

Worksession

MEMORANDUM

April 6, 2012

TO: County Council

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: **FY13-18 Capital Improvements Program: Wheaton Redevelopment Program**

ATTENDEES

The following individuals will likely attend: David Dise, Greg Ossont (DGS); Steve Silverman (DED); Mary Beck, Amy Wilson (OMB).

OVERVIEW

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted, complementary public investment. The Wheaton Redevelopment Program presents the Council with an opportunity to make a significant public investment to meet the needs of the Wheaton community (well-located public space, increased daytime population) while also meeting the real estate needs of local government.

PHED COMMITTEE RECOMMENDATION

On March 12, 2012, the Planning, Housing, and Economic Development Committee (PHED) discussed the CIP request for the Wheaton Redevelopment Program. The PHED Committee recommended (3-0) planning, design and construction of a 150,000 square foot County or M-NCPPC office building on either the Regional Services Center site or on Parking Lot 13. The recommendation included a town square on Parking Lot 13 and underground replacement parking.

While the Committee's recommendation was unequivocal, the Committee also encouraged Council Staff to work with Executive Staff to explore the feasibility of building a platform above the WMATA bus

bays. Staff met with DGS and OMB, and DGS expressed an unwillingness to explore alternatives to their original proposal.

Staff, in consultation with PHED Committee members and Councilmember Navarro, developed an alternative PDF. The alternative PDF includes cost estimates that more accurately reflect the actual costs, and more specific language regarding studies to be undertaken in FY13-14. The alternative PDF also includes \$1.7 million in FY17-18 for planning and design related to the platform.

ACTIONS

There are three PDFs before the Council: the March 12 PHED-recommended PDF, © 14; Staff's alternative PDF, © 15; and the County Executive's request, © 16-17.

There is also additional language that has been proposed by the Coalition for Fair Redevelopment of Wheaton to add language to provide additional planning related to local job opportunities and training and to require an update from the Executive regarding the status of planning efforts and negotiations related to job opportunities, job training, and small business protection © 18.

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SUMMARY OF COMMITTEE RECOMMENDATION

March 12, 2012

On March 12, the PHED Committee recommended constructing a County or M-NCPPC office building in order to put “feet on the street” in a relatively short period of time. While the cost of that project represents a cost increase above the Approved FY11-16 CIP, that cost could be reduced or partially offset by entering into a public/private partnership to develop a vertical mix of uses within the building, by meeting some of the parking requirements in above-grade structured parking, or by applying proceeds from the sale of M-NCPPC’s Montgomery Regional Office in Silver Spring.

The Committee also recommended constructing a centrally located public place (Town Square) on Parking Lot 13. The office building and the town square would be constructed in conjunction with an underground garage, which would replace the parking spaces of the existing Parking Lot 13 as well as provide parking to satisfy the needs of the office user.

The Committee recommendation was not specific as to whether the building would be for a County user or M-NCPPC, or both. M-NCPPC will assess its needs as part of its facility plan and program of requirements for a combined headquarters of the Planning Department and Parks Department. A County facility could be a part of the redevelopment effort if a facility plan establishes that a new County building is necessary to meet County real estate needs. If the Executive would like to pursue a facility plan for County offices in Wheaton, that facility planning effort could potentially be performed as part of the evolving 8818 Georgia Avenue facility plan, which is likely to be re-purposed to address government space needs in Wheaton.

SUMMARY OF STAFF’S ALTERNATIVE RECOMMENDATION

Staff, working with PHED Committee members and Councilmember Navarro, developed an alternative PDF.

