


ED COMMITTEE #1
March 19, 2012

MEMORANDUM

March 15, 2012

TO: Education Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Worksession: FY13-18 Capital Improvements Program:
MCPS Food Distribution Facility Relocation
MCPS Food Services Equipment Replacement**

The ED Committee held a worksession on February 27th to consider the Smart Growth Initiative projects that impact the school system. The Committee recommended approval of the MCPS and M-NCPPC shared maintenance facility with the addition of language specifying the square footage and cost allocated to each agency's space and the MCPS bus depot relocation project with the addition of language that requires notice if funds are transferred into the project.

The Committee deferred a recommendation on the MCPS Food Distribution Facility Relocation project (in the County Government CIP) and the MCPS Food Services Equipment Replacement project (in the MCPS recommended CIP) until after the March 6th presentation to the Council on the Smart Growth Initiative Financing Plan.

Council Staff Recommendation

Council staff recommends approval of the \$6.6 million for new equipment as requested. At the February 27th session, the Committee continued to hear from MCPS that the current equipment is old and not suitable to move and that, more importantly, transitioning to the new facility as required under the Development Agreement for the County Service Park West really requires that the new facility have new equipment.

Council staff recommends that the \$6.6 million be added to the County Government CIP project so that all the funding for the project will be in one place. The agencies must coordinate the design and procurement of the equipment so it should not cause any problem to have the funding in the County Government project.

Council staff recommends Interim Financing as the source of funds for the additional \$6.6 million in FY14 expenditures. The total cost of the project is \$35.255 million. Council staff recommends that this \$35.255 million in Interim Financing be retired through G.O. Bonds in four approximately equal amounts from FY17-FY20. The following shows the Council staff recommended expenditures and funding.

MCPS Food Distribution Facility Relocation

Expenditures	Total	6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 years
MCPS Food Distribution Facility	35,255	35,255	2,149	33,106	0	0	0		

Funding	Total	6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 years
Interim Finance	0	17,635	2,149	33,106	0	0	-8,810	-8,810	-17,635
G.O. Bonds	35,255	17,620	0	0	0	0	8,810	8,810	17,635

This recommendation will allow the project to move forward as required and will program the retirement of the Interim Financing. Proceeds from sale of land at the County Service Park West (estimated to be \$96.9 million) can be allocated to retiring the Interim Financing for the MCPS and M-NCPPC shared maintenance facility (\$69.039 million) and a portion of the cost of the PSTA & Multi-Agency Service Park Site Development project (\$96.925 million)

Council staff also recommends that the PDF language state that the project is based on an estimated cost of \$28.655 million for construction of a 77,000 square foot building and \$6.6 million for new food processing equipment.

Background

1. MCPS Food Distribution Facility

Recommended PDF ©1

The Executive's Recommended CIP includes \$28.655 million to design and construct a new Food Distribution Facility for MCPS. As this is a part of the Smart Growth Initiative the source of funding is Interim Financing.

Proposed Expenditure Schedule

MCPS Food Distribution Facility Relocation

Expenditures	Total	Thru FY12	6 Years	FY13	FY14	FY15	FY16	FY17	FY18
MCPS Food Distribution Facility	28,655	0	28,655	2,149	26,506	0	0	0	0

Source of Funds: Interim Financing

The ED Committee received an update on this project this past September 12th. Previously, the Committee had heard concerns from MCPS that the original project only provided for a new facility that would be the same size as the existing facility (58,000 square feet) and that the current facility is inadequate for current needs. Superintendent Starr provided the Committee with a letter describing the needs of the school system, including the growing student population and the growing number of students eligible for the Free and Reduced-price Meal System (FARMS) services.

MCPS told the Committee that they recommend the new facility be 77,000 square feet. This would accommodate current needs (it is not sized based on future projected growth). The letter from Superintendent Starr (©3-4) says that the additional 19,000 square feet will, “also allow staff to employ state-of-the-art equipment to provide single-serve portions of fresh fruits and vegetables and expand the preparation and cooking of fresh meats, poultry, and fish.”

The Executive’s recommended PDF says the cost has increased from the previous cost estimate due to an increase in facility size from 58,000 to 72,500 square feet. At the February 27th meeting it was clarified that this was an error and that the 77,000 square foot building will be built.

