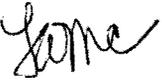


**MEMORANDUM**

September 24, 2013

TO: Planning, Housing, and Economic Development Committee  
Health and Human Services Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **Progress Place**

**1. Background**

On June 18, 2013 the joint PHED and HHS Committee met to discuss the material terms for the disposition of three contiguous County-owned properties in Silver Spring in exchange for the design and construction of a new Progress Place and a cash payment to the Parking Lot District. During budget worksessions, the Executive proposed that in addition to these material terms, the project include personal living quarters (PLQs). Originally, the Executive thought that up to 42 PLQs might be feasible at an additional County cost of about \$3.7 million, depending on final costs and financing. The joint Committee was very supportive of this idea and asked if more than 42 PLQs could be constructed. On June 18<sup>th</sup> the joint Committee was informed that the estimated additional cost of constructing fourth and fifth floors to provide 42 PLQs was \$10.2 million. The joint Committee was extremely concerned about the high cost and agreed that further work should be done. The Council provided comments to the Executive (©1-2) saying that it does not want to miss this opportunity to help address the critical need for supportive housing for the homeless, asking that the type of construction be reviewed to see if costs can be reduced, and supporting a building that would be as tall as the Fire Station/Police Substation next door.

**2. Update**

On September 18<sup>th</sup> the Department of General Services forwarded an update (©3-5). The memo indicates the Executive's continued support for PLQs, if feasible, and provides an updated

proposal to construct a building that would house Progress Place services on two stories. The third story would have 21 PLQs. The County contribution for this proposal is not to exceed \$3.4 million. The memo says that, given the small size of the building, true economies of scale would not be realized through the use of alternative structural systems. Cost reductions have been realized by reducing the square footage for Progress Place programs and changes to the building's mechanical systems.

The September 18<sup>th</sup> cost estimate (which is not final and still the subject of negotiations) is that the cost of the first two stories is about \$12 million and the cost of the third floor with 21 PLQs is \$3.4 million. The cost per PLQ is about \$161,300. The developer would provide a base building (turn-key) of 19,700 square feet and make a \$3.249 million payment to the Parking Lot District. The estimated value of the base building is \$11,957,765. (©5)

The June cost estimate showed that the developer would provide a base building (turn-key) of 26,100 square feet and make a payment of \$3.249 million payment to the Parking Lot District. The estimated value of the base building was \$13,504,618. It did not include any costs associated with the PLQs.

### **3. Council Staff Comments/Questions**

Council staff suggests the joint Committee discuss the following.

#### **A. Current Proposal for Program Space and Housing**

The current proposal reduces the space for programs in Progress Place in order to provide 21 PLQs. A comparison of program space is included at © 8-10. Some of the substantial reductions are the deletion of 1,590 in square feet for a men's recreation room that would also be used for the emergency overnight shelter, a reduction in the number of restrooms, and the deletion of a lounge and restroom for volunteers. The comparison also shows the deletion of two exam rooms, however, the joint Committee was previously informed that the new Progress Place was not expected to have a clinic. There are offices for a doctor, eye clinic, mental health counselor, and social services (4).

The biggest change to the originally proposed POR is the deletion of the space for the men's recreation room/shelter. The assumption now is that the dining space will be used as flex space and serve as the overnight shelter as well.

The Council has received a letter from the Chair of the Board of Shepherd's Table (©6-7) asking that the Council explore alternative sources of funding so that both the program space, as originally proposed, and housing can be built.

In addition to the reduction in the program space, the proposed 21 PLQs is less than the amount the Council had hoped could be built.

**Is the joint Committee agreeable to a project that constructs 21 PLQs? This proposal is more affordable but will not provide as many PLQs as could be compatible with the site.**

**If the joint Committee agrees that 21 PLQs are acceptable for this project, then Council staff believes that the trade-off of PLQs for program space, while not optimal, is appropriate. Council staff's does suggest that if the dining room will be used for flex space for the emergency shelter, there should be one more look to see if the dining room restrooms can be provided.**

#### **B. Cost and Developer Contribution**

In June, the developer was willing to provide a 26,100 square foot building that was estimated to have a value of \$13.5 million (©18-19). The current memo shows that the developer contribution would still be tied to the value of the base building, which is now proposed to be 19,700 square feet and a value of \$11.957 million. **While the cost per square foot cannot be used as a direct comparison because the Program of Requirements has changed, Council staff believes that if the developer was going to provide square footage valued at \$13.5 million, the developer should still be providing square footage valued at \$13.5 million.** This would help to reduce any County contribution required for the PLQs but would not change the value of what the developer would be required to contribute in order to acquire the three County-owned parcels for future development.

