

MEMORANDUM

May 1, 2012

TO: Planning, Housing, and Economic Development Committee
FROM: Jacob Sesker, Senior Legislative Analyst *JS*
SUBJECT: FY13-18 CIP: General Government—White Flint Redevelopment

The Executive submitted amendments to the 6-year CIP on April 27. One amendment was a change to the White Flint Redevelopment Program.

White Flint Redevelopment Program—No. 151200 (PDF © 1)

	Est FY12	FY13-18 Total	FY13	FY14	FY15	FY16	FY17	FY18
04/27/12 Recommendation	\$0.379	\$5.552	\$3.307	\$0.949	\$0.324	\$0.324	\$0.324	\$0.324
Total prior to 04/27/12	\$0.379	\$3.319	\$1.074	\$0.949	\$0.324	\$0.324	\$0.324	\$0.324
Change	\$0.000	\$2.233	\$2.233	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

Recommended funding source: White Flint Special Tax District

Total FY13-18 request: \$5.552 million

April 27 Change: Add \$2.233 million for land acquisition (current revenue funded)

HIGHLIGHTS

The source of funding for the land acquisition is current revenue because the land will be immediately sold. This is not the fire station piece. That piece will be purchased using ALARF funds.

NOTE

The Executive transmitted changes to the request on March 15, 2012. The revisions would increase the 6-year total by \$0.749 million. Most notably, the request increases the FY13 expenditure by \$0.254, decreases the FY13 appropriation from \$0.020 million to \$0.000, and increases the FY14 appropriation from \$0.670 million to \$0.692 million. The Committee supported this request, as did the Council.

The change proposed on April 27 would further increase the 6-year total by \$2.233 million. That amount is requested in order to acquire real property from SHA which can then be disposed of at a higher price in order to finance structured parking and other transit-oriented improvements. In particular, the proceeds of the disposition will be used to finance replacement parking for spaces lost at the Conference Center due to street alignments on the enhanced street grid called for in the White Flint Sector Plan.

In response to a question regarding the specific transaction contemplated in this amendment, the Executive provided the following:

“The property (known as the “Levin” parcel) will be resold to FRIT in early FY13, depending on the final agreement to be negotiated between the County and the State. We are still finalizing the agreement, which has to be approved by the Board of Public Works (BPW) prior to any sale. It is on their schedule for May 23...”

“As a result of the Transit Oriented Development (TOD) designation that was granted by the state as of March 9, we are eligible to purchase the SHA property at a price that equals the state’s original cost of the property, plus simple interest, over the years since they purchased it, as long as it is being used for transportation purposes.

“The parcel is currently being used by the County under an agreement with the state, to provide commuter parking (mainly for NIH). The state representatives have agreed that building a garage on the Conference Center site that replaces all the parking lost at the Conference Center (when Executive Boulevard will be realigned and Market Street will be built) is an acceptable transportation use. This garage will also be used to replace the commuter parking that we currently have arranged for NIH on the site that is being sold.

“Under the applicable regulations, we can then sell the property to Federal Realty Investment Trust (FRIT) at the current market (appraised price) and use the proceeds towards building the garage at the Conference Center. Both the County and State have gotten appraisals on the property to make sure we are in agreement on the market price. More specifics:

*“Cost to purchase the property from the state: \$2,233,076.72
Sale price to FRIT (market value): \$23,250,000.00
Sale from the State and Sale to FRIT will take place on the same day – within 30 days of BPW approval
Proceeds to the County: \$21,016,923 minus settlement and escrow fees – approx. \$21M”*

Staff also requested additional details regarding the relationship between this land acquisition and the parking that will be partially funded through this transaction.

*“Commuter parking that will be lost when SHA site is sold to FRIT: approx. 200 spaces
Parking being lost at Conf Center because of road construction: approx. 250 spaces
Additional Conf Center spaces lost if garage is constructed on site: approx. 300 spaces*

“We will also need to provide some public parking in the new garage...”

“We know that the proceeds of this sale, approximately \$21M, will not be enough to cover the costs of the garage/mixed use project. (This is what we mean when we say “partially fund

replacement parking” – we won’t be able to cover the full costs from the sales proceeds alone.) The cost of the project will not be clear until we program it and there will be many variables involved. We did not want to start spending dollars on engineering and feasibility studies until we knew that the BPW approved the transaction.

“This project may well be a joint development project with a private developer. Once we receive BPW approval and complete the transaction, it will be a top priority to investigate all the options available to us in putting together this project. At that time, we will be able to provide more detail regarding the number of spaces to be provided, timing, and a financing plan.”

STAFF RECOMMENDATION

Staff recommends approval of revised request.

