

**MEMORANDUM**

March 7, 2012

TO: Planning, Housing, and Economic Development Committee

FROM: Jacob Sesker, Senior Legislative Analyst *JS*

SUBJECT: FY13-18 CIP: Economic Development—Universities at Shady Grove Expansion

**ATTENDEES**

The following individuals will participate (depending upon availability):

- From OMB: Mary Beck, Mary Oneda-Brown
- From DED: Steve Silverman, Tina Benjamin
- From USG: Karen Mitchell

**INTRODUCTION**

This memorandum addresses only one project: the Universities at Shady Grove (USG) Expansion. This project was discussed on February 27, 2012. At that time, the Committee asked for additional information regarding why the County was asked to contribute \$20 million to the USG expansion project and whether this is the case in University System of Maryland (USM) capital projects in other jurisdictions.

**RESPONSE TO COMMITTEE QUESTION**

**According to DED, the State classifies structured parking facilities as “auxiliary enterprise facilities”, and does not fund parking garages.** Any expansion of the USG will necessarily entail the construction of structured parking.

**DED provided the following examples of University System of Maryland projects that involved local contributions:**

- Baltimore City gave UMB property for the development of a research park for the purchase price of \$1.
- USM Hagerstown (a regional higher education center like USG) is located in a building that the State received from the City for \$10. The City of Hagerstown is also in discussions to donate land and an additional building for future USMH expansion.

- Towson University will ground lease land in Harford County for only \$1 per year for the future development of a facility that will provide articulation between the USM and Harford Community College for the benefit of Harford County residents who want to attend a 4-year institution.

While the Governor, County Executive, and University Chancellor have agreed to work collaboratively to advance this project, **the execution of documents detailing the specifics of the USG expansion are contingent upon County Council action.**

**PROJECT DESCRIPTION**

This project provides funding for the design and construction of a parking garage and related site modifications at the Universities at Shady Grove Campus.

***Universities at Shady Grove Expansion—No. 151201 (PDF @ © 5-6)***

	<b>Est FY12</b>	<b>FY13-18 Total</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
<b>Total</b>	\$0.100	\$20.000	\$0.000	\$0.000	\$5.000	\$10.000	\$5.000	\$0.000

*Recommended funding source: G.O. bonds  
Total FY13-18 request: \$20.000  
Recommended FY13 appropriation: \$0.000*

**HIGHLIGHTS**

The County’s commitment to fund the garage (capped at \$20 million) is intended to leverage state funding (\$169.0 million) for a 220,000 square foot Biomedical Sciences/Engineering Education academic building. Construction of the academic building will require the removal of the existing surface parking lot. The new parking garage will replace lost capacity and add capacity necessary to accommodate an increase in students, faculty, and staff.

**SCHEDULE**

This project was not in the original FY11-16 CIP. In FY12, the amended CIP included \$0.1 million for planning, design, and supervision. This request increases the project by \$20 million by adding the County’s contribution to the costs of constructing the garage and nearby campus entrance.

**TESTIMONY**

The Universities at Shady Grove testified in support of the request (see © 3-8).

**STAFF RECOMMENDATION**

*Staff recommends approval.*

**Attachments:**

- Memorandum from DED dated March 7, 2012: © 1-2
- Public hearing testimony, Universities at Shady Grove: © 3-8
- PDF #151201: © 9-10



DEPARTMENT OF ECONOMIC DEVELOPMENT

Isiah Leggett  
County Executive

Steven A. Silverman  
Director

MEMORANDUM

March 7, 2012

TO: Jacob Sesker, Senior Legislative Analyst  
Montgomery County Council

FROM: Tina Benjamin, Director of Special Projects  
Department of Economic Development *T Benjamin*

SUBJECT: Universities at Shady Grove – Parking Garage

In response to the Planning, Housing and Economic Development Committee's questions regarding County support of the parking garage related to the new Biomedical Sciences and Engineering Academic (BSE) complex, the Department of Economic Development (DED) and the Universities at Shady Grove (USG) are pleased to provide the following information.