#### **4. Property Disposition**

If the joint Committee is agreeable to the current Program of Requirements for Progress Place services and PLQs, Council staff expects that the Executive staff will move forward with negotiations for a final development agreement. Council staff expects that the Executive will also request a declaration of no further need. At that time, the Council will have an additional opportunity to review the appraisal(s) and other studies used to determine whether this disposition is full market value disposition or a below market value disposition. The Council must approve a declaration of no further need and any below market value disposition.



MONTGOMERY COUNTY COUNCIL  
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

July 8, 2013

TO: Isiah Leggett, County Executive

FROM: Nancy Navarro, Council President 

SUBJECT: Comments on Property Disposition – Progress Place

On June 13, 2013 the Council received a memo from Department of General Services Director David Dise providing the material terms for the disposition of three contiguous County owned properties on Ripley Street and Colonial Lane to a private developer in exchange for a \$3,249,680 cash payment to the Silver Spring Parking Lot District and design and construction of a new Progress Place.

On June 18, 2013, the PHED and HHS Committees held a joint meeting to review this proposal. At that session, Executive staff provided an update on your proposal to include Personal Living Quarters (PLQs) at the new Progress Place to provide housing for chronically homeless individuals. The joint Committee was told that the estimated cost of construction of a fourth and fifth floor (42 PLQs) would cost \$10.182 million. The joint Committee was extremely concerned that the cost is high because of the type of commercial construction that has been proposed. The joint Committee asked that you look for ways to lower the cost so that PLQs can be a part of this project.

**The Council has the following comments regarding this property disposition:**

- The location proposed for the new Progress Place is an excellent location for both the current Progress Place services and affordable housing for chronically homeless individuals. The Council does not want to miss the opportunity to help address the critical need for supportive housing for very vulnerable people who are living on the streets or in temporary shelters.
- When building the new Progress Place, the Council wants a building as tall as the Fire Station/Police Substation. The County should use the height that is available and is compatible with the surrounding buildings.

Isiah Leggett  
Progress Place – Property Disposition Comments  
July 8, 2013  
Page 2

- The Council wants to maximize the number of housing units that can be built to house homeless individuals.
- The Council understands that the new building must also house Progress Place services as outlined in the Request for Expression of Interest (REOI).
- The Council suspects that a building for Progress Place services and housing does not have to be constructed from steel and concrete and asks that other, more cost efficient options be examined.
- The Council requests the Executive to consult with the National Alliance to End Homelessness about how other jurisdictions are constructing housing to house homeless individuals.

Thank you for your efforts to date on this project and your desire to include affordable housing at the new Progress Place. Please let me know when any new information, options, or cost estimates for this project are available.

C: Councilmembers  
David Dise, Director, DGS  
Richard Nelson, Director, DHCA  
Greg Ossont, Deputy Director, DGS



DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
*County Executive*

David E. Dise  
*Director*

MEMORANDUM

September 18, 2013

TO: Nancy Navarro, President  
Montgomery County Council

FROM: Greg Ossont, Deputy Director  
Department of General Services 

SUBJECT: Progress Place

On June 13, 2013, the Department of General Services provided the material terms for the disposition of three contiguous County-owned properties on Ripley Street and Colonial Lane. The terms outlined a plan to create a partnership with a private developer to design and construct a new Progress Place in exchange for the three County parcels. On June 18, 2013, the PHED and HHS committees held a joint meeting to review these terms. At that session, Executive staff provided an update which included the co-location of Personal Living Quarters (PLQs) at the new Progress Place facility on fourth and fifth floors. Executive staff noted that the costs associated with the additional floors were significant but reiterated the County Executive's commitment to PLQ's at this location if feasible. The joint committee was also concerned about the cost to provide the PLQs and asked Executive staff to further study several issues as outlined in the July 8, 2013 memo to the County Executive.

