

CIP Worksession

MEMORANDUM

February 24, 2011

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Marlene L. Michaelson, <sup>MLM</sup> Senior Legislative Analyst  
Glenn Orlin, Deputy Council Staff Director

SUBJECT: FY11 – FY16 Capital Improvements Program: White Flint Redevelopment Program

The Executive has proposed a **new project** in his amendments to the FY11-16 Capital Improvements Program (CIP) to fund a White Flint Redevelopment Program. The program provides for the plans, studies, analyses and development coordination activities by the County necessary to implement redevelopment in the White Flint Sector Plan Area. The project would be funded entirely from the proceeds of the new Special Taxing District. Attached on © 1 is the project description form (PDF).

The PDF proposes \$910,000 in funding in FY12 with annual expenditures decreasing to \$270,000 in FY16. The costs break down as follows:

	FY12	FY13	FY14	FY15	FY16
<b>Rental exemptions - Metes &amp; Bounds</b>	\$15,000	\$0	\$0	\$0	\$0
<b>Dept. of Finance</b>	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
<b>Financial Advisors</b>	\$150,000	\$25,000	\$25,000	\$25,000	\$25,000
<b>District Coordinator</b>	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Dept. of Transportation</b>	\$350,000	\$400,000	\$400,000	\$0	\$0
<b>Conference Center</b>	\$150,000	\$150,000	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$910,000</b>	<b>\$820,000</b>	<b>\$670,000</b>	<b>\$270,000</b>	<b>\$270,000</b>

**Metes and Bounds** (\$15,000 in FY12) – the cost of preparing metes and bounds for the district was previously funded but without the exemption for the rental properties added by the Council. This is a one-time cost.

**Department of Finance** (\$145,000 all 5 years) - This position will be responsible for the implementation and management of the day-to-day operation of the special tax district, including coordinating the special tax district consultant and the financial advisors related to debt scheduling and

issuance and management of Special Tax District Bonds. This position will coordinate implementation with Maryland State Department of Assessments and Taxation (SDAT) for imposition and assessments and be responsible for rate setting resolutions.

**Financial Advisors** (\$150,000 in FY12 and \$25,000 in each subsequent year) - Financial advisory services are necessary to: (1) develop the initial plan of finance for the district to incorporate a financing structure that meets the District's needs, which may include some form of bridge financing in the initial years when tax receipts are very modest. This work will be followed by a series of permanent financing/bond issues scheduled in conjunction with the build out of the district, the resulting revenue stream, and the readiness and need for construction expenditure draw downs. (2) Additional financial advisory services are needed to perform the feasibility studies required in the Council's resolution, estimated to occur on an annual basis.

**District Coordinator** (\$100,000 in all years) – This will cover the costs of a half time district coordinator who will provide day-to-day coordination of all of the team members and interagency coordination, including tracking with M-NCPPC staging allocations; coordinate with the B-CC Regional Services; work with a proposed Urban District advisory group and ultimate Urban Services District; coordinate status of roads with development projects and identify with DOT projects that may be suitable for Subdivision Roads Participation Agreements. The Coordinator will create a webpage for information, track dedications, streetscaping, transportation improvements, amenity improvements and parking requirements. This position will coordinate with the Assistant Chief Administrative Officer, the Office of Management and Budget, Finance, and the Department of Transportation to identify and ensure the preparation of the capital projects that are necessary to implement the White Flint Sector Plan.

**Department of Transportation** (\$350,000 in FY12 and \$400,000 in FY13 and FY14) - This will cover all costs associated with rights-of-way that need to be acquired by the County (through purchase or land swaps). DOT plans to hire a planning consultant and an appraiser to serve as the Right-of-Way acquisition team. The team will address matters of evaluation, assemblage, and negotiations to pull together the district right-of-way. The consultant will need to be familiar with the County's land policies and will need to work closely with the developers involved in the various projects in the White Flint area. This work will need to take place over a three-year period of time as the development proceeds.

**Conference Center** (\$150,000 in FY12 and FY13) – This will cover the cost of consultants to provide financial advice and guidance and help negotiate and draft documents to optimize land values, dispose of surplus air rights and develop new parking on the conference center surface lot area since a portion of the existing lot will be lost when the new Sector Plan rounds (the Western work around) are built.

