

MEMORANDUM

February 18, 2009

TO: County Council
FROM: *CHS*
Charles H. Sherer, Legislative Analyst
SUBJECT: Amendment to the FY09-14 Capital Improvements Program for Montgomery College and Supplemental Appropriation to the FY09 Capital Budget for the Goldenrod Building Renovation, \$507,143 from contributions

Education Committee recommendation The Committee met on February 9 and recommends approval, subject to reconsideration if any issues are raised at the public hearing that the Committee needs to consider.

The College completed the renovation last fall and had their grand opening on October 20, 2008. The owner of the building agreed to pay for some tenant improvements. The College requested a CIP amendment to increase the cost by \$507,000 and a supplemental appropriation to give the College the spending authority to pay the contractor for the owner's share of the tenant improvements. The source of funds is the contribution from the owner. No County funds are used for the supplemental appropriation.

The Executive recommends approval.

College staff provided the following additional background.

"This was a new project in the FY2007- FY2012 Capital Improvements Program - as an approved supplemental appropriation. This project funded the renovation and lease-related costs for approximately half of a 67,000 square foot building located at 20271 Goldenrod Lane, Germantown, Maryland. The College's portion of the building is used for classroom and office space for the Germantown Campus. The County's portion of the building houses the County Department of Economic Development incubator, and office space.

“The College’s original FY07 request for design/construction was \$4,000,000. In FY08, the Board of Trustees approved Resolution #08-04-032, which transferred \$600,000 into this project to cover additional work needed to bring the building up to code. This current supplemental is the authority to use the funding provided by the landlord as negotiated tenant improvement expenses included as part of the overall building renovation, and will increase the project total to \$5,107,000.”

Schedule:

February 2, Education Committee discussion

February 3, Council introduction

February 24, Public hearing and action, unless the Committee needs to discuss issues raised at the public hearing, if any.



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

January 23, 2009

TO: Phil Andrews, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Amendment to the FY09-14 Capital Improvements Program and Supplemental Appropriation #25-S09-CMC-3 to the FY09 Capital Budget
Montgomery College
Goldenrod Building Renovation (No. 076624), \$507,143

2009 JAN 23 PM 12:14
MONTGOMERY COUNTY
GOVERNMENT

I am recommending a supplemental appropriation to the FY09 Capital Budget and amendment to the FY09-14 Capital Improvements Program in the amount of \$507,143 for the Goldenrod Building Renovation (No. 076624) project.

This increase is needed to provide expenditure authority for funds that Montgomery College received from the owner of the Goldenrod Building (Royco, Inc) to pay the owners share of the College's first floor building renovation and final project costs. A total of \$1,014,285 was received from Royco. Half of these funds have been paid to the Department of Economic Development for their second floor building improvements. Project timing was such that the lease/purchase agreement between the College and Royco, the sublease with the County, and tenant improvement payment negotiations had not been completed when the project was initially funded. Accordingly, Contributions were not included as a funding source. The recommended amendment is consistent with the criteria for amending the CIP as the project leverages significant non-County sources of funds.

I recommend that the County Council approve this supplemental appropriation and amendment to the FY09-14 Capital Improvements Program in the amount of \$507,143 and specify the source of funds as Contributions.

I appreciate your prompt consideration of this action.

IL:bh

Phil Andrews, President, County Council

January 23, 2009

Page 2

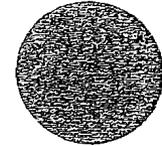
Attachment: Amendment to the FY09-14 Capital Improvements Program and Supplemental
Appropriation #25-S09-CMC-3
Goldenrod Building Renovation (No. 076624) PDF
Montgomery College Supplemental Appropriation Request (\$507,143)

c: Joseph F. Beach, Office of Management and Budget
Kathleen Boucher, Assistant Chief Administrative Officer
Brian K. Johnson, Ed.D, President Montgomery College

