

**MEMORANDUM**

April 10, 2013

TO: Planning, Housing, and Economic Development Committee  
Government Operations and Fiscal Policy Committee

FROM: Jacob Sesker, Senior Legislative Analyst   
Marlene Michaelson, Senior Legislative Analyst 

SUBJECT: CIP Amendments: Wheaton Redevelopment (PDF #150401)  
M-NCPPC Headquarters (PDF # 138707)

**Attendees**

- From General Services: David Dise, Director; Greg Ossont, Deputy Director
- From OMB: Mary Beck, CIP Coordinator
- From M-NCPPC: Françoise Carrier, Planning Board Chair; Mike Riley, Deputy Director of Parks; Dan Hertz, Project Manager

**Purpose**

The Planning, Housing and Economic Development Committee and the Government Operations and Fiscal Policy Committee will discuss proposed amendments to the following projects: Wheaton Redevelopment Program (PDF #150401) and M-NCPPC Headquarters (PDF #138707).

Staff has identified several issues that must be discussed in order to narrow the range of options for a subsequent worksession. Summaries of a few of those options are included in this memorandum.

**Background**

In the FY13-18 CIP, the Council approved two separate but related projects: Wheaton Redevelopment Program (PDF #150401) and M-NCPPC Headquarters (PDF #138707).

1. Wheaton Redevelopment Program is a \$73,266,000 project in the County's Capital Improvements Program (CIP) to construct a new headquarters for M-NCPPC, a town square, and facility planning for a multi-agency facility to possibly include County offices. Presumably,

though not explicitly, those County offices would be Environmental Protection (DEP) and Permitting Services (DPS). The \$73 million project did not set aside additional money within the 6-year CIP for County offices; instead, the project description form stated that the cost estimate for the project would be revised following design. *See Approved PDF #150401, © 1-2.*

2. M-NCPPC Headquarters is a \$100,000 project in M-NCPPC's CIP which provides for the FY13 planning to be done by M-NCPPC with respect to its own space needs in a new headquarters, whether or not that headquarters is a part of the Wheaton Redevelopment Program. *See Approved PDF #138707, © 3.*

On March 19, 2013, two PDFs were introduced for public hearing:

1. A proposed amendment to M-NCPPC Headquarters (PDF #138707), under which the office building would be moved to M-NCPPC's CIP. *See Proposed Amendment #138707, © 5.*
2. A proposed amendment to the Wheaton Redevelopment Program (#150401), under which the office building would be removed from the Wheaton Redevelopment Program. The town square would remain in the Wheaton Redevelopment Program as part of this project. This proposed amendment was prepared by Council Staff and introduced on March 19 because the Executive did not transmit any proposed amendments to the approved project. *See Introduced Amendment #150401, © 4.*

On March 27, 2013, County Executive Leggett stated that he does not intend to move DEP and DPS to Wheaton as part of the Wheaton Redevelopment Program. *See CE Letter, © 8-9.* Attached to that letter he transmitted a PDF illustrating the cost implications of the non-recommended relocation of DEP and DPS. *See Non-recommended PDF, © 10-11.* The Executive subsequently submitted his draft changes to that proposed amendment, which is substantially similar to Council Staff's draft (the "introduced amendment"). *See April 8 CE PDF# 150401, © 6-7.*

## Issues

***Should the office building be an M-NCPPC building with limited space for County users, or should the office building be a multi-agency building to include M-NCPPC and DEP and DPS?***

The Council must decide whether to approve a PDF for a building that would include M-NCPPC, DEP, and DPS, even though the Executive has not recommended doing so. The CE does not recommend relocating DEP and DPS to Wheaton because the additional cost would necessitate eliminating or delaying other capital projects which he believes to be high priorities. The CE estimates that the cost of including DEP and DPS in the building is approximately \$67 million.<sup>1</sup> However, he acknowledged that some of the cost would be offset by lease savings (operating budget) and that co-location with M-NCPPC would create synergies and benefits that would accrue to employees of those agencies and the businesses and residents served by them.

Under Proposed Amendment #138707, the project would include the M-NCPPC headquarters (132,000 square feet), as well as the Regional Services Center and Urban District offices (10,000 square feet).<sup>2</sup>

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<sup>1</sup> Staff does not necessarily agree that the incremental cost of including DEP and DPS is \$67 million. This estimate is based on an assumption that those two departments would occupy 108,000 square feet in the building, which is more than 30,000 square feet more than the two departments currently occupy.

<sup>2</sup> Staff has not yet reviewed programs of requirements in detail and will review whether agency needs can be met within a smaller building.

Adding DEP and DPS would add a significant amount of space (108,000 square feet, bringing the total size of the building to 250,000 square feet).

***Should the office component of the project be moved from the Wheaton Redevelopment Program (PDF # 150401) to M-NCPPC Headquarters (PDF # 138707)?***

The Council must decide whether to shift control of the office building component of the project to M-NCPPC. The CE did not address this issue in his letter. Both DGS and M-NCPPC responded to Staff's questions regarding the challenges and opportunities associated with changes to control of the office building component of the project. See *DGS Response* © 12-13 and *M-NCPPC Response* © 14-15.

While DGS does build projects for County departments, DGS does not build projects for M-NCPPC, and M-NCPPC feels strongly that they should control their own headquarters project. In either case, a significant amount of coordination between the County and M-NCPPC will be involved.

***Should the office building be on Parking Lot 13 or across Reddie Drive?***

The Council must decide whether the office building will be located on Parking Lot 13 or across Reddie Drive (to the south). The CE stated that he firmly believes that Parking Lot 13 should be reserved for private investment, and that he therefore did not consider any options that involved government uses on Parking Lot 13.

Parking Lot 13 represents a potentially significant opportunity for a town square paired with private redevelopment. If the building is located across Reddie Drive, an additional (minor) cost of the project may be space for the Regional Services Center (potentially displaced) and Urban District in the office building. This cost is reflected in the Proposed Amendment #138707 (M-NCPPC Headquarters). A more significant additional cost could involve acquisition of additional property rights in order to create a site that is more functional and/or accessible than the Regional Services Center site alone.<sup>3</sup> On the other hand, Parking Lot 13 is the larger site, and as a result is arguably a superior site for a large multi-agency building or complex.

**Additional considerations**

The following additional considerations should inform the committees' deliberations:

***Opportunities for private development***

Parking Lot 13 represents the more attractive and feasible option for private development as part of this redevelopment of the Wheaton Core. If the committees prioritize co-location (of M-NCPPC, DEP, and DPS) then the location discussion becomes more complicated. A significant consideration in that discussion will be zoning and transfers of density (see below).

The County, or the County and M-NCPPC, could issue a solicitation seeking private developers interested in building a government office building (either as a fee developer or as part of a private

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<sup>3</sup> M-NCPPC would like the PDF to provide flexibility as to the specific parcel, clearly state that obtaining all necessary property rights is part of the project, and indicate that supplemental appropriations may be necessary in order to assemble all such property rights.

project) and also mixed-use development in Wheaton and in Silver Spring at 8787 Georgia Avenue. It is possible that one or more developers would submit appealing technical and financial proposals for private development on Parking Lot 13.