## **Staff Comments**

Staff believes that this new PDF is necessary to implement the White Flint Special Taxing District and Sector Plan. While it is difficult to accurately estimate the cost of the staffing and services needed, Staff believes that the estimates in the PDF are reasonable. Since some costs will extend beyond the six year period of the CIP, there should be an asterisk in the column titled "Beyond Six Years" with an indication of whether the expenditures will continue indefinitely or only for a limited period of time.

## White Flint Redevelopment Program -- No. 151200

Category  
Subcategory  
Administering Agency  
Planning Area

General Government  
Economic Development  
County Executive  
North Bethesda-Garrett Park

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

January 04, 2011  
No  
None.  
Planning Stage

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY10	Rem. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	2,940	0	0	2,940	0	910	820	670	270	270	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2,940</b>	<b>0</b>	<b>0</b>	<b>2,940</b>	<b>0</b>	<b>910</b>	<b>820</b>	<b>670</b>	<b>270</b>	<b>270</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

White Flint - Special Tax District	2,940	0	0	2,940	0	910	820	670	270	270	0
<b>Total</b>	<b>2,940</b>	<b>0</b>	<b>0</b>	<b>2,940</b>	<b>0</b>	<b>910</b>	<b>820</b>	<b>670</b>	<b>270</b>	<b>270</b>	<b>0</b>

#### DESCRIPTION

This program provides for the plans, studies, analysis, and development coordination activities by the County necessary to implement redevelopment in the White Flint Sector Plan Area. Specialized services as detailed in the Justification section below are required to implement the extensive public infrastructure requirements called for in the Sector Plan, and for the implementation of the specified public financing mechanism and related requirements for infrastructure funding.

#### JUSTIFICATION

In the spring of 2010 the Montgomery County Council approved the new White Flint Sector Plan, which covers a 430 acre area. The Plan establishes a vision for transforming what has long been an auto-oriented suburban development pattern into a denser, mixed-used 'urban' center in which people can walk to work, shops and transit. An expanded street grid and other infrastructure improvements will create walkable blocks containing residences, retail, offices and local services. The Plan also calls for a financing mechanism that would generate significant revenues from properties and developments within the Sector Plan Area. The County Council further defined this financing mechanism in Bill 50-10, which establishes a White Flint Special Taxing District, authorizes the levy of a property tax and the issuance of bonds to finance transportation infrastructure improvements, and states conditions for the loaning or advancing of County funds to the District. In Resolution No. 16-1570 the Council adopted an implementation strategy which requires the Executive to carry out a feasibility or other study to assess whether debt repayment will require a district tax rate that exceeds certain policy goals, and calls for the forward funding or advance funding of specified items in order to promptly implement the Sector Plan.

In addition to the financing implementation, specialized services are required related to the complex land assemblage and disposition actions necessary to implement the new street grid and for the reconfiguration of Executive Boulevard/Old Georgetown Road associated with implementation of Stage 1. Staff time and services are required to manage and coordinate efforts to develop detailed staging plans, to assess opportunities to maximize property dedications, and to negotiate property dedications to avoid or minimize acquisition costs. Necessary services will include appraisals, legal services, title services and consultants versed in land assemblage. The County is also currently evaluating efforts needed to implement roadway improvements through the Conference Center site, which is a County asset. Special requirements related to the Conference Center include negotiations with the private hotel owner as well as the Hotel and Conference Center management firm, and the provision of interim and permanent parking related to the impacts of road rights of way that traverse the site and will reduce the number of parking spaces available to patrons.

#### FISCAL NOTE

The ultimate funding source for these projects will be White Flint Special Taxing District tax revenues and related special obligation bond issues.

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation	Office of the County Executive	
FY09 (\$000)	Department of Finance	
First Cost Estimate	Department of Transportation	
FY12 2,940	Department of Economic Development	
Current Scope	Developers	
Last FY's Cost Estimate		
0		
Appropriation Request		
FY12 1,710		
Supplemental Appropriation Request		
0		
Transfer		
0		
Cumulative Appropriation		
0		
Expenditures / Encumbrances		
0		
Unencumbered Balance		
0		
Partial Closeout Thru		
FY09 0		
New Partial Closeout		
FY10 0		
Total Partial Closeout		
0		

See Map on Next Page

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