BUDFIN &
ECON DEV



Office of the President



039533

CHS
CC
SBF
LL

December 16, 2008

The Honorable Isiah Leggett
Montgomery County Executive
Executive Office Building
101 Monroe Street
Rockville, Maryland 20850
and
The Honorable Phil Andrews, President
Montgomery County Council
and
Members of the Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

2008 DEC 26 AM 10:05

RECEIVED
MONTGOMERY COUNTY
EXECUTIVE OFFICE

Re: Supplemental Budget Appropriation Request – FY2009 Capital Budget
Goldenrod Building Renovation – CIP #076624
Tenant Improvement Funds (\$507,143)

Dear Mr. Leggett and Mr. Andrews and
Members of the Montgomery County Council:

Montgomery College is requesting an FY2009 Supplemental Appropriation (no additional County funds required) in the amount of \$507,143 in order to provide sufficient appropriation authority for final payments to the contractor on the Goldenrod Building Renovation project (CIP #076624). The source of funds for this supplemental appropriation is the tenant improvement payment that the College received from the owner of the Goldenrod Building property (Royco, Inc.).

The Board of Trustees met on December 15, 2008 and adopted the attached supplemental appropriation resolution for \$507,143 (BOT resolution #08-12-141).

The Honorable Isiah Leggett
The Honorable Phil Andrews
Members of the Montgomery County Council
December 16, 2008
Page 2

Thank you again for your continued support of Montgomery College. Please let me know if you have any questions or require additional information.

Sincerely,



Brian K. Johnson, Ed.D.
President

BKJ:jc

Attachments

cc: Mr. Marshall Moore, Executive Vice President for Administrative and Fiscal Services
Ms. Donna Dimon, Chief Budget & Management Services Officer
Mr. Joseph Beach, Director, Office of Management and Budget
Mr. Charles Sherer, Legislative Analyst, Montgomery County Council
Mr. Bryan Hunt, Senior Management and Budget Specialist

**BOARD OF TRUSTEES
MONTGOMERY COLLEGE
Rockville, Maryland**

Agenda Item Number: 10
December 15, 2008

**REQUEST FOR SUPPLEMENTAL APPROPRIATION
FY2009 CAPITAL BUDGET – GOLDENROD BUILDING RENOVATION PROJECT**

BACKGROUND

This supplemental appropriation request is for expenditure authority for \$507,143 received from the owner of the Goldenrod Building (Royco, Inc.) to pay the owner's share of the renovation of the first floor of this building. A total of \$1,014,285 was received from Royco. One-half of the funds has been paid to the County Economic Development Office for their improvements on the second floor of the building. The lease/purchase agreement between the College and Royco and the sublease with the County had not been completed at the time the College requested funding for this project. The tenant improvement payment was also a negotiation that was not envisioned at the time and, therefore, not included as a funding source on the project description form for the Goldenrod renovation. No additional County funds are required. Supplemental appropriation authority is needed to use the funds for final payments to the contractor on this project.

RECOMMENDATION

It is recommended that a request be submitted to the County Executive and the County Council for consideration in order to amend the College's approved FY2009 Capital Budget to approve a supplemental appropriation in the amount of \$507,143 for the Goldenrod Building Renovation project for appropriation authority to expend funds provided by the building owner for the renovation and for final project costs.

BACK-UP INFORMATION

Board Resolution

RESOURCE PERSONS:

Mr. Capp
Mr. Sheeran
Mr. Moore
Mr. Sorrell

BOARD OF TRUSTEES
MONTGOMERY COLLEGE
Rockville, Maryland

Resolution Number: 08-12-141
Adopted on: 12/15/08

Agenda Item Number: 10
December 15, 2008

Subject: Request for Supplemental Appropriation, FY2009 Capital Budget, Goldenrod Building Renovation Project

WHEREAS, on May 22, 2008, by Council Resolution #16-570, the County Council approved and appropriated \$102,188,000 for the FY2009 Montgomery College Capital Budget; and