Executive staff has responded to the committees' concerns in a two-fold manner by examining both the size of the Progress Place program and cost of construction. First, DGS worked with HHS and the two service providers, Shepherd's Table and Interfaith Works, to decrease the program space needed so that the services for Progress Place would be contained in a two-story building. The working group re-examined the program to eliminate any duplicative or non-essential space, reduced the square footage of some spaces and rethought how some of the services could be provided in less space. While it will be necessary to confirm that we have made sufficient reductions to the program through the design process, DGS is confident we can work with HHS to meet the Progress Place requirements in a two-story building.

To address overall cost, the developer provided a revised cost estimate to reflect the reduction of Progress Place to a 2-story building with an option for PLQs. The revised cost estimate also provided several cost savings opportunities related to the building's mechanical

Office of the Director

101 Monroe Street, 9th Floor • Rockville, Maryland 20850

[www.montgomerycountymd.gov/dgs](http://www.montgomerycountymd.gov/dgs)

systems, building circulation and the use of unconventional structural systems as requested by the committees. DGS, HHS and DHCA jointly agreed to accept some of these savings options with the largest savings related to the building systems. Please note that given the small size of the building, true economies of scale would not be realized through the use of alternative structural systems compared to larger buildings using these systems and would likely increase the duration of construction by adding complexity and a new trade group to the relatively small building. Therefore, the building's structural system would remain unchanged.

Based on the combination of a reduction in program and overall size of the building, and the selection of alternative building systems, Executive staff believes the best option would be to proceed with a 3-story building with the first two floors containing Progress Place and a 3<sup>rd</sup> floor of PLQs. The cost to the County for the 21 PLQs is estimated to not exceed \$3.4 million. The cost estimate for the 3-story building and revised materials terms is attached for your review.

I hope this information is helpful. Executive staff is scheduled to brief PHED/HHS on September 26<sup>th</sup>.

**Progress Place**  
**Revised July 2013 Cost Estimate**

**New Building Cost**

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Base Building: 2 Stories (19,700 sf)

Soft Costs	\$4,174,157
Hard Costs	<u>7,783,608</u>
Subtotal	\$11,957,765

PLQs: 1 Story (21 units)

Soft Costs	\$1,131,072
Hard Costs	<u>2,255,996</u>
Subtotal	\$3,387,068
Cost per Unit	\$161,289

Total Building Cost \$15,344,833

**Contributions**

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Developer Payments

PLD Payment	\$3,249,680
Progress Place Cost	<u>11,957,765</u>
Subtotal	\$15,207,445

County Contribution

HIF Payment from PLD Sale	\$800,000
DHCA Funding	<u>2,587,068</u>
Subtotal	\$3,387,068



2013 SEP 09 AM 9:39

RECEIVED  
MONTGOMERY COUNTY

September 19, 2013

County Council President Nancy Navarro  
County Councilmember George Leventhal  
County Councilmember Valerie Ervin  
100 Maryland Ave  
Rockville, MD 20850

Dear County Council President Navarro and Councilmembers Leventhal and Ervin:  
We thank you for your service to the most vulnerable citizens of Montgomery County, the poor and the homeless. We thank you for your support of the ongoing mission of Shepherd's Table as we serve men and women experiencing homelessness and people living in poverty in Silver Spring. Your support throughout our 30 years allows us to impact the lives of over 60,000 individuals!

The upcoming move of Progress Place to a site behind the new fire station will allow us to continue essential services, and expand our outreach to food service which includes 3 meals a day 7 days a week.

Throughout the past several years Shepherd's Table advocated for space to maintain services, and space to expand services. Shepherd's Table has strongly advocated for housing, and the inclusion of a medical clinic in the facility. To build a new building without adequate space to meet current needs and expanded space to meet future needs simply does not make sense.

We understand that if housing is to be included in the new building, both Shepherd's Table and Interfaith Works are expected to cut program space.

As the Board of Directors of Shepherd's Table, we urge the County Council to

- include housing in the new facility, and include a medical clinic
- allow for the space needs set forth in the Program of requirements, i.e., not a reduction in services and program space.

The County's new initiative, 100,000 Homes, certainly speaks of the County's commitment to house women and men experiencing homelessness. The addition of housing in the new building would add to the number of housing opportunities available in the County.

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3212



Community 1st  
Greater Washington, DC



We know that the County Council and County Executive Ike Leggett are committed to housing and to provide housing and wrap around services to those most vulnerable in our community.