While the project now provides funding for the larger facility, the amount of money in the project is \$524,000 less than in the currently approved FY11-16 CIP. This is because funds associated with site improvements have been shifted to the PSTA & Multi Agency Service Park Site Development project, which holds the funding associated with the purchase of the Webb Tract and all site improvements associated with the County’s development of the Webb Tract (with the exception of improvements to Snouffer School Road).

2. MCPS Food Services Equipment Replacement

Recommended PDF ©2

MCPS recommends \$6.6 million be approved to purchase new equipment for the Food Distribution Facility. Previously, the ED Committee discussed that, as a part of the Smart Growth Initiative, the Executive recommended funds for a new facility but assumed that the existing equipment would be moved from the current facility at Crabbs Branch to the new facility at the Webb Tract. MCPS told the Committee that they will move any furniture and storage equipment that can be re-used but that the current production equipment has outlived its useful life and should not be moved. Additionally, MCPS cannot stop producing and distributing meals for any extended period of time and moving the equipment assumes a very difficult transition. At the September update, MCPS and DGS said that MCPS kitchen designers were working with the County to develop an equipment plan and estimate for needed equipment.

The source of funds for this project is G.O. Bonds. The Executive’s Recommended MCPS Affordability Reconciliation Project does not say that any specific reduction to this project is recommended.

The MCPS recommended PDF says that “MCPS looks to Montgomery County to place the expenditures shown above in the County’s budget and to provide the necessary food services equipment.”

Proposed Expenditure Schedule

MCPS Food Services Equipment Replacement

Expenditures	Total	Thru FY12	6 Years	FY13	FY14	FY15	FY16	FY17	FY18
MCPS Food Services Equipment	6,600	0	6,600	0	6,600	0	0	0	0

Source of Funds: G.O. Bonds

Construction Timeline

At the February 27th session, the Department of General Services said they are still projecting that the building will be ready in July of 2014. The Department of General Services said they understand the transition issues and that it is preferable for the transition to occur during the summer but that if, for some reason, it needs to occur during the school year, MCPS and County Government will work together to schedule the transition during a break.

MCPS Food Distribution Facility Relocation -- No. 361111

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 09, 2012
No
None.
Preliminary Design 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	3,265	0	0	3,265	2,149	1,116	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	24,036	0	0	24,036	0	24,036	0	0	0	0	0
Other	1,354	0	0	1,354	0	1,354	0	0	0	0	0
Total	28,655	0	0	28,655	2,149	26,506	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Interim Finance	28,655	0	0	28,655	2,149	26,506	0	0	0	0	0
Total	28,655	0	0	28,655	2,149	26,506	0	0	0	0	0

OPERATING BUDGET IMPACT (\$000)

Maintenance				2,294	0	362	483	483	483	483	
Energy				2,109	0	333	444	444	444	444	
Net Impact				4,403	0	695	927	927	927	927	

DESCRIPTION

This project is part of the Smart Growth initiative and provides for design and construction of a new facility on the Webb Tract site on Snouffer School Road. The existing facility is located at the County Service Park on Crabbs Branch Way. The current MCPS Food Distribution Facility is about 58,000 square feet with 150 parking spaces for the staff and 8 loading docks. The new facility includes expansion space to meet the future needs of the program.

ESTIMATED SCHEDULE

The design phase will commence during the Spring of 2012 and is expected to last twelve months, followed by approximately six months for bidding and a construction period of approximately thirteen months.

COST CHANGE

Cost change due to the shift of all site development-related work to the PSTA and Multi-Agency Service Park - Site Dev. (PDF No. 470907) and increase in facility size from 58,000 s.f. to 72,500 s.f. as requested by Montgomery County Public Schools.

JUSTIFICATION

In order to implement the County's Shady Grove Sector Plan which capitalizes on the existing investment in mass transit by creating a transit-oriented development community, the County Service Park at Crabbs Branch must be relocated. Relocation of the facilities at the County Service Park will enable the County to realize housing and transit-oriented development while also addressing unmet County facilities needs.

Plans and studies for this project include: "Projected Space Requirements for MCPS Division of Food and Nutrition Services (Delmar Architects, 2005 and 2008)", and "Montgomery County Multi-Agency Service Park Master Plan and Design Guideline," February 23, 2011.