### ***Zoning/transfers of density***

Though this government office building need not comply with zoning requirements, the Planning Board has indicated that it intends to comply with any zoning requirements that would apply to private development. Depending on the magnitude and location of the project, doing so may require transfer of substantial amounts of density<sup>4</sup> from Parking Lot 13, thereby increasing the complexity of the office project and significantly reducing the private redevelopment opportunities on Parking Lot 13. Under the CR zone, a transfer of density is possible in certain cases when the properties are part of a joint sketch plan.

The Regional Services Center site is approximately 15,367 square feet, which means that the total zoning capacity of that site without density transfers is approximately 92,202 square feet. This zoning capacity is well below the program of requirements for the M-NCPPC headquarters (142,000 square feet, including RSC and Urban District offices).

### ***Complexity of the transactions***

The Council must consider the tradeoff between a desire to increase the certainty that a project will be completed within a short-term time horizon and a desire for a multi-agency project or a private development that includes both government offices and other (residential, retail) uses. Public-public and public-private projects can deliver many valuable public benefits; however, as the number of public benefits increases, so too does the complexity of the project. With increased complexity comes an increase in the amount of time spent in the planning and project negotiation phases.

### **Options**

Depending upon the answers to the above questions, numerous options may be considered. For illustrative purposes, those options include the following:

#### ***The split-project option***

- No DEP and DPS offices in Wheaton.
- The M-NCPPC office building (probably to include Regional Services Center and Urban District offices) would be moved to the south side of Reddie Drive.
- Control of the M-NCPPC office building project would be shifted from the County to M-NCPPC.
- The residual (e.g., the town square) would remain in the County's CIP project (Wheaton Redevelopment Program).
- The County will enter into any necessary solicitation process in order to find a developer for Parking Lot 13.

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<sup>4</sup> The magnitude of any density transfer would be affected by the zoning capacity of the relevant parcels and also the size of the building. Staff has not yet conducted a detailed review of the programs of requirements, but believes that there may be opportunities to reduce the size of the project. Property acquisition could also affect the extent to which transfers of density may be necessary.

- The following PDFs represent this option: *Proposed Amendment M-NCPPC Headquarters #138707, © 5; and either Introduced Amendment Wheaton Redevelopment Program #150401, © 4; or April 8 CE PDF# 150401, © 6-7.*

### ***The phased multi-agency option***

- No DEP and DPS offices in Wheaton at this time, though under this option the Wheaton Redevelopment Program PDF would include reference to future re-location of DEP and DPS to Wheaton as part of a public-private redevelopment of Parking Lot 13.
- The M-NCPPC office building (with Regional Services Center and Urban District offices) would be moved to the south side of Reedie Drive.
- Control of the M-NCPPC office building project would be shifted from the County to M-NCPPC.
- The residual (e.g., the town square) would remain in the County's CIP project (Wheaton Redevelopment Program); the Wheaton Redevelopment Program would also potentially include a public-private redevelopment of Parking Lot 13, to include offices for DEP and DPS.
- The following PDF represents the first phase of this option: *Proposed Amendment M-NCPPC Headquarters #138707, © 5.*
- None of the attached PDFs represent the second phase of this option because this option has not been recommended. If the committees express interest in this option, Staff will work with DGS and OMB to prepare a draft PDF for further consideration. That draft would take the form of revisions to *Introduced Amendment Wheaton Redevelopment Program #150401, © 4; or April 8 CE PDF# 150401, © 6-7.*

### ***The single phase multi-agency option***

- M-NCPPC, DEP, and DPS are co-located in one building/complex in Wheaton.
- The key decision to be made in this case would be location of the project. Considerations of density transfer, private redevelopment opportunities, and the complexity of the transactions must be considered.<sup>5</sup>
- If the location selected is Parking Lot 13, then a decision would need to be made as to whether to include space for the Regional Services Center and Urban District offices within that project.
- Control of the project would most likely be with the County, with the relationship between the parties controlled by the terms of a memorandum of understanding and subsequent binding agreements.
- If this option is pursued, legislative oversight of the County/M-NCPPC implementation and agreements will be critical to the success of the project.
- The following PDFs represent this option: *Approved M-NCPPC Headquarters #138707, © 3; and Approved Wheaton Redevelopment Program #150401, © 1-2.* The project schedule has slipped during the past year, and will need to be amended accordingly. If the multi-agency building is to be located on the south side of Reedie Drive, rather than on Parking Lot 13, the PDF would need to be amended to reflect that change.

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<sup>5</sup> An important consideration in choosing a location will be whether the location can accommodate the required density and what effect any transfer of density will have on the density capacity of Parking Lot 13. For example, the Regional Services Center site is approximately 15,367 square feet and has an FAR limit of approximately 92,202 square feet. This is well below the 142,000 square foot development program for the M-NCPPC headquarters with RSC and Urban District offices. If a joint sketch plan is filed with Parking Lot 13, then 50,000 square feet of density can be transferred from Parking Lot 13 to make up that difference. Obviously, the density transfer required would be much larger if the RSC site was to be developed with a 250,000 square foot multi-agency building.

### ***The developer proposal approach***

- Under this approach, a solicitation would be issued seeking technical and financial proposals from developers for a project to include both office and non-office components.
- This approach is a reasonable option whether or not DEP and DPS are relocated to Wheaton though a decision as to whether to relocate those agencies must be made at this time.
- No decision is necessary at this time with respect to location—a developer’s proposal would propose a location for the office building (whether it is an M-NCPPC building or a multi-agency building).
- The decision on control would depend to some degree on the decision that is made with respect to relocation of DEP and DPS.
- If there is interest in further consideration of this option, Staff will prepare new draft PDFs.

Other options, such as deciding not to appropriate any funds for a new M-NCPPC office building or appropriating funds for new M-NCPPC offices in Rockville, are not on the table at this time.

- Attachments:
- © 1 Approved Wheaton Redevelopment PDF #150401
  - © 3 Approved PDF M-NCPPC Headquarters PDF #138707
  - © 4 Introduced Amendment Wheaton Redevelopment PDF #150401
  - © 5 Proposed Amendment M-NCPPC Headquarters PDF #138707
  - © 6 April 8 CE Wheaton Redevelopment PDF #150401
  - © 8 Letter from County Executive Leggett (March 27)
  - © 10 Executive’s non-recommended Wheaton Redevelopment PDF #150401
  - © 12 DGS Response to Council Staff Questions
  - © 14 M-NCPPC Response to Council Staff Questions

# Wheaton Redevelopment Program -- No. 150401

Category  
Subcategory  
Administering Agency  
Planning Area

**General Government**  
**Economic Development**  
**County Executive**  
**Kensington-Wheaton**

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

**May 16, 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	15,015	3,495	520	11,000	1,900	4,400	2,000	1,000	200	1,500	0
Land	1,010	1,010	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	4,509	1,309	0	3,200	0	0	3,200	0	0	0	0
Construction	52,658	408	250	52,000	0	0	21,000	31,000	0	0	0
Other	74	64	10	0	0	0	0	0	0	0	0
<b>Total</b>	<b>73,266</b>	<b>6,286</b>	<b>780</b>	<b>66,200</b>	<b>1,900</b>	<b>4,400</b>	<b>26,200</b>	<b>32,000</b>	<b>200</b>	<b>1,500</b>	<b>0</b>