WHEREAS, on June 16, 2008, by Board Resolution #08-06-072, the Board of Trustees approved the final adoption of the FY2009 Capital Budget for the College as amended and approved by the County Council; and

WHEREAS, the College desires to amend the FY2009 Capital Budget (Goldenrod Building Renovation Project – PDF#076624) and provide for a supplemental appropriation of \$507,143 (no additional county funds required) from funds received as the building owner's share of renovation costs for this building; and

WHEREAS, the President of the College recommends the following action; now therefore be it

Resolved, That the Board amends the FY2009 Capital Budget (Goldenrod Building Renovation Project – PDF#076624) to include a supplemental appropriation of \$507,143 (no additional County funds required) from funds received as the building owner's share of renovation costs for this building; and be it further

Resolved, That the Board authorizes the President to transmit the supplemental appropriation request to the Montgomery County Executive for review and recommendation to the Montgomery County Council for final action for appropriation.

BKJ:abg



SUPPLEMENTAL OR SPECIAL APPROPRIATION REQUEST SUMMARY

1. Please fill in the following table:

Agency	Montgomery College
Department	Office of Central Facilities
Fund (County Government only)	
Fiscal year	FY09
Supplemental or Special	Supplemental Appropriation

2. What is the amount and source of funding?

Source of funding (Please list sources)	Amount
Contributions (Non-tax supported)	\$507,143
Total request	\$507,143

3. Please explain why you did not request this during the annual budget process.

Project timing was such that the lease/purchase agreement between the College and Royco, the sublease with the County, and tenant improvement payment negotiations had not been completed when the project was initially funded in FY2007. Accordingly, Contributions were not included as a funding source on the Project Description Form.

News Release

Date: October 20, 2008

Media Contacts: Elizabeth Homan, 240-567-7970; Marcus Rosano, 240-567-4022

Montgomery College Celebrates Opening of Shared Classroom, Business Incubator Facility

Building is College's First Step in Developing an Academic, Business and Research Environment on the Germantown Campus

Montgomery College today marked the grand opening of the Goldenrod Building—a shared classroom and business incubator facility—on the College's Germantown Campus. College leaders and elected officials celebrated the event at the facility, which houses Montgomery College classrooms and faculty offices on the first floor and the Montgomery County-operated Germantown Innovation Center on the second floor.

Montgomery College President Brian Johnson was joined by Montgomery County Executive Isiah Leggett and Montgomery Councilmember Mike Knapp for a unique "ribbon cutting" that involved building blocks to signify the partnership between Montgomery College and Montgomery County. U.S. Congressman Chris Van Hollen, Maryland Department of Business and Economic Development Secretary David Edgerley, State Senators Nancy King and Robert Garagiola, and Delegates Brian Feldman and Charles Barkley were also part of the festivities, along with Montgomery College students, faculty, staff, alumni, members of the Board of Trustees and Montgomery College Foundation

"The Goldenrod Building is an essential first step for Montgomery College to develop a first-class academic, research and business environment on our Germantown Campus," said Dr. Brian Johnson, president of Montgomery College. "By partnering with Montgomery County, we will provide valuable educational opportunities for our students to learn in the new classrooms and from the businesses within the new Germantown Innovation Center."

"We are so pleased to celebrate the grand opening of the Goldenrod Building on the 30-year anniversary of the founding of the College's Germantown Campus," said Dr. Hercules Pinkney, vice president and provost of the Germantown Campus. "This campus has made great strides in 30 years, and now we look forward to realizing our vision of educating and training the workforce of the future."

The 67,000-square-foot Goldenrod Building, located at 20271 Goldenrod Lane, features a Montgomery College academic center on the first floor with seven classrooms and two computer labs. Currently, it serves 1,400 students, which amounts to nearly one-quarter of the campus's total enrollment. The lobby provides seating for students to study and socialize. In addition, wireless Internet access is available throughout the building.

