

Resolution No.: 18-549
Introduced: June 14, 2016
Adopted: June 28, 2016

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the request of the County Executive

SUBJECT: Amendment to the FY15-20 Capital Improvements Program and Supplemental Appropriation #24-S16-CMC9-10 to the FY17 Capital Budget Montgomery County Government Department of Economic Development/Office of the County Executive Conference Center Garage (No. 781401), \$19,500,000

Background

1. 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.
2. 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.

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

| <u>Project Name</u> | <u>Project Number</u> | <u>Cost Elements</u> | <u>Amount</u> | <u>Source of Funds</u> |
|---------------------|-----------------------|----------------------|---------------------|------------------------|
| Conference Center | 781401 | PDS | \$ 1,982,000 | State Aid |
| Garage | | SIU | \$ 2,763,000 | |
| | | Construction | <u>\$14,755,000</u> | |
| TOTAL | | | \$19,500,000 | |

4. This increase is needed as construction funds must be appropriated in order to sign a contract to construct the garage. The recommended amendment is consistent with the criteria for amending the CIP because it leverages significant non-County sources of funds from the State of Maryland for transit-oriented development and supports the County’s economic development initiatives in White Flint.

This project is needed to replace the parking spaces that are being lost due to the construction and realignment of roads in the White Flint area. Significant changes and development activity will occur around the Conference Center property in accordance with the 2010 White Flint Sector Plan (WFSP), including the realignment of Executive Boulevard and the construction of Market Street. These changes will cause the current number of available surface parking spaces to significantly decline. Therefore, a parking garage must be constructed to accommodate the parking needs of the conference center.

5. The County Executive recommends an amendment to the FY15-20 Capital Improvements Program and a supplemental appropriation in the amount of \$19,500,000 for the Conference Center Garage (No. 781401), and specifies that the source of funds will be State Aid.
6. Notice of public hearing was given and a public hearing was held.

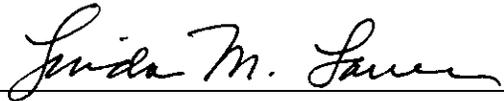
Action

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

The FY15-20 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 Elements</u> | <u>Amount</u> | <u>Source of Funds</u> |
|-----------------------------|-----------------------|----------------------|---------------------|------------------------|
| Conference Center Garage | 781401 | PDS | \$ 1,982,000 | State Aid |
| | | SIU | \$ 2,763,000 | |
| | | Construction | <u>\$14,755,000</u> | |
| TOTAL | | | <u>\$19,500,000</u> | |

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

Conference Center Garage (P781401)

| | | | |
|----------------------|-------------------------------|-----------------------------------|--------------------------|
| Category | General Government | Date Last Modified | 8/2/16 |
| Sub Category | Economic Development | Required Adequate Public Facility | No |
| Administering Agency | Economic Development (AAGE06) | Relocation Impact | None |
| Planning Area | North Bethesda-Garrett Park | Status | Preliminary Design Stage |

| Total | Thru FY14 | Rem FY14 | Total 6 Years | FY 15 | FY 16 | FY 17 | FY 18 | FY 19 | FY 20 | Beyond 5 Yrs |
|-------|-----------|----------|---------------|-------|-------|-------|-------|-------|-------|--------------|
|-------|-----------|----------|---------------|-------|-------|-------|-------|-------|-------|--------------|

EXPENDITURE SCHEDULE (\$000s)

| | Total | Thru FY14 | Rem FY14 | Total 6 Years | FY 15 | FY 16 | FY 17 | FY 18 | FY 19 | FY 20 | Beyond 5 Yrs |
|----------------------------------|---------------|-----------|-----------|---------------|----------|--------------|---------------|------------|----------|----------|--------------|
| Planning, Design and Supervision | 3,462 | 0 | 24 | 3,438 | 0 | 1,356 | 1,862 | 220 | 0 | 0 | 0 |
| Land | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Site Improvements and Utilities | 2,763 | 0 | 0 | 2,763 | 0 | 0 | 2,563 | 200 | 0 | 0 | 0 |
| Construction | 14,755 | 0 | 0 | 14,755 | 0 | 0 | 14,379 | 376 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 21,000 | 20 | 24 | 20,956 | 0 | 1,356 | 18,804 | 796 | 0 | 0 | 0 |