OTHER

The PSTA and Multi-Agency Service Park - Site Dev. (PDF No. 470907) appropriated \$46.546 million for the purchase of the Webb Tract and \$1.695 million for master site planning.

FISCAL NOTE

The project provides for complete design and construction. Interim financing will be used for this effort in the short term, with permanent funding sources to include G.O. Bonds and Land Sale Proceeds.

All site improvement-related work is being shifted from this project to the PSTA and Multi-Agency Service Park - Site Development project (PDF No. 470907) and the cumulative appropriation adjusted accordingly.

OTHER DISCLOSURES

- A pedestrian impact analysis has been completed for this project.

APPROPRIATION AND EXPENDITURE DATA

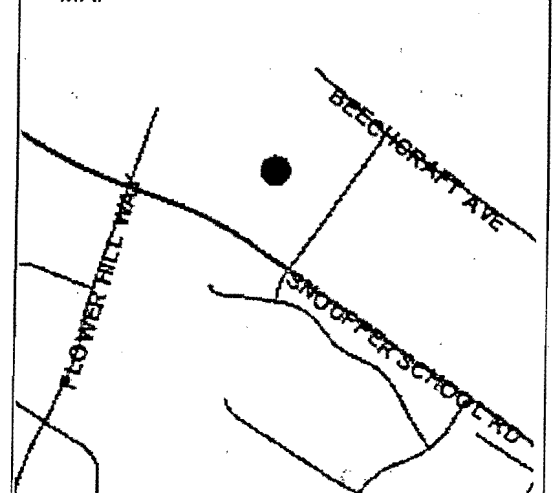
Date First Appropriation	FY	(\$000)
First Cost Estimate		
Current Scope	FY13	28,655
Last FY's Cost Estimate		29,179
Appropriation Request	FY13	0
Appropriation Request Est.	FY14	0
Supplemental Appropriation Request		0
Transfer		-524
Cumulative Appropriation		29,179
Expenditures / Encumbrances		0
Unencumbered Balance		29,179
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

COORDINATION

Department of General Services
Montgomery County Public Schools
Department of Transportation
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

Special Capital Projects Legislation [Bill No. 20-10] was adopted by Council June 15, 2010.

MAP



Food Services Equipment Replacement -- No. 136509

Category
Subcategory
Administering Agency
Planning Area

Montgomery County Public Schools
Countywide
MCPS
Countywide

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

November 22, 2011
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	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0
Other	6,600	0	0	6,600	0	6,600	0	0	0	0	0
Total	6,600	0	0	6,600	0	6,600	0	0	0	0	0

FUNDING SCHEDULE (\$000)

G.O. Bonds	6,600	0	0	6,600	0	6,600	0	0	0	0	0
Total	6,600	0	0	6,600	0	6,600	0	0	0	0	0

DESCRIPTION

Montgomery County's Smart Growth Initiative includes, as part of the plan, the relocation of the Montgomery County Public Schools (MCPS) Food Distribution Facility to the proposed Multi-Agency Services Park. The adopted FY 2011-2016 Amended Capital Improvements Program (CIP) for the Department of General Services (DGS) included \$29.2 million to replace the existing Food Distribution Facility. The approved project includes construction funds for a new facility that is the same size as the existing facility and does not include equipment replacement.

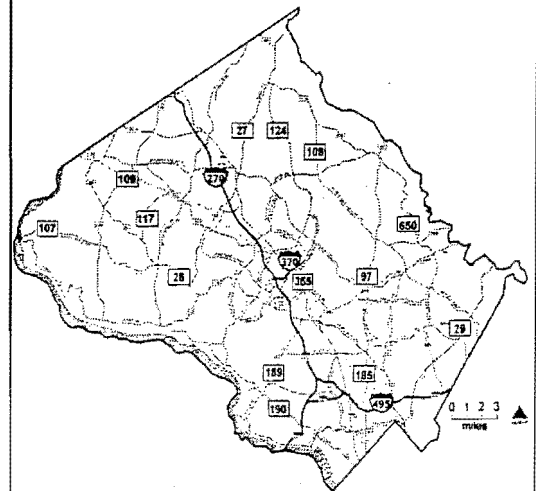
DGS assumed that the equipment in the existing facility would be relocated to the new facility; however, the existing equipment has functional issues and has already exceeded its life expectancy. Therefore, new equipment must be purchased and installed at the new facility as part of this relocation process. The new Food Distribution Facility must operate effectively and must address the increase in student enrollment, as well as proper food preparation as MCPS strives to introduce more fresh produce and other healthy choices in school menus.