Attachments:

PDF#151200 Dated April 25: © 1

PDF#151200 Dated March 14: © 2

PDF#151200 Dated January 9: © 3

Page 8-10 of Executive’s Recommended Budget: © 4

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

April 25, 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	3,698	0	379	3,319	1,074	949	324	324	324	324	0
Land	2,233	0	0	2,233	2,233	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
Total	5,931	0	379	5,552	3,307	949	324	324	324	324	*

FUNDING SCHEDULE (\$000)

Current Revenue: General	2,233	0	0	2,233	2,233	0	0	0	0	0	0
White Flint - Special Tax District	3,698	0	379	3,319	1,074	949	324	324	324	324	0
Total	5,931	0	379	5,552	3,307	949	324	324	324	324	0

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. This program also provides for certain land acquisitions necessary to support Transit-Oriented Development (TOD) activities in the White Flint Sector Plan Area.

COST CHANGE

Cost increase is due to revised planning, design, and supervision costs, land acquisition costs, and the addition of FY17 and FY18 to this ongoing project.

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 established a White Flint Special Taxing District, authorized the levy of a property tax and the issuance of bonds to finance transportation infrastructure improvements, and stated conditions for the loaning or advancing of County funds to the District. In Resolution No. 18-1570, the Council adopted an implementation strategy which required 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 called 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.

OTHER

The County will purchase certain State-owned property in FY13 and will resell the property to the developers to facilitate redevelopment. The land sale proceeds will be used to partially fund replacement Conference Center permanent parking, as well as other related Transit-Oriented Development projects, based upon an agreement between the County and State.

FISCAL NOTE

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

OTHER DISCLOSURES

- * Expenditures will continue indefinitely.

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation	Office of the County Executive	See Map on Next Page
First Cost Estimate	Department of Finance	
Current Scope	Department of Transportation	
Last FY's Cost Estimate	Department of Economic Development	
	Maryland Department of Transportation (MDOT)	
Appropriation Request	Maryland State Highway Administration (SHA)	
Appropriation Request Est.	Developers	
Supplemental Appropriation Request		
Transfer		
Cumulative Appropriation		
Expenditures / Encumbrances		
Unencumbered Balance		
Partial Closeout Thru		
New Partial Closeout		
Total Partial Closeout		

REVISED

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

March 14, 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	3,698	0	379	3,319	1,074	949	324	324	324	324	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
Total	3,698	0	379	3,319	1,074	949	324	324	324	324	*

FUNDING SCHEDULE (\$000)

White Flint - Special Tax District	3,698	0	379	3,319	1,074	949	324	324	324	324	0
Total	3,698	0	379	3,319	1,074	949	324	324	324	324	0

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.

COST CHANGE

Cost increase due revised planning, design and supervision costs and the addition of FY17 and FY18 to this ongoing project.

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 established a White Flint Special Taxing District, authorized the levy of a property tax and the issuance of bonds to finance transportation infrastructure improvements, and stated conditions for the loaning or advancing of County funds to the District. In Resolution No. 16-1570 the Council adopted an implementation strategy which required 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 called 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.

OTHER

The provision for permanent parking related to the impact of the new streets that traverse the Conference Center site, as well as other related Transit-Oriented Development projects, will be partially funded through the purchase and resale of a State owned site, based upon an agreement between the County and State.

FISCAL NOTE

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

OTHER DISCLOSURES

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APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
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	Developers	
Appropriation Request		
Appropriation Request Est.		
Supplemental Appropriation Request		
Transfer		
Cumulative Appropriation		
Expenditures / Encumbrances		
Unencumbered Balance		
Partial Closeout Thru		
New Partial Closeout		
Total Partial Closeout		