The building also provides first floor offices for approximately 40 faculty and staff in the Department of English, Distance Learning, and the Center for Teaching and Leadership. To create for additional space for student life at the Germantown Campus, the campus vice president and provost, facilities and information technology offices are now located in the Goldenrod Building.

The second level of the building houses the Germantown Innovation Center, a business incubator operated by the Montgomery County Department of Economic Development.

The Germantown Campus's location along the Interstate 270 corridor positions the College to uniquely serve the science and technology industry by providing education and training from the middle school to the post-doctorate levels. In addition to the Germantown Innovation Center, the College's plans call for the development of a Bioscience Education Center and Science and Technology Park.

The future education center would serve the rapidly growing science programs on the campus. It would also house the third and fourth years of the University of Maryland's life sciences baccalaureate program, currently offered at the Universities at Shady Grove. It would enable Montgomery College students to earn their bachelor's degree from the University of Maryland, without ever leaving the Germantown Campus.

The planned science and technology park, with one million square feet of business space, would encompass 40 acres on the Germantown Campus. It would also provide valuable educational and employment opportunities for students with the businesses at the park.

For more information about the future plans for Montgomery College's Germantown Campus, visit www.montgomerycollege.edu/Departments/biotechnology or contact the Office of the Vice President and Provost at 240-567-7711.

Resolution: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY09-14 Capital Improvements Program and
Supplemental Appropriation #25-S09-CMC-3 to the FY09 Capital Budget
Montgomery College
Goldenrod Building Renovation (No. 076624), \$507,143

Background

1. Section 16-301(d) of the Education Article of the Code of Maryland states that the capital and operating budgets of community colleges shall be prepared and considered in accordance with County fiscal procedures not inconsistent with State law. Section 16-304(a) and (b) state that each County governing body may appropriate money by major function to pay the cost of establishing and operating a community college.
2. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
3. Section 302 of the Montgomery County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of no fewer than six members of the Council.

Amendment to the FY09-14 Capital Improvements Program and Supplemental Appropriation
#25-S09-CMC-3

Page Two

4. The County Executive recommends the following capital project appropriation increases:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Goldenrod Building Renovation	076624	Construction	\$507,143	Contributions
TOTAL			\$507,143	

5. This increase is needed to provide expenditure authority for funds that Montgomery College received from the owner of the Goldenrod Building (Royco, Inc.) to pay the owners share of the College's first floor building renovation and final project costs. A total of \$1,014,285 was received from Royco. Half of these funds have been paid to the Department of Economic Development for their second floor building improvements. Project timing was such that the lease/purchase agreement between the College and Royco, the sublease with the County, and tenant improvement payment negotiations had not been completed when the project was initially funded. Accordingly, Contributions were not included as a funding source. The recommended amendment is consistent with the criteria for amending the CIP as the project leverages significant non-County sources of funds.
6. The County Executive recommends an amendment to the FY09-14 Capital Improvements Program and a supplemental appropriation in the amount of \$507,143 for the Goldenrod Building Renovation (No. 076624) project, and specifies Contributions as the non-tax source of funds.
7. Notice of public hearing was given and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following action:

The FY09-14 Capital Improvements Program of the Montgomery County Government is amended as reflected on the attached project description form and a supplemental appropriation is approved as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Goldenrod Building Renovation	076624	Construction	\$507,143	Contributions
TOTAL			\$507,143	

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Goldenrod Building Renovation -- No. 076624

Category
Subcategory
Administering Agency
Planning Area

Montgomery College
Higher Education
Montgomery College
Germantown

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

January 23, 2009
No
None.
On-going

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY07	Est. FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning, Design, and Supervision	575	526	49	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	3,082	1,400	1,175	507	507	0	0	0	0	0	0
Other	1,450	0	1,450	0	0	0	0	0	0	0	0
Total	5,107	1,926	2,674	507	507	0	0	0	0	0	0