With this momentum, we urge the County Council to explore alternate sources of funding to maximize service space, housing and the medical clinic.

Shepherd's Table is prepared to explore other sources of funding.

In order to do this we ask that you respond to the following questions:

- Is the County open to alternative sources of funding?
- What is the timeline of the County on the construction of the new building?
- What is the timeline to receive funding for new building?
- How much money is needed to ensure the programmatic space needs are not reduced, AND add 1 floor of housing? 2 floors of housing?
- Will there be naming rights for new building should a donor be found?

Please accept our gratitude once again for your service to Montgomery County and your passionate efforts on behalf of all who experience homelessness in our community!

We look forward to your response.

Gratefully,



George Neighbors  
Chair of the Board of Directors, Shepherd's

Cc: County Executive Isaiah Leggett

Progress Place  
Proposed Program Changes

7/22/13

Shepherd's Table

No.	Room	POR		Revised	
		Req'd Rms	Space Size	Req'd Rms	Space Size
	<u>Client Area/Resource Suite</u>				
3.1	Resource Waiting Room	1	150	1	150
3.2	Waiting Room Restrooms	2	90	2	260 1st floor men's and women's client restrooms
3.3	Resource Room Intake/Window Area	1	200	1	200
3.4	Eye Clinic	1	150	1	150
3.5	Exam Room	2	240	0	0 deleted
3.6	Doctor's Office	1	120	1	120
3.7	Mental Health Counselor Office	1	120	1	120
3.8	Director of Social Services Office	1	150	1	150
3.9	Social Services Counselor Office	1	100	1	100
3.10	Social Worker Office	1	100	1	100
3.11	Bi-Lingual Conselor Office	1	100	1	100
3.12	Resource Bulk Storage Area	1	160	1	160
3.13	Clothing Closet and Storage	1	798	1	798
	<u>Adminsitrativ Suite</u>				
3.14	Executive Director Office	1	200	1	200
3.15	Resource Development Manager Office	2	400	2	400
3.16	Director of Operations Office	1	100	1	100
3.17	Bookkeeper Office	1	100	1	100
3.18	Conference Rooms	2	760	1	380 deleted one
3.19	Office Supplies and Historical Data Storage	1	200	1	200
3.20	Copier Room	1	100	1	100
3.21	Staff Restrooms	2	90	0	0 deleted; assumed one set of staff restrooms per floor
3.22	IT Closet	1	80	1	80
	<u>Food Preparation</u>				
3.23	Kitchen	1	1,796	1	1,796
3.24	Dining Room	1	1,800	1	1,800
3.25	Dining Area Restrooms	2	90	0	0 deleted; assumed one set of client restrooms per floor
3.26	Dish Room	1	150	1	150

3.27	Kitchen Laundry Room	1	187	1	187
3.28	Cold and Frozen Food Storage	1	600	1	600
3.29	Food Service Mgr./Assist. Mgr Office	1	150	1	150
3.30	Volunteer Manager Office	1	150	0	0 deleted
3.31	Volunteer Lounge	1	150	0	0 deleted
3.32	Volunteer/Staff Restrooms	2	90	2	120 1st floor staff restrooms
3.33	Bulk Food Storage	1	800	1	800
3.34	Kitchen Janitor's Closet	1	80	1	80
3.35	Janitorial Supplies Room	1	<u>50</u>	1	<u>50</u>
	Sub Total (NSF)		10,601		9,701

#### Interfaith Works

No.	Room	POR		Revised	
		<u>Req'd Rms</u>	<u>Space Size</u>	<u>Req'd Rms</u>	<u>Space Size</u>
	<u>Client Area</u>				
3.36	Case Management Waiting Area	1	150	1	150
3.37	Restrooms	2	90	0	0 deleted; assumed one set of client restrooms per floor
3.38	Floor Supervisor Office	1	100	1	100
3.39	Security/Maintenance Office	1	120	1	120
3.40	Interview Rooms	2	140	2	140
3.41	Computer Classroom	1	300	1	300
3.42	Meeting Room/Women's Shelter	1	400	1	400
3.43	Multi-Purpose Room/Women's Shelter	1	530	1	530
3.44	Meeting Room/Women's Shelter Storage	1	200	1	200
3.45	Women's Restrooms	1	160	1	160 2nd floor women's client restrooms
3.46	Women's Shower Area	1	59	1	59
3.47	Women's Locker Room	1	150	1	150
3.48	Recreation Room/Men's Shelter	1	1,590	0	0 deleted; assumes will use dining room
3.49	Recreation Room/Men's Shelter Storage	1	100	1	100
3.50	Men's Restrooms	1	200	1	200 2nd floor men's client restrooms
3.51	Men's Shower Area	1	167	1	167
3.52	Men's Locker Room	1	248	1	248
3.53	Private Bathroom	1	63	1	63
3.54	Client Laundry Room with Closet	1	234	1	234