Benefits of the BSE:

The high-tech \$169 million Biomedical Sciences and Engineering Academic Complex will:

- serve the needs of both employers and job-seekers in the community by offering programs in such high growth areas as medicine, dentistry, allied health, and electrical, mechanical and biomedical engineering;
- focus on producing a talent pool for current and future jobs created by technology and life sciences companies in the County;
- help position Montgomery County as a hub for the life sciences industry;
- strive to build partnerships with biosciences companies, federal labs and innovation centers in support of technology transfer and commercialization; and
- provide a dental clinic to the community-at-large.

### Other Jurisdiction's Support of Higher Educational Facilities:

There is precedent for local jurisdictions collaborating with University System of Maryland (USM) institutions in funding high-demand projects. A few examples of how local governments have supported and participated in University projects in the past include:

- Baltimore City gave UMB property for the development of a research park for the purchase price of \$1.
- USM Hagerstown (a regional higher education center like USG) is located in a building that the State received from the City for \$10. The City of Hagerstown is also in discussions to donate land and an additional building for future USMH expansion.
- Towson University will ground lease land in Harford County for only \$1 per year for the future development of a facility that will provide articulation between the USM and Hartford Community College for the benefit of Harford County residents who want to attend a 4-year institution.

### The Need for County Support of for the USG Parking Garage:

The State classifies structured parking as an auxiliary enterprise facility, and does not fund parking garages. Unfortunately, since the USG campus has limited acreage, any expansion plan entails the construction of a structured garage.

USG, unlike a campus with 20,000+ students, is not able to charge students enough money to pay for the debt service on a garage. It is an unaffordable model which would unduly burden the already financially-challenged students who attend USG specifically for its access and affordability. USG students currently pay a facility fee that contributes to the debt service on the surface parking lots and the existing USG garage. In addition, USG has only been in existence for twelve years and does not yet have the reserves or the major donors that a large, long-standing university have.

Given that the USG campus is land-locked, that surface parking spaces will be displaced due to the construction of the BSE building, and that the BSE complex will bring another 3,000 students in the STEM disciplines to the County – along with related growth in faculty, staff, and clinic patients – it is essential that a structured parking garage be constructed in order for USG to meet the growing demand for technical courses and degrees.

The County Executive and the University Chancellor met with the Governor to discuss this endeavor, and all have agreed to work collaboratively on this project. The development and execution of the documents detailing the specifics of this expansion are contingent upon County Council action.

We will be happy to answer any additional questions you may have.



**Testimony to the Montgomery County Council  
February 7, 2012**

**From  
Michael Knapp  
Vice Chair of the Universities at Shady Grove, Board of Advisors  
and  
President, Orion BioStrategies, Inc.**

The Universities at Shady Grove (USG) is entering its second decade as a regional higher education center in Montgomery County. Today, USG serves over 4,000 students. USG currently has nine University System of Maryland (USM) degree-granting institutions, collaborating and offering 76 of their top undergraduate and graduate degree programs. Over the past 10 years, more than 3,500 students have been awarded baccalaureate degrees, and thousands more have received graduate degrees through the programs offered at USG.

The long term economic success of the region depends on a highly skilled workforce. USG is working with MCPS, Montgomery College and the business community to create education and career pathways that will produce a formidable cadre of "homegrown" graduates, helping to keep the local and state economy at full steam. Importantly, there are an increasing number of graduate

and professional degrees being offered at USG which are essential to the continued health of the regional economy.

I want to talk today about an important initiative to construct a fourth education building at USG, an initiative that is being supported as a partnership between Montgomery County government and the University System of Maryland. The proposed Biomedical Sciences and Engineering Academic Complex (BSE) at USG is included in the USM Board of Regents 5-year CIP and you have a description of it in your packet. It will support additional programs from the UMB campus like Medicine and Dentistry as well as increasing undergraduate programs from UMBC and UMCP to include electrical, mechanical and bioengineering. This initiative is part of a much larger expansion of the USM campus already underway in Montgomery County which includes transforming CARB into the newly established Institute for Biosciences and Biotechnology Research (IBBR). The BSE Academic Complex is critical to meeting the research and commercialization development opportunities and workforce needs of the region; and working in combination with the research resources available at IBBR will create an educational and research complex unique in the state and nation and provide Montgomery County with a critical and significant economic boost. As you know, there has been much discussion recently about collaboration between UMB and UMCP. Given its plans for growth and the location of the Shady Grove campus, USG is the site where these collaborations will be most fully realized.