The alternative specifies that the building will be a headquarters for M-NCPPC and includes a more accurate cost estimate for the building and associated parking (\$61-\$62 million). The estimate is consistent with a **rough** estimate from the Parks Department that the building would cost \$61.6 million (see © 22). The alternative still includes the town square, though the language now makes it clear that the town square should be at least 1/3 of the area of the site. The alternative also includes \$1.7 million for planning and design (in FY17-18) of the bus bay site.

| Cost Element | Total | Thru FY11 | Est. FY12 | Total 6 Years | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | Beyond 6 Years |
|--------------|--------|--------------|--------------|------------------|-------|-------|--------|--------|------|-------|-------------------|
| Total | 73,166 | 6,286 | 780 | 66,100 | 1,800 | 4,400 | 26,200 | 32,000 | 200 | 1,500 | 0 |

The alternative describes specific studies that must be completed as well. The full project description proposed is as follows: “The project provides for design, site improvements, and construction associated with a new headquarters building (approx. 150,000 sq. ft.) for M-NCPPC on Parking Lot 13, as well as

underground or structured parking and a new town square. The headquarters building would potentially contain a vertical mix of uses. The project provides for a town square on Parking Lot 13 that is at least 1/3 the area of the site. The project also provides up to \$650,000 in FY13 for consulting services: an evaluation of the financial feasibility of redeveloping the WMATA bus bay site, and 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). The Executive will brief the Council regarding the outcome of these studies before the Executive resumes negotiating the terms of any General Development Agreement. Planning for the bus bay site in FY17-18 includes any necessary updates to previous studies.”

APRIL 2ND MEETING

Staff attended an ad hoc meeting of the Wheaton Citizen’s Coalition on April 2. Several attendees expressed a general frustration with the process. Many of the attendees shared certain specific concerns, including:

- a green Wheaton and a town square that is at least 1/3 the area of the site;
- need to maintain current levels of short-term parking;
- fears about loss of parking as early as FY15;
- good job opportunities and job training; and
- protection for small businesses.

Following that meeting, the Coalition for the Fair Redevelopment of Wheaton proposed additional language for the PDF that would add more specific language regarding the job opportunities and training and protection for small businesses.

That proposed language (see e-mail from Ash Kosiewicz, © 18) would require the Executive to brief the Council regarding the outcome of any planning or negotiations regarding job opportunities and training and small business protections, and would also add language describing a study to review potential models and approaches to creating additional local jobs and job training opportunities tied to the redevelopment. Note: Staff believes that these studies can be accommodated with no need to increase the current planning and design budget for FY13-14.

SUMMARY OF THE EXECUTIVE’S REQUEST

The Executive’s request would provide for studies, engineering, site improvements, and construction in support of the public/private partnership among the County, WMATA, and the B.F. Saul Company. The project has two components: first, retail, office, and hotel development over the WMATA bus bay site and the Regional Services Center site; and second, a town center development on the current Parking Lot 13 site. The partners currently refer to the project as “Wheaton’s New Downtown.”

The request, if approved, would constitute a portion of the County’s contribution to this partnership. Specifically, the request would pay for the County’s cost to construct a platform over the WMATA bus bay site and a town square on Parking Lot 13.

Wheaton Redevelopment Program—No. 150401 (PDF at © 16-17)

In thousands of dollars (\$000s).

| | Est FY12 | Total 6 Years | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
|--------------|---------------------|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total | 780 | 41,982 | 1,216 | 4,489 | 27,810 | 3,705 | 1,330 | 3,432 |

The Executive recommends \$42 million over the FY13-18 period. Almost all of the expenditure in the PDF is for the construction of the platform over the bus bays and the costs associated with the related interim bus operations and improvements to the transit operations. Executive staff clarified the breakdown of costs between the two projects: *“All but \$2.5 million of the requested \$41.9 million is attributable to the platform and interim bus operations. The remaining \$2.5 million is for the design and construction of the Town Square on a portion of Parking Lot 13.”*

There is no appropriation request in FY13 and an anticipated request of \$4.334 million for FY14.

The CIP request represents a possible schedule of public expenditures on public capital projects but does not address the schedule of other public expenditures that will be tied to the redevelopment. Other public expenditures will be necessary to implement the project. Non-capital expenditures¹ are not included in this 6-year CIP.²

The public/private partnership (“Wheaton’s New Downtown”) project has two components:

- First, a commercial (office, retail, and hotel) development over the WMATA bus bay and at the location of the Regional Services Center, and
- Second, a “town center” development at the current Parking Lot 13 site (across Reddie Drive from the Regional Services Center).