## FUNDING SCHEDULE (\$000)

	Total	FY11	FY12	Total 6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Years
Contributions	862	0	0	862	0	0	0	862	0	0	0
Current Revenue: General	650	0	0	650	650	0	0	0	0	0	0
Federal Aid	418	371	47	0	0	0	0	0	0	0	0
G.O. Bonds	67,039	1,618	733	64,688	1,250	4,400	26,200	31,138	200	1,500	0
PAYGO	3,797	3,797	0	0	0	0	0	0	0	0	0
State Aid	500	500	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>73,266</b>	<b>6,286</b>	<b>780</b>	<b>66,200</b>	<b>1,900</b>	<b>4,400</b>	<b>26,200</b>	<b>32,000</b>	<b>200</b>	<b>1,500</b>	<b>0</b>

### DESCRIPTION

The project provides for facility planning for a multi-user government complex or building on Parking Lot 13, to include a new headquarters (approx. 150,000 sq. ft.) for M-NCPPC, structured or underground parking, and a new town square. M-NCPPC is currently updating its program of requirements under a separate capital project, M-NCPPC Headquarters Project #138707. When County government and M-NCPPC have completed their respective programs of requirements, the agencies will brief the Council on the status of their discussions with the Parking Lot District and submit to the Council an appropriation request for design of the multi-user complex or building and a memorandum of understanding between the agencies describing their respective roles and responsibilities throughout the design process, including the process by which M-NCPPC can charge design-related personnel costs to the Wheaton Redevelopment Program. It is the expectation that the MOU will reflect Park and Planning's status as an independent agency. The government office complex or building could potentially contain a vertical mix of uses. The design will be developed pursuant to the MOU. The cost estimate will be revised as a result of design. The project provides for a town square on Parking Lot 13 that is at least 1/3 the area of the site. The project provides partial funding for construction of the government office complex or building, as well as structured or underground parking and a new town square.

The project provides up to \$650,000 in FY13 for the County's facility planning, and for consulting services to provide: 1) an evaluation of the financial feasibility of redeveloping the WMATA bus bay site; 2) a comprehensive parking study to identify potential redevelopment disruptions to parking supply and demand, the related impact to existing businesses, and potential solutions (including, but not limited to signage, parking management, and temporary/interim parking); and 3) planning studies that review potential models and approaches to creating local jobs and job training opportunities prior to or during redevelopment, including relevant case examples in Montgomery County as well as innovative models from other local and national jurisdictions. Executive staff will brief the Council regarding the outcome of these studies and any planning or negotiations regarding job opportunities and training as well as small business protections before the Executive staff resume negotiating the terms of any General Development Agreement. Planning for the bus bay site in FY17-18 includes any necessary updates to previous studies. Project requires coordination with the related M-NCPPC Headquarters Project #138707.

### ESTIMATED SCHEDULE

Planning and engineering will commence in FY13. Construction of the parking garage and town square on Parking Lot 13 will commence in FY15. Construction of the M-NCPPC headquarters will be completed in FY16. Planning for the bus bay site is scheduled for FY18. Planning for redevelopment of the WMATA site will begin in FY18. The facade and streetscape improvement program will be reassessed after completion of the town square.

### COST CHANGE

Cost change is due to an updated project scope which includes planning, design, engineering, site improvements, and construction of a town square, underground parking, and a government office building, as well as a financial analysis of the feasibility of redeveloping the WMATA bus bays. Cost estimates were prepared prior to completion of the Programs of Requirements for the office complex, parking and town square. Unknown factors that will affect the ultimate project costs and revenues are the ultimate scale of the office development, the potential for sharing parking costs with a private partner, the availability of M-NCPPC land sale proceeds, and other factors.

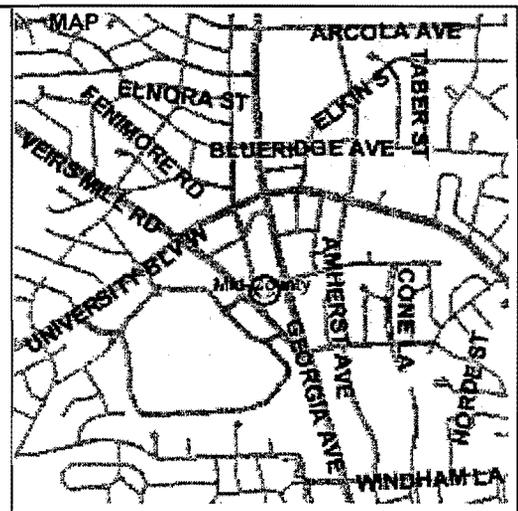
### JUSTIFICATION

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted, complementary public

APPROPRIATION AND EXPENDITURE DATA		
Date First Appropriation	FY04	(\$000)
First Cost Estimate	FY13	73,266
Current Scope		
Last FY's Cost Estimate		13,191
Appropriation Request	FY13	650
Appropriation Request Est.	FY14	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		8,930
Expenditures / Encumbrances		6,385
Unencumbered Balance		2,545
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

### COORDINATION

WMATA  
Office of the County Attorney  
M-NCPPC  
Westfield Mail  
Community Associations and Residents  
Department of General Services  
Department of Transportation  
Private developers  
Department of Housing and Community Affairs  
Mid-County Regional Services Center  
State of Maryland



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## Wheaton Redevelopment Program -- No. 150401 (continued)

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investment. The complementary public investment that Wheaton most needs is investment in creating a centrally located public space and a daytime population that together will contribute to an 18-hour economy in downtown Wheaton. It is expected that this public investment will leverage private investment, some of which is already occurring in Wheaton.

Plans & Studies: Wheaton CBD and Vicinity Sector Plan (2011), State of Maryland designation as a Smart Growth and TOD site (2010), Urban Land Institute Technical Assistance Panel (2009), The International Downtown Association Advisory report (2008); Wheaton's Public Safety Audit (2004); The Wheaton Redevelopment Advisory Committee visioning process for the Wheaton core; National Mainstreet Center Planning Study (2000); WRAC activities since established in 2000.

### **OTHER**

Special Capital Projects Legislation will be proposed by the County Executive.

### **FISCAL NOTE**

- \$418,000 federal grant, funded through the SAFETEA-LU transportation act, was received in FY09.
- A developer contribution of \$861,940 from M-NCPPC Public Use Space and Amenity Fund. November 5, 2010 Planning Board Resolution, 10-149, Site Plan 820110010.
- Total project cost includes \$8,930,000 for Streetscape and Facade work funded through FY12.

### **OTHER DISCLOSURES**

- A pedestrian impact analysis has been completed for this project.
- The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.