The site modifications and parking garage identified in the County's CIP (No. 151201) are essential components in our ability to construct the BSE Academic complex. The University System appreciates the support of the County in this

major initiative and needs the support of the Council to ensure this project is a high priority for the state of Maryland.

We could not have accomplished our growth in enrollment and in programs without the strong support of the University System, our educational partners, Montgomery College and MCPS and the community and business leaders who serve on our outstanding Board of Advisors, chaired by Susan Bateson of Human Genome Sciences and including Council Member Valerie Ervin.

On behalf of USG and the University System, I want to thank the Council for its steadfast support of the Universities at Shady Grove and we look forward to working with you as we realize our vision for the growth of this unique higher education asset in the county.

## Universities at Shady Grove / University System of Maryland Biomedical Sciences and Engineering Academic Complex

### Request

Accelerate the planning and construction of the USG Biomedical Sciences and Engineering Academic Complex by including \$15 M in planning funds starting in the FY 14 capital budget (July 1, 2013), with building funds to follow resulting in the opening of the facility in FY 18 (Fall 2017).

### Project

- USG's BSE Academic Complex is currently in the USM 5-year Capital Improvement Program budget with planning funds starting in FY 17 budget (July 1, 2016); opening in FY 21 (September 2020).
- The BSE Academic Complex is a 220,000 GSK / 116,000 NASF education facility with an estimated cost of \$189 M (Planning \$15 M; Construction and Equipment \$154 M; Garage \$20 M).
- Montgomery County Executive Ike Leggett and County Council will partner with USM to fund a structured garage and site work at approximately \$20 million as the first step in the development of this complex. This commitment is part of the county's current CIP budget.
- The BSE Academic Complex will include state-of-the art technology enhanced laboratories, clinical training facilities, faculty offices and specialized classrooms. **One-half** of the instructional space is programmed as laboratories that support medical and STEM programs and cutting edge innovative inter-professional and inter-disciplinary curricula.
- The BSE Academic Complex will support programs to meet the state's workforce needs in **healthcare and biosciences** (e.g. UMB medicine, dentistry, physical therapy, medical and research technology) and **engineering** (e.g. UMCP and UMBC mechanical engineering, electrical and bioengineering/biotechnology). This facility is required for these programs to be offered in Montgomery County.

### Justification

- **This is a job growth initiative for the greater Montgomery County region (i.e. growth up the I-270 corridor including Ft. Detrick) and the state:** it will grow a talent pool of locally educated professionals in critical areas of need for the region and state.
- **Time is now - critical to invest today in higher education to maintain the economic development of the region:** Montgomery County economy is a STEM based economy that increasingly has to recruit its workforce from outside the state.
- **USG is a successful model for delivering higher education in Montgomery County and needs additional capacity to grow:** USG currently serves more than 4,000 students and offers more than 75 undergraduate and graduate programs from 9 USM institutions. USG can sustain some program and enrollment growth but will reach capacity (5,000 students) of current facilities by 2015. With this new facility USG is projected to increase its enrollment capacity to 8,000 students.

- **USG growth is a strategic priority of USM:** USM has identified the Shady Grove campus (USG and co-located Institute for Biotechnology and Biosciences Research) as a focal point of its expansion and strategic alliance initiatives. Both UMB and UMCP are significant partners at USG and IBBR and are actively developing partnerships with bioscience companies, federal labs (e.g. NIST) and innovation centers in support of workforce, technology transfer and commercialization goals for the region and state.
- **USG has a unique partnership with the public schools and community colleges in the region:** USG provides an accessible and economical pathway to educate students who enter the community colleges and wish to complete a baccalaureate and/or professional degree. Students complete the Associate Degree and transfer to programs at USG. MCPS and Montgomery College are USG's most important education partners. This special pathway and partnership meets goals for college completion rates in the state and is a very cost effective way to grow the local workforce.
- **Leverage Montgomery College's engineering program which is the largest engineering Associates degree program in the country:** Montgomery College currently enrolls 1,200 students with plans to expand enrollments to 1,600 with new facilities on the Rockville and Germantown campuses.