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3.55	Fitness Room	1	300	0	0 deleted
3.56	Business Clothes Closet	1	150	1	150
3.57	Maintenance Storage Room	1	100	1	100
<u>Administrative Area</u>					
3.58	Supervisor Office	3	300	2	200 deleted one
3.59	Facility Manager Office	1	100	1	100
3.60	Case Management and Vocational Counseling C	6	600	4	400 deleted two
3.61	Intern Work Area	1	270	3	108 6x6' cubicles; must keep 2 interview rooms
3.62	File Room	1	63	1	63
3.63	Office Supply Closet	1	60	1	60
3.64	Staff Restrooms	2	90	2	120 2nd floor staff restrooms
3.65	Employee Lounge	1	195	1	120 decreased by 75sf
3.66	Copier Room	1	100	1	100
3.67	IT Closet	1	49	1	49
3.68	Storage	1	<u>430</u>	1	<u>430</u>
	Subtotal (NSF)		7,808		5,321

**Combined Shepherd's Table and Interfaith Works**

No.	Room	POR		Revised	
		Req'd Rms	Space Size	Req'd Rms	Space Size
<u>Combined Client Area</u>					
3.72	Exterior Waiting Area	1	450	0	0 deleted
3.73	Central Lobby	1	150	1	150
3.74	Outside Professional Staff Office	4	400	2	200 deleted two
3.75	Client Restrooms	2	<u>240</u>	0	<u>0</u> deleted; assumed one set of client restrooms per floor
			1,240		350
	Total		19,649		15,372

## Progress Place Relocation and Personal Living Quarters (P601401)

Category	Health and Human Services	Date Last Modified	5/3/13
Sub Category	Health and Human Services	Required Adequate Public Facility	No
Administering Agency	General Services (AAGE29)	Relocation Impact	None
Planning Area	Silver Spring	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	429	0	0	429	0	143	143	143	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>429</b>	<b>0</b>	<b>0</b>	<b>429</b>	<b>0</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Total	Thru FY12	Rem FY12	Total 6 Years	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	Beyond 6 Yrs
<b>FUNDING SCHEDULE (\$000s)</b>											
G.O. Bonds	429	0	0	429	0	143	143	143	0	0	0
<b>Total</b>	<b>429</b>	<b>0</b>	<b>0</b>	<b>429</b>	<b>0</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>0</b>

### APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 14	143
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		0
Expenditure / Encumbrances		0
Unencumbered Balance		0

Date First Appropriation	
First Cost Estimate	
Current Scope	FY 14 429
Last FY's Cost Estimate	0

### Description

Progress Place is an existing building, located in the Ripley District of Silver Spring, MD, which houses services the Department of Health and Human Services provides to low-income, homeless residents of Montgomery County. These services, currently provided in conjunction with Interfaith Works and Shepherd's Table, include medical, vision, and vocational services; case management; winter overflow overnight shelter, and meals. Due to development that is proposed for the Ripley District, these services will need to be relocated within the Central Business District (CBD), which has convenient transportation, available services and resources, and social networking opportunities in downtown Silver Spring for the homeless population.

In conjunction with a Public-Private partnership, a private developer will construct a new building within the downtown Silver Spring CBD, on County owned property located at the Silver Spring Fire Station No. 1 site. This new building will provide office space for the Progress Place services in exchange for the Ripley District land where Progress Place is currently located. This will release the existing site for construction of the Dixon Avenue roadway, the Metropolitan Branch Trail, and a private high-rise residential building. In addition, personal living quarter (PLQ) units will be colocated with the Progress Place service center.

### Justification

Progress Place is a facility built nearly 20 years ago that is in need of major renovation. In addition, the east end of the building is in the path of Dixon Avenue extended (a Master Planned roadway), and the west end of the building is in the path of the Metropolitan Branch Trail.