FUNDING SCHEDULE (\$000)

Current Revenue: General	4,000	1,926	2,074	0	0	0	0	0	0	0	0
Contributions	507	0	0	507	507	0	0	0	0	0	0
Major Facilities Capital Projects Fund (MC only)	600	0	600	0	0	0	0	0	0	0	0
Total	5,107	1,926	2,674	507	507	0	0	0	0	0	0

OPERATING BUDGET IMPACT (\$000)

Maintenance				2,006	0	142	334	440	545	545
Energy				1,050	0	210	210	210	210	210
Program-Staff				1,255	0	139	279	279	279	279
Net Impact				4,311	0	491	823	929	1,034	1,034
WorkYears					0.0	8.5	17.0	17.0	17.0	17.0

DESCRIPTION

This project provides funding for the renovation and lease-related costs for approximately half of a 67,000 square foot building located at 20271 Goldenrod Lane, Germantown, Maryland. The College portion of the building will be used for classroom and office space for the Germantown Campus. Montgomery College will share this building with Montgomery County, which will use approximately 33,500 square feet for the Germantown Incubator. This high-tech incubator will feature laboratory and office space. The building will be leased by either Montgomery College or the Montgomery College Foundation and then subleased to the County.

This project is part of the Germantown Biotechnology Project which encompasses three interrelated initiatives: the Bioscience Education Center, the Germantown Incubator, and the Life Sciences and Technology Park. Together, these projects will address the educational, training and related business needs of the Germantown Campus for the next several years. The Goldenrod Building can meet campus education/training needs for the short-term pending the availability of the Bioscience Education Center in five years, as well as those for the incubator. It is also understood that leasing this space for the College and the Germantown Technology Incubator will add to the marketability of the pending Science and Technology Park.

COST CHANGE

Increase due to additional interior build-out costs financed by contributions.

JUSTIFICATION

The Germantown Campus has reached capacity for office and instructional space. The current State space eligibility calculations show that for fall 2006 enrollments, the Germantown Campus had an overall space deficit of nearly 134,827 square feet. For the fall and spring semesters of the 2005-6 academic year, many Montgomery College students were unable to enroll in selected courses due to a shortage of available sections. Approximately 1,000 students who attempted to register for one or more classes that were filled ultimately did not enroll in any courses at the College that semester. A large number of these unsuccessful registration attempts were for science courses whose availability is limited because of space constraints. This coming fall, temporary office trailers will be set up to accommodate some of the overflow. That, however, is only a temporary stop gap solution because of anticipated space needs pending the availability of the Bioscience Education Center in five years. A longer term solution is an available mixed use office/technology building adjacent to the Germantown Campus with 67,619 square feet of rentable space. The College has negotiated a lease contingent upon funding availability. The College will share the building with Montgomery County who will lease about half of the building for the Germantown Technology Incubator.

OTHER

Funding Source: Current Revenue: General, the Major Facilities Capital Projects Fund, and Private Contributions.

An MOU for the lease has been prepared. Fund transfers and supplemental appropriations: \$600,000 transfer from the Cafritz Foundation Arts Center project (No. 056604) (BOT Resolution #08-04-032, 04/28/08); FY09 supplemental appropriation (\$507,143) (Council Supplemental #25-S09-CMC-3) and (BOT Resolution #08-12-141, 12/15/08).

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP
Date First Appropriation	Montgomery County Department of Economic Development and the Montgomery College Foundation. Bioscience Education Center (CIP#056603)	See Map on Next Page
First Cost Estimate		
Current Scope		
Last FY's Cost Estimate		
Appropriation Request		
Appropriation Request Est.		
Supplemental Appropriation Request		
Transfer		
Cumulative Appropriation		
Expenditures / Encumbrances		
Unencumbered Balance		
Partial Closeout Thru		
New Partial Closeout		
Total Partial Closeout		

County Council