**Current USG BSE Academic Complex to Date: January 2012**

USM 5-Year Capital Improvement Program Budget included the USG BSE Academic Complex with planning funds in FY'17. Part I Program Plan for BSE submitted to State of Maryland Department of Budget and Management – Sept 2010

Total Estimate Cost of the Biomedical Sciences/Engineering Academic Complex

Planning	\$ 15 M
Construction	\$130 M
Furniture & Equipment	\$ 24 M
Garage/site work	\$ 20 M (Montgomery County CIP funds)
Total Project Cost	\$189 M

Schedule as per Current Board of Regents 5-Year Capital Improvement Program Budget

Planning	7/16 – 6/18	(FY17 & FY 18)
Construction	9/18 – 9/20	(FY19, FY20 & FY21)

Building Description

This new building project will provide for the design and construction of the 220,000 GSF/116,000 NASF innovative Universities at Shady Grove Biomedical Sciences and Engineering Academic Complex. This cutting-edge facility is programmed to respond to new enrollment growth in undergraduate, graduate and professional degree programs offered to Montgomery County students to meet the region's projected workforce needs, especially related to those in STEM industries. The facility will be designed to support the following program areas:

- **Healthcare and Biosciences:** UMB is planning to establish programs in Medicine, Dentistry, Physical Therapy, and Medical & Research Technology. The facility will include a community service dental clinic to support the instructional program.
- **Engineering:** USM plans to bring three distinctive engineering disciplines to Shady Grove from UMCP and UMBC, including mechanical engineering, electrical engineering and bioengineering/biotechnology degrees. The mechanical engineering program will also include a health technology component (prostheses, medical devices, etc.). Advanced degrees in bio-technology will focus on translational science, interdisciplinary studies, business development and entrepreneurship.

The facility will provide state-of-the-art technology-enhanced laboratories, clinical training facilities, faculty offices and specialized classrooms needed to support program development. One-half of the instructional space in this facility is programmed as laboratories, including teaching and collaborative student research spaces that will support medical and STEM programs and especially inter-disciplinary, project-based curricula between medical/allied health, biosciences and engineering disciplines on the campus. This learning-centered environment will feature networked, multimedia-saturated classrooms and laboratories configured in a flexible way to take advantage of future technologies and new approaches to teaching and learning.

The Biomedical Sciences and Engineering Academic Complex (BSE) will be constructed on existing USG land already zoned for academic building expansion. Parking is very limited currently and construction of the BSE will require the removal of the surface parking lot on this site. A structured parking facility will be needed to replace the parking spaces taken by the BSE which would include site improvements for a new entrance to the campus to accommodate the increased student, faculty and staff access. Montgomery County Executive Ike Leggett has agreed to partner with USM to fund the construction of the parking facility and required site work to make the BSE a reality.

# Universities at Shady Grove Expansion -- No. 151201

Category  
Subcategory  
Administering Agency  
Planning Area

General Government  
Economic Development  
Economic Development  
Shady Grove Vicinity

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

January 10, 2012  
No  
None  
Planning Stage

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY11	Est. FY12	Total 6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Years
Planning, Design, and Supervision	100	0	100	0	0	0	0	0	0	0	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	20,000	0	0	20,000	0	0	5,000	10,000	5,000	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>20,100</b>	<b>0</b>	<b>100</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>10,000</b>	<b>5,000</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

Current Revenue: General	100	0	100	0	0	0	0	0	0	0	0
G.O. Bonds	20,000	0	0	20,000	0	0	5,000	10,000	5,000	0	0
<b>Total</b>	<b>20,100</b>	<b>0</b>	<b>100</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>10,000</b>	<b>5,000</b>	<b>0</b>	<b>0</b>

#### DESCRIPTION

This project provides funding for the design and construction of a parking garage and related site modifications at the Universities at Shady Grove (USG) Campus.

The County's commitment to fund the garage and ground modifications is intended to leverage state funding to build a Biomedical Sciences/Engineering Education (BMSE) academic building. In conjunction with the nearby Institute for Bioscience and Biotechnology Research (IBBR), the new fourth 220,000 sq. ft. academic building is expected to expand capacity at the campus, particularly in the high growth fields of biotechnology and engineering. This building will house science/engineering classrooms as well as clinical training laboratories for programs that will include health, allied health, science and engineering/technology programs in both traditional and bioscience areas and education degrees focused on science, technology, engineering and mathematics (STEM). This initiative will support the County's education, employment, and economic development goals.