# M-NCPPC Headquarters Project -- No. 138707

Category **M-NCPPC**  
 Subcategory **Development**  
 Administering Agency **M-NCPPC**  
 Planning Area **Kensington-Wheaton**

Date Last Modified  
 Required Adequate Public Facility  
 Relocation Impact  
 Status

July 26, 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	0	100	100	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	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

Current Revenue: General	100	0	0	100	100	0	0	0	0	0	0
<b>Total</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### DESCRIPTION

This project provides for the planning of a new headquarters building for the Maryland-National Capital Park and Planning Commission, potentially located in the Wheaton Central Business District (CBD) on the site of County Parking Lot 13

M-NCPPC will work with the County and community to determine requirements and feasibility of a new M-NCPPC Headquarters in Wheaton CBD that will be coordinated with the County through project #150401, the Wheaton Redevelopment Program. When the County Government and M-NCPPC have completed their respective programs of requirements, the agencies will brief the County Council and submit to the Council an appropriation request for the development and a memorandum of understanding between the agencies describing their respective roles and responsibilities throughout the design process, including the process by which M-NCPPC can charge design-related personnel costs to the Wheaton Redevelopment Program. The design will be developed pursuant to the MOU.

This project will fund staffing and professional consulting services to finalize the program of requirements. All design and construction costs, including the cost of M-NCPPC staff time, will be funded in the Wheaton Redevelopment PDF.

#### ESTIMATED SCHEDULE

Project planning in FY13.

#### JUSTIFICATION

The M-NCPPC's Montgomery County administrative staff is divided among three locations in Silver Spring: the Montgomery Regional Office (MRO) at 8787 Georgia Avenue, Parkside Headquarters at 9500 Brunett Avenue, and leased space at 1400 Spring Street. MRO, the only of the three locations that M-NCPPC owns, is in poor condition, overcrowded, functionally obsolete, and fails to serve the public adequately. Several studies have documented the many problematic conditions at MRO and have concluded that MRO should be replaced as opposed to renovated.

#### OTHER

M-NCPPC previously attempted to obtain a new headquarters through redevelopment of the MRO site into a mixed use development called SilverPlace. In July 2008, in a non-regulatory capacity, the Planning Board approved a "Charrette Plan" for SilverPlace that was produced through a week long charrette process held with all stakeholders. While the Charrette Plan was broadly endorsed for meeting multiple public policy objectives, SilverPlace did not gain approval for funding and the project was closed out. The Charrette Plan should guide discussions on the future use of the MRO site should the M-NCPPC Headquarters be relocated to Wheaton.

A program of requirements for a new M-NCPPC headquarters was completed in 2008. The program needs to be revisited and updated to address significant organizational restructuring and changes in staffing levels.

#### OTHER DISCLOSURES

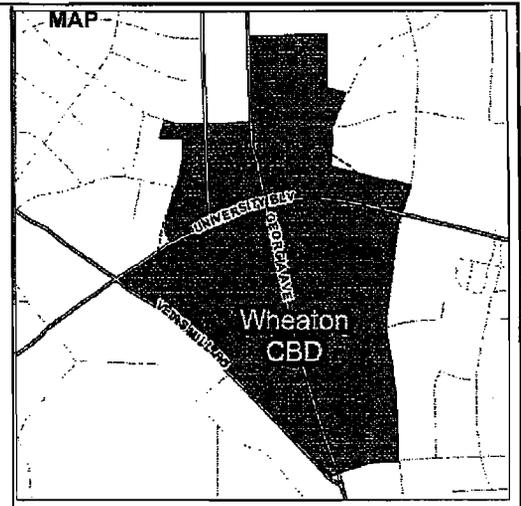
- A pedestrian impact analysis will be performed during design or is in progress.

#### APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY13	(\$000)
First Cost Estimate		
Current Scope	FY13	100
Last FY's Cost Estimate		0
Appropriation Request	FY13	100
Appropriation Request Est.	FY14	0
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 Department of General Services  
 Wheaton Redevelopment Program (#150401)  
 MC Department of Transportation  
 Community Associations and Residents  
 Mid-County Regional Services Center  
 State of Maryland



Wheaton Redevelopment Program

Category	General Government	Date Last Modified	March 15, 2013
Subcategory	Economic Development	Required Adequate Public Facility	No
Administering Agency	County Executive	Relocation Impact	None
Planning Area	Kensington-Wheaton	Status	Planning Stage

Expenditures 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	6,735	3,495	520	2,720	1,800	460	230	230			0
Land	1,010	1,010	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	1,309	1,309	0	0	0	0	0	0	0	0	0
Construction	4,399	408	250	3,741	0	0	0	3,741	0	0	0
Other	74	64	10	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,527</b>	<b>6,286</b>	<b>780</b>	<b>6,461</b>	<b>1,800</b>	<b>460</b>	<b>230</b>	<b>3,971</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Schedule (\$000)

GO Bonds	7,300	1,618	733	4,949	1,150	460	230	3,109	0	0	0
Contributions	862	0	0	862	0	0	0	862	0	0	0
Current Revenue: General	650	0	0	650	650	0	0	0	0	0	0
Federal Aid	418	371	47	0	0	0	0	0	0	0	0
PAYGO	3,797	3,797	0	0	0	0	0	0	0	0	0
State Aid	500	500	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,527</b>	<b>6,286</b>	<b>780</b>	<b>6,461</b>	<b>1,800</b>	<b>460</b>	<b>230</b>	<b>3,971</b>	<b>0</b>	<b>0</b>	<b>0</b>

DESCRIPTION

The project provides for design, site improvements, and construction associated with a town square on Parking Lot 13 that is at least 1/3 the area of the site. The town square will be coordinated with private development on Parking Lot 13. The project also provides up to \$650,000 in FY13 for consulting services, including a comprehensive parking study to identify potential disruptions to parking supply and changes in parking demand that result from redevelopment and how those changes in supply and demand might affect existing businesses in Wheaton, and to identify potential solutions (including, but not limited to signage, parking management, and temporary/interim parking); and planning studies that review potential models and approaches to creating local jobs and job training opportunities in advance or/during redevelopment, including relevant case examples in Montgomery County as well as innovative models from other jurisdictions in the DC region as well as nationally. This project does not provide for planning or feasibility analysis associated with the WMATA bus bay site, though funding may be added for this purpose at a later date.

The Executive will brief the Council regarding the outcome of these studies and any planning or negotiations regarding job opportunities and training as well as small business protections before the Executive resumes negotiating the terms of any General Development Agreement related to redevelopment of Parking Lot 13.

ESTIMATED SCHEDULE

Planning and engineering to commence in FY14. Construction of the town square, to be coordinated with private development on Parking Lot 13, will commence in FY16.

**COST CHANGE:** Cost change (-59,639) due to corresponding increase (+59,639) in the cost of M-NCPPC Headquarters Project (#138707). Funding for bus bay feasibility studies and planning has been shifted to the town square planning and construction.

JUSTIFICATION

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted, complementary public investment. The complementary public investment that Wheaton most needs is investment in creating a centrally located public space and a daytime population that together will contribute to an 18-hour economy in downtown Wheaton. It is expected that this public investment will leverage significant private investment, some of which is already occurring in Wheaton.