Therefore, the Board of Education, in the Requested FY 2013-2018 CIP included funds in FY 2014 for new food services equipment as a result of the relocation; however, MCPS looks to Montgomery County to place the expenditures shown above in the county's budget to provide the necessary food services equipment.

APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY	(\$000)
First Cost Estimate	FY	0
Current Scope		
Last FY's Cost Estimate		0
Appropriation Request	FY13	0
Appropriation Request Est.	FY14	6,600
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditures / Encumbrances		0
Unencumbered Balance		0
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

COORDINATION





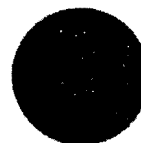
MONTGOMERY COUNTY PUBLIC SCHOOLS
MARYLAND
www.montgomeryschoolsmd.org

August 23, 2011



The Honorable Valerie Ervin, President
Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

064493



Dear Ms. Ervin:

The Smart Growth Initiative includes, as part of the plan, the relocation of the Montgomery County Public Schools (MCPS) Food Distribution Facility to the proposed Multi-Agency Services Park. The adopted Fiscal Year (FY) 2011–2016 Amended Capital Improvements Program (CIP) for the Montgomery County Department of General Services (DGS) includes \$29.2 million to replace the existing facility. The approved project would include the construction of a new facility that is the same size as the current facility, 58,000 square feet, and would not include equipment replacement. At the meeting of the Education Committee in March 2010, Dr. Jerry D. Weast, former superintendent of schools, and the members of the Board of Education testified regarding the need to construct a larger facility to address current and future needs.

The original food services facility was built in 1981 when MCPS' enrollment was 95,587 students and 12,496 students participated in Free and Reduced-price Meals System (FARMS) services. For the 2010–2011 school year, MCPS' enrollment was 144,064 students, an increase of 48,477 students and the number of students served through FARMS was 44,231, an increase of 31,735 students. In 1993, the central production facility was added to the existing facility, which increased the square footage to the current 58,000 square feet.

With a 50 percent increase in enrollment and a 250 percent increase in the number of students receiving FARMS services daily, the current Food Distribution Facility has exceeded production capacity and must be expanded to serve our growing school system. The MCPS Program of Requirements for the replacement facility calls for a 77,000 square-foot building that includes increased cooler/freezer capacity and material handling areas. The additional 19,000 square feet will not only address the need for adequate space to prepare meals, but also will allow staff to employ state-of-the-art equipment to provide single-serve portions of fresh fruits and vegetables and expand the preparation and cooking of fresh meats, poultry, and fish.

DGS has estimated that a building of 77,000 square feet would cost approximately \$32.2 million, an increase of \$3 million. In addition, we understand that DGS has assumed that the equipment in the existing facility would be relocated to the new facility. This assumption is a concern, as the existing equipment has functional issues and already has exceeded its life expectancy. It is imperative that new equipment be purchased and installed at the new facility as part of this relocation process.

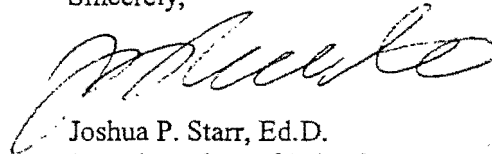
Office of the Superintendent of Schools

850 Hungerford Drive, Room 122 • Rockville, Maryland 20850 • 301-279-3381

I strongly recommend that the county's budget for the new Food Distribution Facility be increased to accommodate the additional square footage and the necessary equipment. While I understand the fiscal constraints facing Montgomery County, the new food services facility must operate effectively for the increased capacity and for proper food preparation as we strive to introduce more fresh produce and other healthy choices in school menus.

I look forward to working with the Montgomery County Government and the County Council to resolve this important matter and ensure that MCPS has adequate facilities to meet the food service needs of the system. If you have any questions, please contact Mr. James Song, director, Department of Facilities Management, at 240-314-1064.