Based on the 2012 Housing and Urban Development Unmet Need Calculation Methodology, the need for housing for Montgomery County homeless singles was 372 PLQs. This project includes the relocation of the services rendered at Progress Place and provides for placement of PLQs to increase the County's permanent supportive housing stock within the downtown Silver Spring CBD.

### Fiscal Note

This is a public/private partnership. The County will exchange land within the Ripley District for a building that will satisfy the Program of Requirements to house Progress Place services. Funding from the Affordable Housing Acquisition and Preservation project (#P760100) will be used to support the creation of the PLQs. Non-County funding will also be sought to support PLQ construction and operating costs. Rental assistance from the Montgomery Housing Initiative Fund will be used to support operating costs not funded by outside contributions.

### Disclosures

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

### Coordination

## Progress Place Relocation and Personal Living Quarters (P601401)

U.S. Department of Housing and Urban Development  
Department of Housing and Community Affairs  
Department of Health and Human Services  
Department of General Services  
Department of Transportation  
Department of Police  
Department of Fire and Rescue Services  
Department of Technology Services  
Utilities  
Private developers  
Private homeless service providers



Received 6/13/2013

DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
County Executive

David E. Disc  
Director

MEMORANDUM

To: Nancy Navarro, President  
Montgomery County Council

From: David Disc, Director  
Department of General Services *Yp/ld*

Subject: Progress Place Project

In November 2011, the Department of General Services issued a Request for Expressions of Interest (REOI) seeking a private or non-profit developer with a development strategy for the Progress Place site in the Ripley District. The goals and objectives of the REOI included:

- Relocation of Progress Place at no cost to the County;
- Economic Development in the Fenton Village and Ripley Districts;
- Implementation of the Silver Spring, Ripley District Plan;
- Transit Oriented Development;
- Financial feasibility and market viability; and,
- Community compatibility of including the impact on the local circulation system.

The site identified for the new Progress Place facility is located directly behind Fire Station 1 on Georgia Avenue. The new site is one block from the existing facility. The proposal would relocate the existing Progress Place into a new facility at the fire station site. The new facility would be planned, designed and constructed by the development partner. Upon completion and delivery of a turnkey facility the County would transfer three properties that make up the current site to the developer.

To date, County staff and the developer have been working on several facets of the project. A final Program of Requirements (POR) has been established for Progress Place and a basic site plan has been developed for the new facility. Additionally, staff has conducted multiple outreach efforts with various stakeholders including end users, adjacent property owners and the various County departments involved in the project. Finally, the Executive Branch has commenced discussions with the development partner regarding the material terms of a General Development Agreement (GDA).

In following the process prescribed through Bill 11-12, we note some confusion as to whether the solicitation and subsequent CIP process and all other previous discussions with Council to which this project has been

subjected has been sufficient advertisement of the plan to dispose and develop the property supplants the customary reuse analysis. As Council is aware the property disposition regulations in place prior to the passage of Bill 11-12 required a re-use analysis, which we endeavored to follow when managing this Progress Place project.

Notwithstanding the reuse matter and in accordance with the provisions of Section 11B-45, *Disposition of Real Property*, before seeking County Council approval of a declaration of no further need, the County Executive must submit all material terms of the disposition, including the price or rent to be paid and any associated economic incentives and any appraisal that the Executive relied on or will rely on in selling the property's market value. The Council is permitted 30 days to comment.

Accordingly, the following is a summary of the material terms thus far:

1. The County and the Developer intend to enter into an Agreement to establish the procedure by which the Developer will design and construct on a "turnkey basis" a new facility for Progress Place on County owned land behind the Silver Spring Fire Station #1. As part of the facility, the Developer may build private living quarters ("PLQs") for the County at the County's sole cost and expense;
2. In exchange for the Developer's (a) design and construction of the new Progress Place, and (b) payment to the County of \$3,249,680 in cash for the PLD Site (based on an appraisal of the PLD Site by the Treffer Appraisal Group dated as of June 7, 2012), the County will convey the PLD Site, Lot 7 and Progress Place Parcel to the Developer with settlement to occur within thirty (30) days after the issuance of a certificate of use and occupancy for the Progress Place;
3. 25% of the payment to the County for the PLD site will be diverted to the Housing Initiatives Fund;
4. The Developer's obligations under the Agreement will be contingent upon the Developer obtaining a certified site plan ("Site Plan") for the optional method redevelopment of the Redevelopment Property (the "Project") providing:
  - a. That the approved base density for the Project shall be at least 317,975 gross square feet plus, at Developer's option, an additional 22% residential bonus density achieved by providing 15% moderately priced dwelling units;
  - b. That the Site Plan approval shall find that the Project fully satisfies all required parking under Chapter 59 of the County Code;
  - c. That at the time of Site Plan approval the remaining 186 parking spaces existing in the 1150 Ripley Project (i.e., the total existing parking net of the 123 parking spaces that will be used exclusively for the Project) shall be deemed to fully satisfy all required parking under Chapter 59 for the 1150 Ripley Project; and
  - d. That the design and construction of the new Progress Place by the Developer shall be considered in the Site Plan approval of the Project as "public use space" (on an equal per

square feet basis) for the Project as such "public use space" is defined and required through the optional method redevelopment of the Redevelopment Property.

5. In addition to a purchase agreement setting forth the details of the proposed transaction, the County and the Developer shall enter into a turnkey design and construction agreement for the delivery of Progress Place, in the condition of a "warm, lit shell" with lighting, carpeting and kitchen equipment all as described in the GDA Requirements.
6. The County will pay the cost of building, furnishing and equipping any PLQs, if applicable. If the County makes any changes after the agreements are signed or needs any additional furniture, fixtures and equipment, which will be provided at the County's cost. The County's share of the costs for the PLQs at the Progress Place will be set forth in the Turnkey Contract.
7. Part of the Fire Station site was used for the disposal of fly ash and other soils. The cost to remove this soil to permit the construction of the Progress Place is currently estimated to be \$370,000.00. The Developer shall be responsible for the first \$200,000.00 of such cost; the County shall pay the balance.

Please note that the Council must ultimately approve the County Executive's declaration of no further need.

In terms of timing, the developer expects to submit the new Progress Place facility for mandatory referral in August 2013 followed by their redevelopment project in fall 2013. We expect the private redevelopment entitlement process to take much longer than the County approvals. The developer will continue the design of Progress Place during the private development entitlements. Once the private development is approved, construction will commence and the County properties will be transferred upon completion.

Additionally, in accordance with Bill 37-12, *Capital Improvements Program – Affordable Housing Assessment*, the Department of General Services evaluated the feasibility of providing a significant amount of affordable housing with this project. Noting the County Executive's support for including PLQ's in this project, DGS indicated a feasibility study was underway as part of this project at the HHS/PHED worksession on April 25, 2013. The HHS/PHED committees requested that DGS review the feasibility of a 5<sup>th</sup> floor as well. At that time, a preliminary cost estimate to furnish an underutilized portion of the 3<sup>rd</sup> floor and create an entire 4<sup>th</sup> floor of PLQ's was \$3.7M.

Since that time, the design team refined the PLQ program for Progress Place and worked through a number of design and operational issues for both the Progress Place and PLQ components. For example, a second entrance and elevator was introduced to separate the uses, the mechanical core required upgrading to a different system and trash chutes, laundry and kitchen facilities were introduced. Due to these new elements, the core of the building expanded and the underutilized 3<sup>rd</sup> floor space began to shrink as more of the Progress Place program moved to the 3<sup>rd</sup> floor. As a result, the number of PLQ units possible on the 3<sup>rd</sup> floor became operationally inefficient so the design team focused on a 21-unit scheme on floors 4 and 5 only.

Costs estimates for the 21-unit schemes on floors 4 and 5 are attached for your review. Due to the significant increase from preliminary estimates, the County's cost estimator has reviewed all the cost estimate documents and concurs with the estimates. DGS is continuing to evaluate the introduction of PLQ's to the project and will continue to update Council as necessary.