Plans & Studies: Wheaton CBD and Vicinity Sector Plan (2011), State of Maryland designation as a Smart Growth and TOD site (2010), *Urban Land Institute Technical Assistance Panel (2009)*, The International Downtown Association Advisory report (2008); Wheaton's Public Safety Audit (2004); The Wheaton Redevelopment Advisory Committee visioning process for the Wheaton core; National Mainstreet Center Planning Study (2000); WRAC activities since established in 2000.

Appropriation and Expenditure Data			Coordination	Map
Date First Appropriation	FY04	(\$000)	WMATA	
First Cost Estimate Current Scope (FY13)		73,166	Office of the County Attorney	
Last FY's Cost Estimate		13,191	Westfield Mall	
			M-NCPPC	
Appropriation Request	FY13	0	Department of General Services	
Appropriation Request Est.	FY14	-285	Department of Transportation	
Supplemental Approp. Request		0	Community Associations and Residents	
Transfer		0	Private developers	
			Department of Housing and Community	
Cumulative Appropriation		8930	Affairs	
Expenditures/Encumbrances		6385	Mid-County Regional Services Center	
Unencumbered Balance		2545	State of Maryland	
Partial	FY10	0		
New Partial Closeout	FY11	0		
Total Partial Closeout		0		

# M-NCPPC Headquarters Project – No. 138707

Category **M-NCPPC**  
 Subcategory **Development**  
 Administering Agency **M-NCPPC**  
 Planning Area **Kensington-Wheaton**

Date Last Modified  
 Required Adequate Public Facility  
 Relocation Impact  
 Status

**March 14, 2013**  
**No**  
**None**  
**Planning Stage**

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY11	Est. FY12	Total 6 Years	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	Beyond 6 years
Planning, Design and Supervision	7,879	0	0	7,879	100	2,500	2,500	1,500	1,279	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	5,000	0	0	5,000	0	0	0	2,500	2,500	0	0
Construction	46,860	0	0	46,860	0	0	0	24,000	22,860	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>59,739</b>	<b>0</b>	<b>0</b>	<b>59,739</b>	<b>100</b>	<b>2,500</b>	<b>2,500</b>	<b>28,000</b>	<b>26,639</b>	<b>0</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

Current Revenue: General	100	0	0	100	100	0	0	0	0	0	0
G.O. Bonds	59,639	0	0	59,639	0	2,500	2,500	28,000	26,639	0	0
<b>Total</b>	<b>59,739</b>	<b>0</b>	<b>0</b>	<b>59,739</b>	<b>100</b>	<b>2,500</b>	<b>2,500</b>	<b>28,000</b>	<b>26,639</b>	<b>0</b>	<b>0</b>

#### DESCRIPTION

This project provides for planning, design, and construction of a new regional headquarters for the Montgomery County functions of the Maryland-National Capital Park & Planning Commission (M-NCPPC) to be located on Reedie Drive in the Wheaton Central Business District. The project also includes office space for the Wheaton Regional Services Center (WRSC). The building will include 132,000 sq. ft. of office space for the M-NCPPC headquarters and 10,000 sq. ft. for the WRSC. The building may also include private commercial uses that would benefit the revitalization of Wheaton. M-NCPPC will enter into negotiations with Montgomery County to exchange properties that will result in M-NCPPC ownership of the County owned WRSC site at 2424 Reedie Drive.

#### ESTIMATED SCHEDULE

Planning and design will occur in FY 14 and 15. Construction will occur in FY 16 and 17 with occupancy in FY 17.

#### COST CHANGE

Initial expenditure of \$100,000 for a program of requirements was approved for FY 13. As an FY 14 amendment, funding totaling \$59,639,000 will be added to FY 14 – 17 for planning, design, and construction. Funding for a multi-user government complex to include a new headquarters for M-NCPPC was included in PDF # 150401, "Wheaton Redevelopment Program", with the adoption of the FY 13-18 Capital Improvements Program. Funding associated with the M-NCPPC headquarters will be removed from that project. Project costs remain within the initially approved expenditure in the Wheaton Development Program. The cost of furniture, fixtures, and equipment to be funded by current revenue will be determined during the design phase of the project. Land acquisition costs are not included and will be determined during the planning and design stage of the project.

#### JUSTIFICATION

Revitalization of Wheaton is a priority of the County Council. The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private investment through targeted, complimentary public investment. M-NCPPC's need to replace its outdated headquarters in Silver Spring has been well documented. The move of M-NCPPC's headquarters to Wheaton will help jump start redevelopment and add needed office space to the mix of uses planned for Wheaton.

Plans and Studies: Program of Requirements for a New Regional Headquarters Building, M-NCPPC, dated November 21, 2012; Wheaton CBD and Vicinity Sector Plan (2011)

#### OTHER

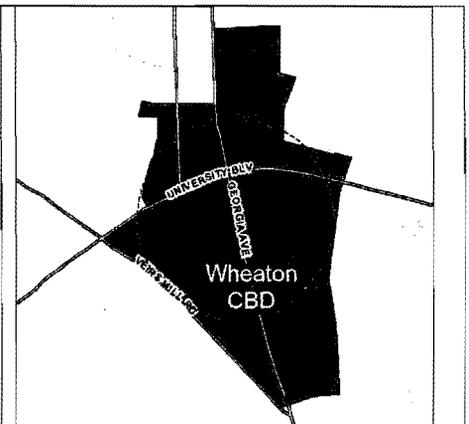
A pedestrian impact analysis will be performed during design or is in progress.

#### APPROPRIATION AND EXPENDITURE DATA

Date first appropriation	FY13	(\$000)
First Cost Estimate		
Current Scope	FY13	59,739
Last FY's Cost Estimate		100
Appropriation Request	FY13	100
Appropriation Request Est.	FY14	7,879
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		100
Expenditures/Encumbrances		76
Unencumbered Balance		24
Partial Closeout Thru	FY10	0
New Partial Closeout	FY11	0
Total Partial Closeout		0

#### COORDINATION

Surrounding Property Owners and Businesses  
 WMATA  
 Montgomery County Department of General Services  
 Wheaton Redevelopment Program (#150401)  
 MC Department of Transportation  
 MSHA  
 Community Associations and Residents  
 Mid-County Regional Services Center  
 State of Maryland



## Wheaton Redevelopment Program – No. 150401 (Revised Draft)

EXPENDITURE SCHEDULE (\$000)								
Cost Elements	Total 6 Years	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Years
Planning, Design, and Supervision	3,116	1,250	506	844	76	36	404	32
Land	-	-	0	0	0	0	0	0
Site Improvements and Utilities	357	0	0	0	0	0	357	0
Construction	3,665	0	0	0	0	0	3,665	0
Other	346	0	0	0	0	0	346	0
<b>Total</b>	<b>7,484</b>	<b>1,250</b>	<b>506</b>	<b>844</b>	<b>76</b>	<b>36</b>	<b>4,772</b>	<b>32</b>
FUNDING SCHEDULE (\$000)								
Current Revenue: General	650	0	325	325	0	0	0	0
G.O. Bonds	6,834	1,250	181	519	76	36	4,772	32
Federal Aid	0	0	0	0	0	0	0	0
PAYGO	0	0	0	0	0	0	0	0
State Aid	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7,484</b>	<b>1,250</b>	<b>506</b>	<b>844</b>	<b>76</b>	<b>36</b>	<b>4,772</b>	<b>32</b>

### DESCRIPTION

This revised PDF reflects the request by Council staff to move the official building, namely the M-NCPPC Headquarters, to a separate PDF (M-NCPPC Headquarters Project #138707). The revised project provides for the planning, design, and construction of a town square at the southern side of Parking Lot 13, which is at least 1/3 the area of the site. The project also coordinates the Regional Services Center relocation into an M-NCPPC regional headquarters at the site of the existing RSC, and provides for studies and staff support of private sector development on Lot 13.

