**

Department of Liquor Control Warehouse

CIP Project No. 850900 provides for the relocation and expansion of the County's liquor warehouse from Crabbs Branch Way to the Finmarc warehouse in Gaithersburg. This project will consolidate all of the Department of Liquor Control (DLC) warehouse, delivery and administrative functions.

Background

On February 24, 2009, the Council approved this project, which will relocate the DLC warehouse from the County Service Park on Crabbs Branch Way to the property known as the Finmarc warehouse at the GE Tech Park, as a part of its actions on the Smart Growth Initiative. Relocation of the liquor warehouse is necessary to implement the Shady Grove Sector Plan. The Executive's recommended FY11-16 PDF is attached at © 1 and the PDF approved last February is attached at © 2.

On February 24, 2009, the Council also approved Resolution No. 16-863 which added \$60 million in borrowing authority for revenue bonds to finance or refinance the cost of the Department of Liquor Control Warehouse Project and certain transportation projects. Total revenue bond borrowing authority for these purposes is \$138 million.

The Executive's recommended FY11-16 PDF is generally consistent with the information provided to the Council last February when it approved the project. The cost of the project has increased by \$4 million due to the addition of a two-story conveyor system that is expected to provide additional capacity.

In approving the project last year, the Council was told that:

- The basic requirements for the DLC Warehouse called for 172,000 square feet of space. The Finmarc warehouse has about 200,000 square feet allowing it to meet current and future needs.
- Continuing to use the building as a warehouse is consistent with City of Gaithersburg zoning.
- The county intends to put additional screening in place and have a landscaping plan for the GE Tech Park property.
- The Department of Finance reviewed the Department of Liquor Control budget and determined that it could back the additional debt service for the new warehouse and transportation projects but it is probably at its maximum level for a few years.

Financing

The project will be financed through the Liquor Control Fund and no G.O. bonds are involved as the project is not appropriated through the Montgomery County Government's Capital Budget. Resolution No. 16-863 amended Resolution No.16-676 and authorized financing of the warehouse project and certain transportation projects with revenue bonds. The Liquor Control Fund includes an annual debt service payment for costs associated with this capital project. DLC assures the Council and Executive that it will continue to meet its projected budgeted transfers to the County General Fund while funding this project.

Costs

The original cost estimate for the design and construction of the project has been increased by \$4,000,000 for a total estimate of \$53,119,000. The \$4,000,000 increase is due to the installation of a two-story vertical conveyor system in the new warehouse. The conveyor system currently used in the Crabbs Branch warehouse is incompatible with the new location except for one part of the system which will be moved to the new warehouse. A breakdown of the costs is below:

Total project cost breakdown --

Building/Land Purchase	\$32,700,000
Planning, Design, Supv.	1,783,000
Site and Utilities	349,000
Construction	12,601,000
Other	<u>5,686,000</u>
Total	= \$53,119,000

Cost breakout of "Other" is as follows --

Furniture/Equipment	\$5,277,000 (Includes \$4,000,000 for conveyor system)
Signs/Move	\$132,000
Telephone/IT system	\$145,000
Security system	<u>\$132,000</u>
	\$5,686,000

Design, Construction and Implementation

The design of the project started in the summer of 2009 and is estimated to take nine months, followed by approximately six months for bidding. Currently two tenants are in the building and their leases expire next year. Peapod is the major tenant and expected to move out by May of 2011. The site will be available for construction around June 2011 and construction will be completed in ten months.

The design was granted under a County A/E Task Order Contract and is expected to be completed within the next six months. There was a competitive selection and contracting process by the County for a group of architects to design various County facilities and DLC used that contract for this project.

Moving costs are included in FY12 in the "Other" category of the Expenditure Schedule. The bulk of the operating costs associated with the relocation is budgeted for and anticipated in the "Other" category of the CIP budget. DLC will utilize its own trucks and warehouse employees to move the inventory and therefore will incur no additional costs. Given the move is anticipated in the end of FY12, DLC will work closely with DGS and OMB to finalize the costs as the date for the move draws closer.

Staff Recommendation

Staff recommends concurrence with the Executive on the project with the understanding that it will be completed within the funding provided in the FY11-16 CIP and that no supplemental request to fund the project will be considered by the Council.