The new building will be built on the surface parking lot adjacent to the IBBR on the USG campus. The County has agreed to partner with the University System of Maryland (USM) to construct a garage adjacent to the new facility that will recover and expand existing parking capacity and free up land on which the new academic building will be constructed. The County will also complete ground modifications creating a new entrance to the campus.

In FY12, this project provided planning funds to support the expansion of the Universities at Shady Grove (USG) at 9630 Gudelsky Drive in Rockville.

The planning phase of the project will include identification of the relative responsibilities of the County Government and USG in facilitating the expansion of the USG campus.

#### COST CHANGE

The project costs have increased due to the addition of the County's contribution to the costs of constructing the garage and nearby campus entrance and ground modifications.

#### JUSTIFICATION

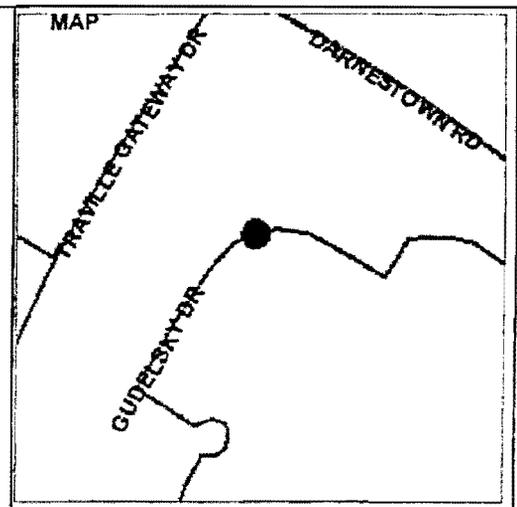
The new Biomedical Sciences/Engineering Academic Complex (BSE) will be constructed on existing USG land already zoned for academic building expansion. Parking is currently limited and construction of the building will require the removal of the surface parking lot on this site. A structured parking facility will be needed to replace the parking spaces taken by the BMSE which includes site improvements for a new entrance to the campus to accommodate the increased student, faculty, and staff access.

This project is a step toward implementing several objectives of the Biosciences Strategy adopted by the County's Biosciences Task Force (December 2009). The new building is planned to be funded by the State with the County contributing toward the creation of site capacity for enhanced bioscience educational opportunities in Montgomery County. This expanded higher education presence in Montgomery County will help to build a robust biosciences workforce and foster commercialization that will provide economic benefits to the County and the State.

The Biosciences Strategy further recommends that the County support partnerships between higher education institutions, industry, and Montgomery County Public Schools to support STEM curriculum development, enhance STEM teacher preparation and expand "laboratory" programs designed to spark student interest in and preparation for health science and bioscience careers. The new building will house programs and curriculums focused on STEM education.

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY11	(\$000)
First Cost Estimate	FY13	20,100
Current Scope		
Last FY's Cost Estimate		100
Appropriation Request	FY13	0
Appropriation Request Est.	FY14	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		100
Expenditures / Encumbrances		0
Unencumbered Balance		100
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

**COORDINATION**  
Department of Economic Development  
Department of General Services  
State of Maryland  
University System of Maryland



## Universities at Shady Grove Expansion -- No. 151201 (continued)

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The USG offers more than 70 undergraduate degree programs from nine of the schools in the University System of Maryland. Located in the Great Seneca Science Corridor Master Plan Area, USG offers among its programs, courses that complement the life sciences focus of the Great Seneca Science Corridor Master Plan. These programs include biology, business, health systems management, nursing, pharmacy, public health sciences, and respiratory therapy. The USG provides for significant development of the workforce for high quality science jobs in Montgomery County. Approximately 600 undergraduate students and 400 to 500 students with graduate and professional degrees graduate each year at the USG. The USG plans to increase its capacity to annually graduate 2,000 undergraduate students and approximately 1,200 graduate/professional degree students (several hundred of which will be in the biosciences and biotechnology disciplines).

### **FISCAL NOTE**

The County contribution for the parking structure and ground modification costs is capped at \$20 million dollars and is dependent on State funding to build a BMSE academic building.