This revised PDF leaves the town square and \$650,000 for the County's facility planning and for consulting services to provide 1) a comprehensive parking study to identify potential redevelopment disruptions to parking supply and demand, the related impact to existing businesses, and potential solutions or mitigation, and 2) planning studies that review potential models and approaches to creating local jobs and job training opportunities prior to or during redevelopment, including relevant case examples in Montgomery County as well as innovative models from other local and national jurisdictions. Additionally, the revised PDF will replace the evaluation of the financial feasibility for the WMATA bus bay site proposed in the existing PDF with a business assessment study to determine the number of businesses and the magnitude impacted by the redevelopment project. The business assessment study is required by Council Bill 6-12 for the establishment of service provisions and technical assistance to those small businesses adversely impacted by a County redevelopment project.

This project will also provide coordination with the M-NCPPC headquarters project and managing the private development project on Lot 13.

### ESTIMATED SCHEDULE

Planning and engineering will commence in FY14. Construction of the private sector development is anticipated to begin in FY16 with the County's construction of the town square planned to follow with a FY18 start. The façade and streetscape improvement program, that was suspended when this Wheaton Redevelopment Project was approved, will be reassessed after completion of the town square.

**COST CHANGE**

Cost change is due to removing the planning and construction components of the M-NCPPC Headquarters and Lot 13 parking replacement from the existing PDF. Other unknown factors that may also affect the final project cost include: the ultimate scale and integration of the public-private partnership, the coordinated concept design for the town square among all stakeholders, the utilization of existing parking facilities in Wheaton CBD, and the successful land transfer of 8787 Georgia Avenue between M-NCPPC and the County Government.

**JUSTIFICATION**

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted, complementary public investment. The complementary public investment that Wheaton most needs is investment in creating a centrally located public space and a daytime population that together will contribute to an 18-hour economy in downtown Wheaton. It is expected that this public investment will leverage private investment, some of which is already occurring in Wheaton.

Plans & Studies: Wheaton CBD and Vicinity Sector Plan (2011), State of Maryland designation as a Smart Growth and TOD site (2010), Urban Land Institute Technical Assistance Panel (2009). The International Downtown Association Advisory report (2008); Wheaton's Public Safety Audit (2004); The Wheaton Redevelopment Advisory Committee visioning process for the Wheaton core; National Mainstreet Center Planning Study (2000); WRAC activities since established in 2000.

**FISCAL NOTE**

- \$418,000 federal grant, funded through the SAFETEA-LU transportation act, was received in FY09.
- A developer contribution of \$861,940 from M-NCPPC Public Use Space and Amenity Fund. November 5, 2010 Planning Board Resolution, 10-149, Site Plan 820110010.
- Total project cost includes \$8,930,000 for Streetscape and Façade work funded through FY12.

**OTHER DISCLOSURES**

- A pedestrian impact analysis has been completed for this project.
- The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.



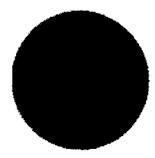
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OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

March 27, 2013



RECEIVED  
MONTGOMERY COUNTY  
2013 JUN 27 PM 4:23

To: Nancy Navarro, President  
Montgomery County Council

From: Isiah Leggett, Montgomery County Executive

Subject: Wheaton Redevelopment Program

It has long been a mutual goal to reduce overall cost of County facilities and better accommodate access and utilization by the public. As a result, I undertook an analysis of the option of including offices for the County's Department of Environmental Protection (DEP) and the Department of Permitting Services (DPS) in the Council's approved Wheaton Redevelopment Project. This project's primary funding is currently allocated to constructing a new headquarters building for Maryland-National Park and Planning Commission (M-NCPPC). It was my initial belief that relocation of these related County offices would provide great synergy for the employees of these departments, and those businesses and residents served by them. Despite these benefits, for the reasons outlined below, I cannot recommend the inclusion of office space for DEP and DPS in the Wheaton Redevelopment project.

The primary objective of the Wheaton Redevelopment Project is to encourage private investment through targeted complementary public investment. I do not believe that the M-NCPPC Headquarters project alone meets the goals and objectives of the Wheaton Redevelopment program. I have previously stated my concern that a government office building adds only a few hundred employees during the daytime hours and will not alone provide the needed foot traffic and activity that will promote the 18-hour economy necessary for the true revitalization of Wheaton.

Further, an expanded site, as currently proposed by the M-NCPPC and contemplated by the Council, adds costs to the project while potentially also further decreasing the County's future tax base. Consequently, the economic development impact of such a project is limited at best. Moving County departments to Wheaton and co-locating them with the M-NCPPC Headquarters, without changing the footprint of the building could move us more in the direction of meeting our economic development goals for Wheaton by increasing the number of daytime employees in Wheaton and generating a significant number of visitors to those offices. It could also provide potential lease savings and could reduce some operating costs for the County. Including DEP and DPS would also provide opportunities for greater efficiencies among the entities touching the development review process.

Nancy Navarro, President  
Montgomery County Council  
Wheaton Redevelopment Program  
Page 2

Therefore, I evaluated the option of adding DPS and DEP to the headquarters site in hopes that the additional employment base, coupled with the efficiencies of having related government functions in the same building, added additional value to the project. It was my belief that the added value could partially overcome the disadvantage of the primarily daytime activity resulting from a project that included the M-NCPPC headquarters alone.

By using the same footprint as the M-NCPPC headquarters, there would be approximately \$67 million in incremental costs above the already allocated \$65 million to house these departments. These incremental costs could be partially offset by lease savings related to the move of DEP and DPS to this site. I firmly believe that Parking Lot 13 as well as 8787 Georgia Avenue, should be reserved for private investment in order to ensure that there is a more robust tax base in the Wheaton CBD. Therefore, the option that I considered did not utilize those two parcels for government purposes. Attached is a draft Project Description Form (PDF) that illustrates the costs and schedule associated with a multi-user government building that would incorporate offices for DEP, DPS, as well as M-NCPPC.