Attachment: PDF 850900 Liquor Warehouse Expansion Project © 1
PDF 850900 attached to Resolution 16-862 – Relocation of DLC Warehouse © 2

F:\FERBER\11 Budget\FY11 Capital Budget\Liquor Warehouse - PS 2-25-10.doc

DLC Liquor Warehouse -- No. 850900

Category
Subcategory
Administering Agency
Planning Area

General Government
County Offices and Other Improvements
General Services
Gaithersburg

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

January 10, 2010
No
None.
Final Design Stage

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	1,783	769	356	658	329	329	0	0	0	0	0
Land	32,700	32,700	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	349	0	0	349	55	294	0	0	0	0	0
Construction	12,601	0	0	12,601	6,188	6,413	0	0	0	0	0
Other	5,686	0	0	5,686	100	5,586	0	0	0	0	0
Total	53,119	33,469	356	19,294	6,672	12,622	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Revenue Bonds: Liquor Fund	53,119	33,469	356	19,294	6,672	12,622	0	0	0	0	0
Total	53,119	33,469	356	19,294	6,672	12,622	0	0	0	0	0

OPERATING BUDGET IMPACT (\$000)

Maintenance				3,696	0	0	924	924	924	924
Energy				4,000	0	0	1,000	1,000	1,000	1,000
Net Impact				7,696	0	0	1,924	1,924	1,924	1,924

DESCRIPTION

This project is part of the Smart Growth Initiative Program and provides for land, planning, design and construction of the relocation and planned expansion of the existing Liquor Control warehouse located on Crabbs Branch Way, into the 200,000 square feet Finmarc building at 200 Edison Park Drive in Gaithersburg. The project provides for the consolidation of all Department of Liquor Control functions including all administrative functions, and liquor, wine, and packaged beer storage space.

ESTIMATED SCHEDULE

The design of this project began in the summer of 2009 and is estimated to last nine months, followed by approximately six months for bidding. The site will be available for construction around June 2011 and construction will be completed in ten months.

COST CHANGE

Project cost has increased by \$4 million due to the addition of a two-story vertical conveyor system that is expected to provide additional capacity.

JUSTIFICATION

The Shady Grove Sector Plan has identified county owned properties on the east and west side of Crabbs Branch Way, including the current Department of Liquor Control (DLC) warehouse, for future transit oriented development. Relocation of the current Liquor warehouse is also necessary to implement the County Executive's Smart Growth Initiative. The Department of Liquor Control needs a larger warehouse with air-conditioned space. Combined leased space and the existing warehouse are inadequate for its needs. Various beer manufacturers require their beer to be stored at specific temperatures. The existing warehouse cannot meet these temperature requirements. The warehouse is also used for storing other temperature-sensitive products, including wine. The existing warehouse is the designated work place for permanent, full-time County employees. It is currently the only County non-air-conditioned worksite.

In order to implement the County's Shady Grove Sector Plan which would capitalize on the existing investment in mass transit by creating a transit-oriented development community, the County Service Park must be relocated. Relocation of the facilities at the County Service Park will enable the County to realize both the transit-oriented development intended for the area and to address unmet needs.

Plans and studies for this project include: Program of Requirements (POR), Department of Liquor Control, "Temperature Control Warehouse Expansion," June 13, 2003; M-NCPPC Shady Grove Sector Plan, approved by the Montgomery County Council, January 2006, adopted by the M-NCPPC, March 15, 2006; "Montgomery County Property Use Study Updated Briefing to County Council," April 29, 2008 (based on Staubach Reports); "Montgomery County Smart Growth Initiative Update to County Council," September 23, 2008.

FISCAL NOTE

The Department of Liquor Control Fund will finance the cost of this project. This project is not appropriated through the Montgomery County Government's Capital Budget. An amendment to Resolution #16-676 authorized financing of this project.

OTHER DISCLOSURES

- A pedestrian impact analysis will be performed during design or is in progress.

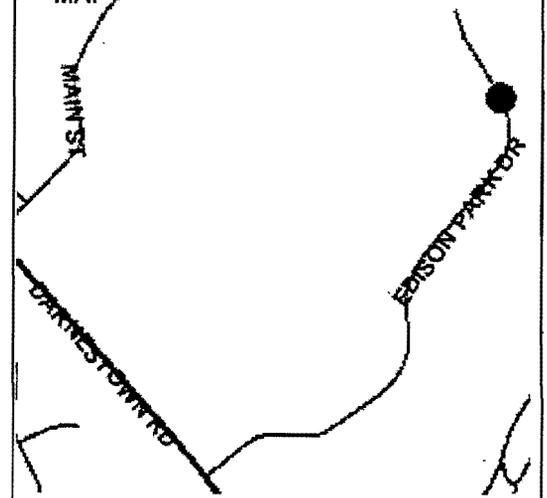
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY10	(\$000)
First Cost Estimate	FY11	53,119
Current Scope		
Last FY's Cost Estimate		49,079
Appropriation Request	FY11	0
Appropriation Request Est.	FY12	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditures / Encumbrances		0
Unencumbered Balance		0
Partial Closeout Thru	FY08	0
New Partial Closeout	FY09	0
Total Partial Closeout		0