2

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 09, 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	3,480	0	910	2,570	820	670	270	270	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
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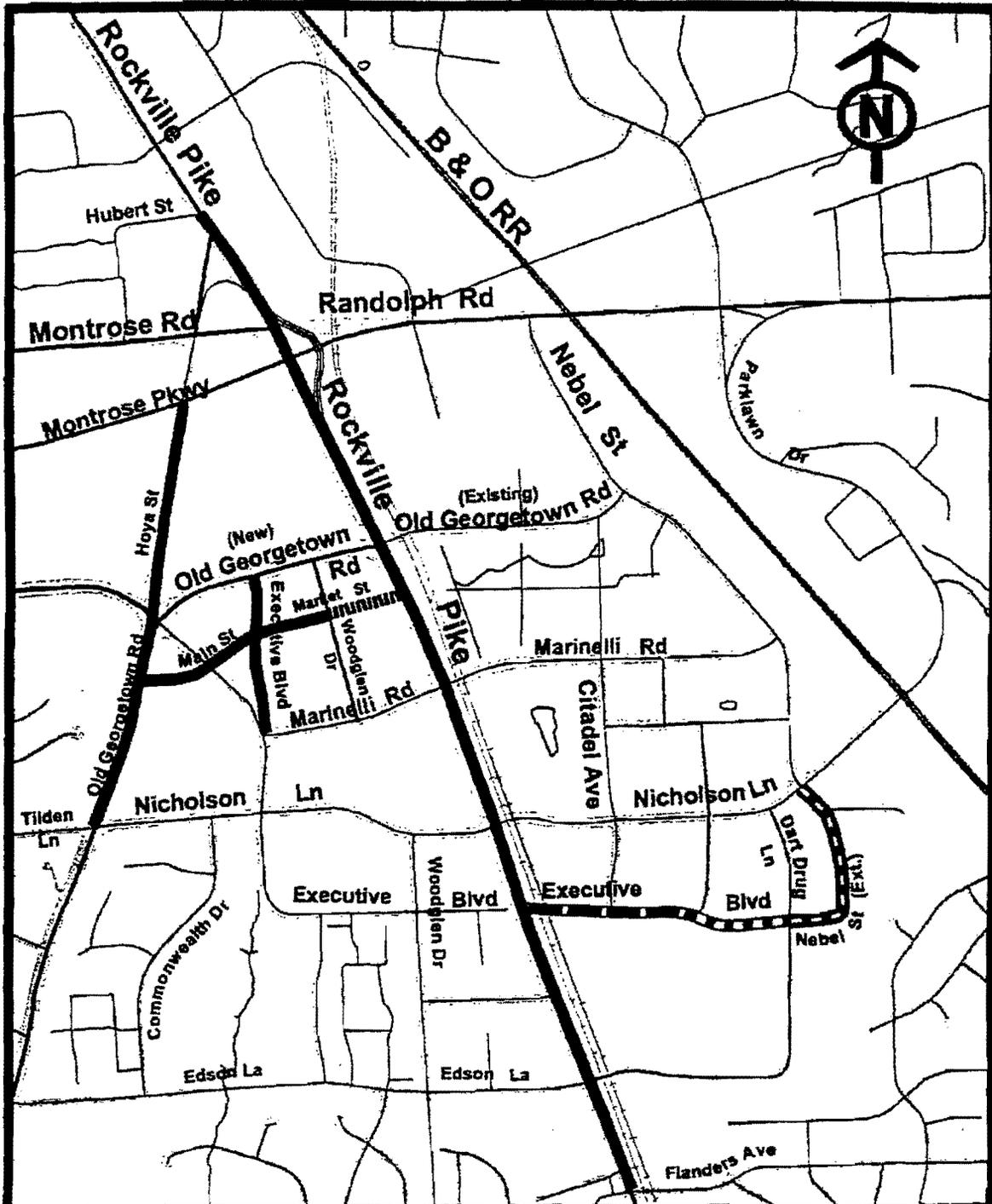
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<table border="1"> <tr> <td>Date First Appropriation</td> <td>FY09</td> <td>(\$000)</td> </tr> <tr> <td>First Cost Estimate</td> <td>FY13</td> <td>3,480</td> </tr> <tr> <td>Current Scope</td> <td></td> <td></td> </tr> <tr> <td>Last FY's Cost Estimate</td> <td></td> <td>2,940</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Appropriation Request</td> <td>FY13</td> <td>20</td> </tr> <tr> <td>Appropriation Request Est.</td> <td>FY14</td> <td>670</td> </tr> <tr> <td>Supplemental Appropriation Request</td> <td></td> <td>0</td> </tr> <tr> <td>Transfer</td> <td></td> <td>0</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Cumulative Appropriation</td> <td></td> <td>1,710</td> </tr> <tr> <td>Expenditures / Encumbrances</td> <td></td> <td>0</td> </tr> <tr> <td>Unencumbered Balance</td> <td></td> <td>1,710</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Partial Closeout Thru</td> <td>FY10</td> <td>0</td> </tr> <tr> <td>New Partial Closeout</td> <td>FY11</td> <td>0</td> </tr> <tr> <td>Total Partial Closeout</td> <td></td> <td>0</td> </tr> </table>	Date First Appropriation	FY09	(\$000)	First Cost Estimate	FY13	3,480	Current Scope			Last FY's Cost Estimate		2,940				Appropriation Request	FY13	20	Appropriation Request Est.	FY14	670	Supplemental Appropriation Request		0	Transfer		0				Cumulative Appropriation		1,710	Expenditures / Encumbrances		0	Unencumbered Balance		1,710				Partial Closeout Thru	FY10	0	New Partial Closeout	FY11	0	Total Partial Closeout		0	Office of the County Executive Department of Finance Department of Transportation Department of Economic Development Developers	See Map on Next Page
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LEGEND	
	35% Design only
	Final Design & Construction
	East side segments

**WHITE FLINT
REDEVELOPMENT PROGRAM
CIP. NO. 151200**