As you are aware, additional debt capacity in the CIP is *severely* limited in the FY15-20 period and the addition of \$67 million in costs for the Wheaton Redevelopment project will necessitate delaying or eliminating existing projects such as library renovations, recreation centers, and other high priority projects. In addition, there will be enhanced pressure on the FY15-20 CIP from additional project requests, including MCPS capacity projects and other critical infrastructure needs, as well as the potential need to use the large amount of PAYGO funding assumed by the Council for future operating budget purposes.

We have worked hard to bring fiscal discipline to the capital budget by adhering to debt capacity limits that recognize the impact of ever-growing debt on the County's fiscal health. I do not believe that it is in the County's best interests to exceed these limits after prudent and difficult decisions have been made.

Accordingly, I do not recommend that the County move forward with a proposal to co-locate DPS and DEP as part of the redevelopment project with M-NCPPC. The Council may choose to proceed with a separate stand alone M-NCPPC Headquarters project. In such a case, I recommend that the Council maintain funding for a town square on Parking Lot #13, as well as redevelopment of 8787 Georgia Avenue and associated staff costs.

## Wheaton Redevelopment Program (P150401)

Category General Government  
 Sub Category Economic Development  
 Administering Agency County Executive (AAGE03)  
 Planning Area Kensington-Wheaton

Date Last Modified 3/22/13  
 Required Adequate Public Facility No  
 Relocation Impact None  
 Status Planning Stage

	Total	Thru FY12	Rem FY12	Total 6 Years	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	Beyond 6 Yrs
<b>EXPENDITURE SCHEDULE (\$000s)</b>											
Planning, Design and Supervision	19,858	3,745	270	15,843	135	1,497	5,650	3,565	2,313	2,683	0
Land	1,010	1,010	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	10,683	1,309	0	9,374	0	0	0	3,369	6,005	0	0
Construction	102,923	409	249	102,265	0	0	0	9,780	51,971	40,514	0
Other	6,001	130	-56	5,927	0	0	0	0	1,986	3,941	0
<b>Total</b>	<b>140,475</b>	<b>6,603</b>	<b>463</b>	<b>133,409</b>	<b>135</b>	<b>1,497</b>	<b>5,650</b>	<b>16,714</b>	<b>62,275</b>	<b>47,138</b>	<b>0</b>

	Total	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Beyond 6 Yrs
<b>FUNDING SCHEDULE (\$000s)</b>									
Federal Aid	418	417	1	0	0	0	0	0	0
G.O. Bonds	133,871	0	462	133,409	135	1,497	5,650	16,714	62,275
PAYGO	5,686	5,686	0	0	0	0	0	0	0
State Aid	500	500	0	0	0	0	0	0	0
<b>Total</b>	<b>140,475</b>	<b>6,603</b>	<b>463</b>	<b>133,409</b>	<b>135</b>	<b>1,497</b>	<b>5,650</b>	<b>16,714</b>	<b>62,275</b>

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 14	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		8,930
Expenditure / Encumbrances		6,821
Unencumbered Balance		2,759

Date First Appropriation	FY 04
First Cost Estimate	
Current Scope	FY 14 140,475
Last FY's Cost Estimate	73,266

### Description

The project provides for land acquisition, planning, design, and construction of a multi-user government building located on the south side of Reddie Drive, to include a new headquarters for the Maryland-National Capital Park & Planning Commission (M-NCPPC) (approx. 132,000 sq. ft.), new offices for County departments (approx. 108,000 sq. ft.), the Regional Service Center (RSC) and Urban District (approx. 10,000 sq. ft.), and a new town square on Parking Lot #13. The County and M-NCPPC have completed their preliminary Program of Requirements (PORs) (with the M-NCPPC POR under a separate capital project: M-NCPPC Headquarters Project, #138707). The respective PORs use the same space standards but will require further review to identify space and design efficiencies in the multi-user building. The agencies have briefed the Council on the status of a Memorandum of Understanding (MOU) between the agencies describing their respective roles and responsibilities throughout the design process, including the process by which M-NCPPC can charge design-related personnel costs to the Wheaton Redevelopment Program, in addition to the customary County staff costs. It is expected that the MOU will reflect M-NCPPC's status as an independent agency. The government office building will contain a vertical mix of uses. The design will be developed pursuant to the MOU and the respective PORs, and the cost estimates will be revised as the design phase progresses. The project also provides for a new town square on Parking Lot #13. The County intends to coordinate the construction of the town square in conjunction with private development on Parking Lot #13. The project provides for the County's facility planning and for consulting services to provide: 1) a comprehensive parking study to identify potential redevelopment disruptions to parking supply and demand, related impacts to existing businesses, and potential solutions (including, but not limited to, signage, parking management, and temporary/interim parking); and 2) planning studies that review potential models and approaches to creating local jobs and job training opportunities prior to or during redevelopment, including relevant case examples in Montgomery County, as well as innovative models from other local and national jurisdictions. Executive staff will brief the Council regarding the outcome of these studies and any planning or negotiations regarding job opportunities and training, as well as small business protections, before Executive staff resumes negotiating the terms of any General Development Agreement with M-NCPPC. This project requires coordination with the related M-NCPPC Headquarters Project #138707.

### Estimated Schedule

Planning and engineering will commence in FY14. Construction of the multi-user building containing M-NCPPC headquarters and County offices will commence in FY16. The facade and streetscape improvement program will be reassessed after completion of the town square.

### Cost Change

Cost change is due to an updated project scope that includes land acquisition, planning, design, engineering, site improvements, and construction of a town square and a multi-user government office building. Due to the unique nature of this project, the cost estimates have been prepared prior to completion of the final PORs for the multi-user building and town square. Unknown factors affecting the final project cost are the ultimate scale of the development, the potential for sharing costs with a private partner, necessary land acquisitions, the utilization of existing parking facilities in the Wheaton CBD, the availability of M-NCPPC land sale proceeds, and any other unidentified factors.

### Justification

## Wheaton Redevelopment Program (P150401)

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted and complementary public investment. It is expected that this public investment will leverage private investment, some of which is already occurring in Wheaton. Plans & Studies: Wheaton CBD and Vicinity Sector Plan (2011), State of Maryland designation as a Smart Growth and TOD site (2010), Urban Land Institute Technical Assistance Panel (2009), The International Downtown Association Advisory report (2008); Wheaton's Public Safety Audit (2004); The Wheaton Redevelopment Advisory Committee visioning process for the Wheaton core; National Mainstreet Center Planning Study (2000); WRAC activities since established in 2000.

### **Other**

THIS PDF IS FOR COUNCIL REVIEW PURPOSES ONLY AND IS NOT INTENDED AS A SUBMISSION FROM THE COUNTY EXECUTIVE.

### **Fiscal Note**

A \$418,000 federal grant, funded through the SAFETEA-LU transportation act, was received in FY09. A developer contribution of \$861,940 from M-NCPPC Public Use Space and Amenity Fund. November 5, 2010 Planning Board Resolution, 10-149, Site Plan 820110010. The total project cost includes \$8,930,000 for Streetscape and Facade work funded through FY12.

### **Disclosures**

A pedestrian impact analysis has been completed for this project.

The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.