FUNDING SCHEDULE (\$000s)

| | Total | Thru FY14 | Rem FY14 | Total 6 Years | FY 15 | FY 16 | FY 17 | FY 18 | FY 19 | FY 20 | Beyond 5 Yrs |
|--------------|---------------|-----------|-----------|---------------|----------|--------------|---------------|------------|----------|----------|--------------|
| State Aid | 21,000 | 20 | 24 | 20,956 | 0 | 1,356 | 18,804 | 796 | 0 | 0 | 0 |
| Total | 21,000 | 20 | 24 | 20,956 | 0 | 1,356 | 18,804 | 796 | 0 | 0 | 0 |

APPROPRIATION AND EXPENDITURE DATA (000s)

| | | |
|------------------------------------|-------|--------|
| Appropriation Request | FY 16 | 0 |
| Supplemental Appropriation Request | | 19,500 |
| Transfer | | 0 |
| Cumulative Appropriation | | 1,500 |
| Expenditure / Encumbrances | | 20 |
| Unencumbered Balance | | 20,980 |

| | |
|--------------------------|--------------|
| Date First Appropriation | FY 16 |
| First Cost Estimate | |
| Current Scope | FY 16 21,000 |
| Last FY's Cost Estimate | 1,500 |

Description

This project provides for the design and construction of a structured parking garage to accommodate the current and future parking needs of the North Bethesda Conference Center, which is jointly owned by Montgomery County and the State of Maryland. The garage is needed in order to replace the parking spaces that are being lost due to the construction and realignment of roads in the White Flint area (see CIP #501506). The garage will consist of approximately 650 spaces and will be operated by the management company of the Conference Center, Marriott International, in accordance with the County's existing agreement with Marriott. It is anticipated that groundbreaking for the garage will occur in the summer of 2016, followed by a twelve to fifteen month construction period.

Location

Bethesda North Marriott Hotel & Conference Center at 5701 Marinelli Rd, Bethesda, MD 20852

Estimated Schedule

Design began in FY15 and is expected to be completed in FY16. Construction will begin in FY17 and will be completed by FY18.

Justification

Significant changes and development activity will occur around the Conference Center property in accordance with the 2010 White Flint Sector Plan (WFSP), which will require the conversion of the conference center's parking from a surface lot to a structured garage. Per the Sector Plan, Executive Boulevard will be realigned to allow for a standard four-way intersection. The addition of several smaller streets will break up block sizes into more pedestrian scale blocks, contributing to the goal of the WFSP to create a pedestrian friendly environment. These roadway modifications will significantly impact the size of the Conference Center property. The realignment of Executive Boulevard will cut across the northwest corner of the site, while the addition of the new Market Street will eliminate a 70-foot strip along the northern edge of the property. In addition, the new Woodglen Drive to the east will bisect the site into east and west parcels. These changes will significantly reduce the current number of available surface parking space. Therefore, a parking garage must be constructed to accommodate the parking needs of the conference center. Operating profits from the garage will accrue to the County's General Fund through its management agreement with Marriott and will be accounted for in the Conference Center NDA.

Fiscal Note

As the result of a joint agreement between Montgomery County, the Maryland Department of Transportation, and Federal Realty Investment Trust (FRIT), the County received the proceeds of \$21 million from a transaction involving State Highway Administration surplus land in White Flint. The surplus property was sold to an adjacent developer (FRIT) at full market value, resulting in a net gain of \$21 million dollars for the County. As part of the agreement with the State, these land sale proceeds are designated to fund the design and construction of a multi-level parking garage at the site of the County/State owned Bethesda North Conference Center. The funds are being held in an escrow account that is jointly controlled by the County and the State. An FY14 supplemental appropriation request was approved for this project for the amount of \$1,500,000. An FY16 supplemental appropriation request was approved for this project for the amount of \$19,500,000.

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

Conference Center Garage (P781401)

Department of Transportation, Office of the County Executive, Department of Finance, Office of the County Attorney, Maryland Stadium Authority, Maryland Department of Transportation, Maryland State Highway Administration