Sincerely,



Joshua P. Starr, Ed.D.
Superintendent of Schools

JPS:jlc

Copy to:

Members of the Board of Education

Mr. Bowers

Mr. Edwards

Mrs. Caplon

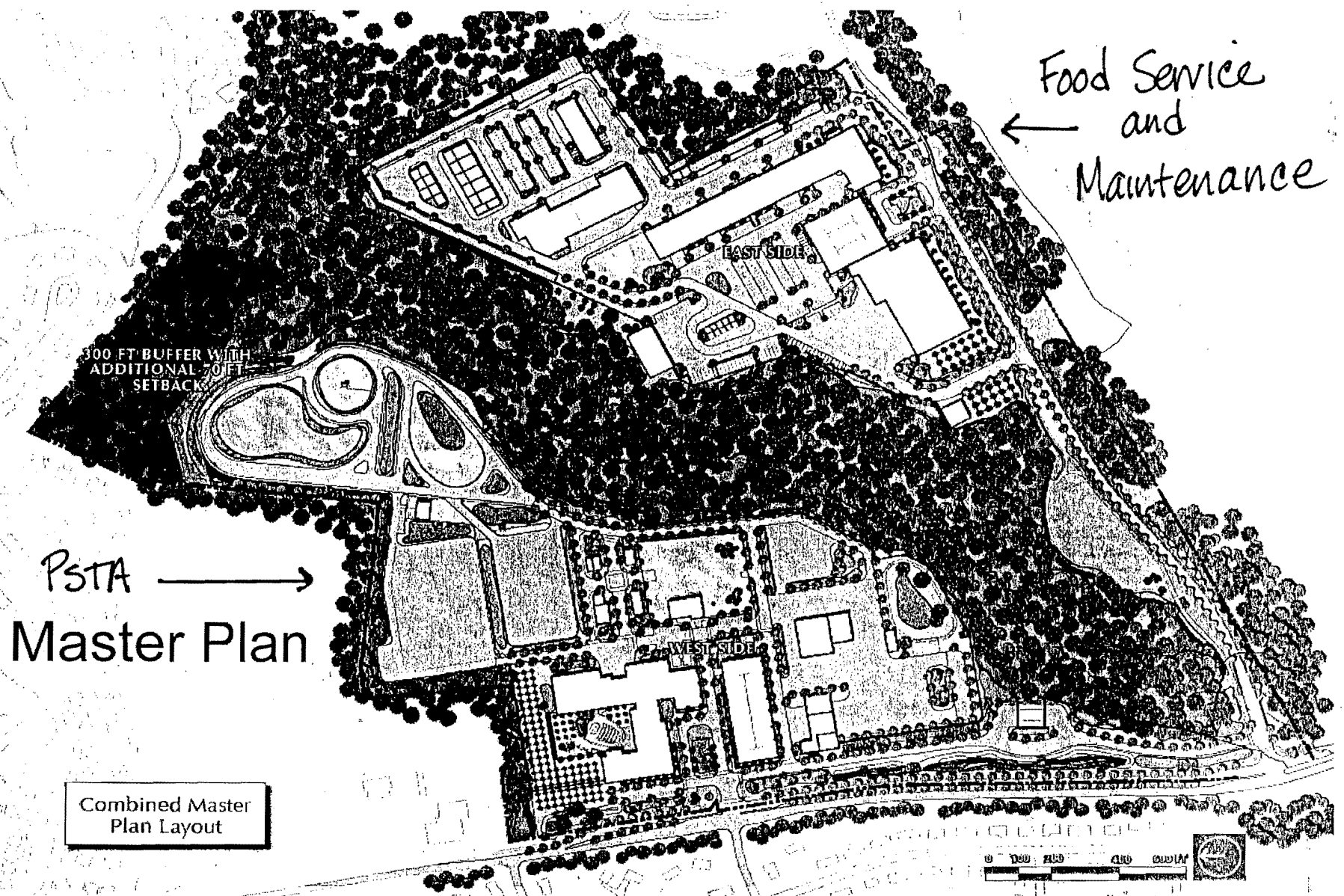
Ms. Karamihas

Mrs. Lazor

Mr. Shuman

Mr. Song

Ms. McMillan



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