COORDINATION

Department of General Services
Department of Liquor Control
Maryland-National Capital Park and Planning Commission
Department of Permitting Services
Department of Finance
Department of Technology Services
Office of Management and Budget
Washington Suburban Sanitary Commission
Pepco
Upcounty Regional Services Center
Washington Gas

MAP



DLC Liquor Warehouse -- No. 850900

Category
Subcategory
Administering Agency
Planning Area

General Government
County Offices and Other Improvements
General Services
North Central Transit Corridor

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

February 11, 2009
No
None.
Planning Stage

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY07	Est FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning, Design, and Supervision	2,089	0	0	2,089	769	837	483	0	0	0	0
Land	32,700	0	0	32,700	32,700	0	0	0	0	0	0
Site Improvements and Utilities	360	0	0	360	0	74	286	0	0	0	0
Construction	12,966	0	0	12,966	0	2,315	10,651	0	0	0	0
Other	964	0	0	964	0	0	964	0	0	0	0
Total	49,079	0	0	49,079	33,469	3,226	12,384	0	0	0	0

FUNDING SCHEDULE (\$000)

Revenue Bonds: Liquor Fund	49,079	0	0	49,079	33,469	3,226	12,384	0	0	0	0
Total	49,079	0	0	49,079	33,469	3,226	12,384	0	0	0	0

DESCRIPTION

This project is part of the Smart Growth Initiative Program described in Project No. 360902 and provides for land, planning, design and construction of the relocation and planned expansion of the existing Liquor Control warehouse located on Crabbs Branch Way, into the 200,000 square feet Finmarc building on Edison Park Drive in Gaithersburg. The project provides for the consolidation of all Department of Liquor Control functions including all administrative functions, and liquor and wine, and packaged beer storage space.

JUSTIFICATION

The Shady Grove Sector Plan has identified county owned properties on east and west side of Crabbs Branch Way, including the current Department of Liquor Control (DLC) warehouse for future transit oriented development. Relocation of the current Liquor warehouse is also necessary to implement the County Executive's Smart Growth Initiative. The Department of Liquor Control needs a larger warehouse with air-conditioned space. It is currently occupying leased space and the existing warehouse, when combined are inadequate for its needs. Various beer manufacturers require their beer to be stored at specific temperatures. The existing warehouse cannot meet these temperature requirements. The warehouse is also used for storing other temperature-sensitive products, including wine. The existing warehouse is the designated work place for permanent, full-time County employees. It is currently the only County non-air-conditioned worksite.

In order to implement the County's Shady Grove Sector Plan which would capitalize on the existing investment in mass transit by creating a transit-oriented development community, the County Service Park must be relocated. Relocation of the facilities at the County Service Park will enable the County to realize both the transit oriented development intended for the area and to address unmet needs.

Plans and studies for this project include: Program of Requirements (POR), Department of Liquor Control, "Temperature Control Warehouse Expansion", June 13, 2003; M-NCPPC Shady Grove Sector Plan, approved by the Montgomery County Council, January 2006, adopted by the M-NCPPC, March 15, 2006; "Montgomery County Property Use Study Updated Briefing to County Council", April 29, 2008 (based on Staubach Reports); "Montgomery County Smart Growth Initiative Update to County Council", September 23, 2008.

OTHER

The project provides for land acquisition costs, design and construction.

A pedestrian impact analysis will be completed for this project during the design phase.

FISCAL NOTE

The total project is expected to cost approximately \$49 million. The Department of Liquor Control Fund will finance the cost of this project. This project is not appropriated through the Montgomery County Government's Capital Budget. An amendment to Resolution #16-676 will authorize financing of this project.

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation	FY09	(\$000)
First Cost Estimate		
Current Scope	FY09	49,079
Last FY's Cost Estimate		0
Appropriation Request	FY09	0
Appropriation Request Est.	FY10	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditures / Encumbrances		0
Unencumbered Balance		0
Partial Closeout Thru	FY06	0
New Partial Closeout	FY07	0
Total Partial Closeout		0