### **Coordination**

WMATA, Office of the County Attorney, M-NCPPC, Westfield Mall, Community Associations and Residents, Department of General Services, Department of Transportation, Private developers, Department of Housing and Community Affairs, Mid-County Regional Services Center, State of Maryland

## DGS Response

**In the scenario Council approves a new headquarters within the County CIP; the County would proceed with Wheaton Redevelopment in the following manner:**

Issue a solicitation for a private development partner for the redevelopment of Lot 13 and 8787 Georgia Avenue and construct a M-NCPPC headquarters on the 2424 Reddie Drive site. The solicitation would include language to incorporate the town square construction in conjunction with redevelopment of Lot 13 and a fee development of the M-NCPPC headquarters.

A solicitation could be issued immediately following a Council decision. DGS assumes 18 months for selection and negotiations and 18-24 months for design. Construction of the M-NCPPC building could commence as early as summer 2017. Construction of the M-NCPPC headquarters would be concurrent with redevelopment of Lot 13. Redevelopment at 8787 would commence after relocation of the M-NCPPC headquarters.

**In the scenario Council approves a new headquarters within the M-NCPPC CIP; the County would proceed with Wheaton Redevelopment in the following manner:**

Issue a solicitation for a private development partner for the redevelopment of Lot 13 and 8787 Georgia Avenue. The solicitation would include language to incorporate the town square construction in conjunction with redevelopment of Lot 13.

A solicitation could be issued immediately following a Council decision. DGS assumes one year for selection and negotiations, 18 months for design with construction commencing as early as summer 2016. Various streetscape and façade projects could take place throughout this schedule provided funding is available.

Lot 13 is a PLD lot so it is possible that the town square project would stand on its own if there is not a larger redevelopment program for Lot 13. In this scenario, planning and design of the town square could commence in the near term and construction could begin in 12-18 months.

## DGS Response

**In the scenario Council approves a new headquarters within the M-NCPPC CIP; the Department of General Services identifies the following considerations:**

### **Land Acquisition and Disposition**

Redevelopment of the 2424 Reddie Drive site will require the disposition of the Regional Services Center property. There are three County owned properties that would need to follow the County's disposition requirements. In all likelihood, there would also be an acquisition associated with this scenario as well.

### **Small Business Assistance/Relocation**

There are County and several non-profit uses in the RSC that would be required to be relocated. Additionally, there will be impacts to small businesses in the Wheaton Triangle. Relocation and coordination during disruptive construction is a critical element of the program and the most significant ongoing concern of the community.

### **Public Outreach and Coordination**

The Wheaton Urban District Advisory Committee, Wheaton Redevelopment Advisory Committee and the Mid-County Citizens Advisory Board are involved stakeholders in this project. Additionally, there are several community associations and organizations that require regular updates and communications.

### **Project Management**

The redevelopment of the Regional Service Center site is a complex urban redevelopment project. There are many moving parts and multiple levels of coordination are required with various stakeholders such as MCDOT, Ride-On and WMATA.

### **Compliance with County Programs and Initiatives**

Planning, design and construction of County projects are required to comply with the goals and objectives adopted by the Executive and Council. The goals include maximum inclusion of minority businesses, local small businesses, and prevailing wage. Prevailing wage compliance requires regular reporting from the contractors as well as regular auditing by an independent consultant. The County also requires buildings to be LEED Silver certified. Certification is obtained, not merely qualified. Certification requires independent inspection and approval by the Green Building Council. Finally, in accordance with recently adopted legislation, affordable housing and day care facility colocation must be explored as well.

### **Coordinated Development and Scale**

In the scenario the Council approves the M-NCPPC in the County CIP, a more orderly, coordinated sequence of events is possible. Concurrent redevelopment of the RSC site and Lot 13 would be assured. Timelines could be enhanced based on efficiencies and the economies of scale relative to a development partner proceeding with the RSC, Lot 13 and 8787 entitlements could be achieved and translate into redevelopment sooner than other scenarios.

## M-NCPPC Response

1. Please describe advantages or disadvantages from M-NCPPC standpoint of proceeding under either the 1 PDF or 2 PDF approach.

If the Council approves the "M-NCPPC Headquarters Project" CIP amendment transmitted by the Planning Board, M-NCPPC would be the lead agency for the development including planning, land acquisition, design, and construction of the M-NCPPC headquarters. Montgomery County would remain in the lead for the "Wheaton Redevelopment Project" which would include a potential joint development with WMATA at the Wheaton METRO and the development of Parking Lot 13 including a town square.

The advantages of this are:

- M-NCPPC is well suited and qualified to manage a capital project for its own headquarters and to secure the property rights necessary for its headquarters. It is intimately familiar with its needs as documented in its program of requirements.
  - The "2 PDF" approach would require a County project team and an M-NCPPC project team working under an MOU, which would add unnecessary overhead, cost and time to the project. The "1 PDF" approach avoids this duplication and the related budget and schedule impact.
  - The M-NCPPC project team can focus on building its headquarters while the County will be able to focus its resources on development of Lot 13, potential joint development with WMATA, and other projects that meet Wheaton redevelopment goals.
2. Please describe, in bullet/outline form, the timeline of agreements, transactions, swaps, or procurements necessary to fully implement the 2 PDF approach. Include all relevant properties (RSC, adjacent property, Lot 13, 8787) and parties to any transaction (MNCPPC, County, PLD, property owners, fee developer of HQ project, private developer for Parking Lot 13, private developer for 8787).

Action	Timeframe
Property right acquisition	July 2013 – June 2014
Retain architect	July 2013 – September 2013
Retain fee developer	July 2013 – December 2013
Finalize concept plan	October 2013 – December 2013
Schematic design	January 2014 – April 2014
Design development	May 2014 – August 2014
Construction documents	September 2014 – February 2015
Entitlements / construction permits	July 2014 – May 2015
Contractor selection / bidding / contract negotiation	November 2014 – June 2015
Construction	July 2015 – June 2017
Occupancy	July 2017

3. (Related to above) What challenges or opportunities does MNCPPC foresee to issue a joint solicitation for a fee developer of the HQ who would also be the development partner on Lot 13 and 8787?

- The fee development of the M-NCPPC headquarters and at-risk development Lot 13 are not related from the points of view of developers, lenders, and investors. A fee developer of the M-NCPPC HQ will look at that project as a stand-alone, while the development of Lot 13 must be independently feasible in order to secure financing and attract investor interest. Montgomery County has contended that the development of Lot 13 may be more attractive to the private sector if it is linked to the development of the 8787 site, and M-NCPPC's independent

## M-NCPPC Response

development of its headquarters does not alter the County's ability to link the development of the Lot 13 and 8787 parcels together.

- The primary challenge with this approach is added complexity to the transaction will likely add significant time to the initial occupancy of office space in Wheaton. If forward movement on the M-NCPPC headquarters is tied to a deal involving the Parking District's Lot 13, we see a major delay in the schedule submitted by the Planning Board. We propose that M-MCPPC focus on expedited delivery of its HQ, while the County focuses on development of Lot 13 as a separate project.