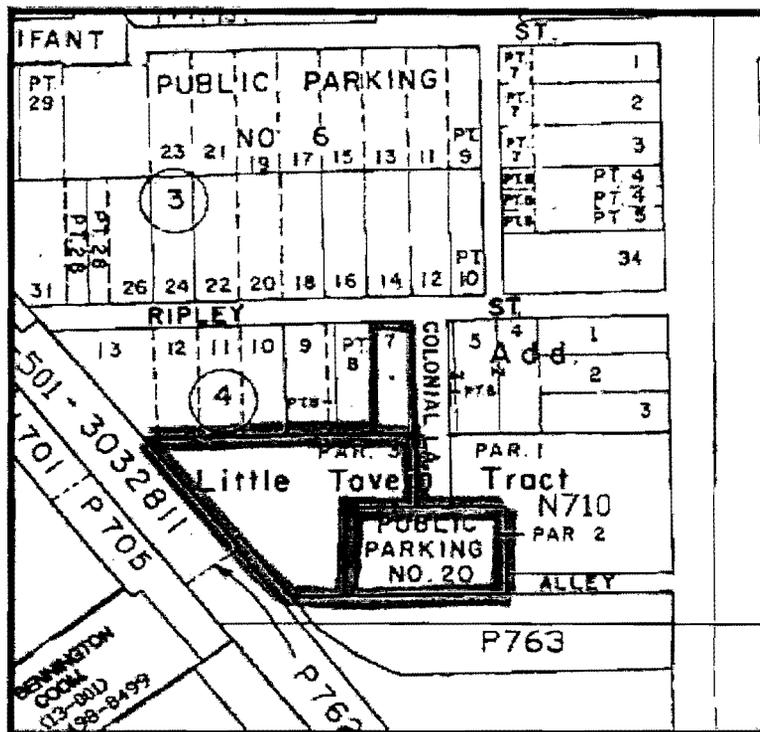
I hope this information is helpful. Executive staff is scheduled to brief PHED/HHS on June 18<sup>th</sup>.

The Progress Place facility is approximately 20,000 square feet and the site consists of three properties:

1014 Ripley Street,  
JN 33, Block 4, Lot 7  
7,062 SQ FT  
\$1,144,044 (extrapolated)

8206 Colonial Lane  
Parcel 2/Parking Lot 20  
20,364 SQ FT  
\$3,298,968

8210 Colonial Lane  
Parcel 3  
36,169 SQ FT  
\$5,859,378



Progress Place  
Base Building Estimate : June 2013

Base Case: 3 Story Building

26,100 sf

<b>Soft Costs</b>	<b>3,761,329</b>	
<b>Hard Costs</b>		
Clark Costs		
Base Cost	6,054,000	
Add: Wage Scale	363,000	
Add: Fly Ash	369,000	
Add: Parking Lot/Barns	141,000	
Add: Return Duct	207,000	
Add: Open Stair	33,000	
Total Clark	7,167,000	
Builders Insurance	25,000	
Kitchen Equipment	450,000	
Other Construction	262,500	
Subtotal Hard Costs	7,904,500	
Hard Cost Escalation	474,270	6%
Hard Cost Contingency	553,315	7%
<b>Subtotal Hard Costs</b>	<b>8,932,085</b>	
<b>Total Development Cost Net Carry</b>	<b>12,693,414</b>	
<b>Cost of Equity</b>	<b>571,204</b>	4.5%
<b>Total Development Costs</b>	<b>13,264,618</b>	
<b>FF&amp;E Progress Place</b>	<b>240,000</b>	
<b>TOTAL</b>	<b>13,504,618</b>	

Progress Place  
 PLQ Cost Estimate: June 2013

	<u>(4th floor/21 dus)</u>	<u>(5th floor/21 dus)</u>
Hard Cost	1,971,000	2,292,000
Prevailing Wage	118,000	138,000
2nd Elevator	203,000	n/a
STC Windows	46,000	22,000
Central System	147,000	109,000
Ducted Return	82,517	51,483
Soft Cost	1,257,608	1,279,192
Escalation	232,664	236,658
Contingency	411,029	418,083
FF&E	52,500	52,500
<b>Total</b>	<b>4,521,318</b>	<b>4,598,916</b>
 <u>Additional Cost to Base Building if Add PLQs</u>		
Upgrade from Hydraulic to Traction for 1st Elevator	119,000	
Upgrade to Central System for Base Building	290,000	
Ducted Returns Base Building	207,000	
Fit Out of 3rd Floor	213,000	
Escalation	84,720	
Contingency	149,672	
Subtotal Additional Costs	1,063,392	
 <b>Total PLQ</b>	 <b>5,584,710</b>	 <b>4,598,916</b>