The first component, commercial development over the WMATA bus bay, is not possible without a platform. Executive staff described the County’s responsibility in a public/private partnership as follows: *“The County’s responsibility is to deliver the area above the WMATA bus bays and the site of the Regional Services Center as ‘green field’ sites, and to lease approximately 150,000 sf (with an option to purchase) in one of the commercial office buildings.”*

The timeline of the public/private project is the subject of multi-lateral negotiations. If negotiations are successful, the terms of agreement will ultimately become part of a General Development Agreement (GDA) between the parties. The GDA will spell out the timing of all public and private components of

¹ Examples of non-capital expenditures that might arise in the implementation of the Wheaton Redevelopment Program include expenditures for public sector financial support of affected businesses, economic development incentives, and any marginal costs associated with non-capital public benefits. In addition, the County will forgo revenue from impact taxes—development inside the Wheaton enterprise zone is exempt from County impact taxes—and the Executive estimates that the impact tax exemption for this project will amount to \$5.8 million that otherwise would have gone to the County to address transportation and school capacity needs. Property tax credits through the enterprise zone could result in the loss of most new tax revenue generated by redevelopment over the next 10 years. Payment to B.F. Saul for space leased is another example of a non-capital expenditure (some of the space the County would lease would be occupied County users currently in leased space, and some of it would be occupied by County users currently in space owned by the County).

² For example, the public-private partnership currently proposed also includes the County renting office space from the developer, with an option to purchase that space at a later date. The cost of exercising that option is an example of a capital expenditure that is outside of the term of this 6-year CIP.

the project and define the risks and responsibilities attributable to each party. Those negotiations will clarify the obligations of all parties involved.

Initial plans for Phase I of the public-private development project assume construction of the platform followed by development, both on top of the platform and in the location of the current Regional Services Center. The Phase I development program is:

- Office Building #1: Approximately 300,000 square feet, of which half would likely be leased by the County
- Hotel: Approximately 120 keys/rooms (78,000 square feet) of limited service, extended-stay hotel
- Retail/Restaurant: Approximately 10,000 square feet (personal service/valet/convenience)
- Parking: approximately 446 spaces

The platform will also serve as the ground on top of which an office building for a potential federal (GSA) tenant might later be built. The County, B.F. Saul, and WMATA will almost certainly need to have all agreements (affecting the platform) in place before the GSA will consider Wheaton as a possible location.

The initial plans for subsequent phases include the following elements:

- Platform
 - Potential Office Building #2: Office building for GSA tenant, approximately 300,000 square feet
 - Potential Office Building #3: Up to remaining 197,000 square feet of commercial zoning capacity
- Lot 13
 - Underground parking for the public and private components of Phase II (approximately 410 spaces), to be provided by B.F. Saul
 - A town square (funded in the Executive's PDF)
 - Lot 13 Office: Potential office building for M-NCPPC (no funding in the Executive's PDF)
 - Multi-family residential: 200-plus units (actual unit count dependent on market)
 - Retail/restaurant: Approximately 30,000 square feet

According to Executive staff, *"Phase 2 contemplates a mixed use private development plan with no contribution or subsidy from the County. The only funding within the proposed PDF on that side of Reddie Drive is the Town Square money and the Interim Operating System."* B.F. Saul would be responsible for constructing parking under the town square and replacing the spaces from Parking Lot 13.

SEQUENCE/TIMING OF REDEVELOPMENT

Generally

The most obvious distinction between the PHED recommendation (and proposed alternative) and the Executive's request is a difference in the sequencing of redevelopment. The PHED Committee recommended moving forward first with redevelopment of Lot #13, whereas the Executive's proposed

public/private partnership would have moved forward first with redevelopment of the WMATA bus bays.

In a large-scale redevelopment project, the ideal timing for the public sector is to improve the least expensive/challenging properties first. The improvements to those less expensive/challenging properties will increase the revenue-generating potential of the more expensive/challenging properties, thereby possibly reducing the public subsidy/incentive necessary to catalyze redevelopment. Applying that principle to Wheaton, in an ideal situation, it would make the most sense to redevelop the WMATA site after redeveloping Parking Lot 13.

Staff was not the first to recommend this timing. In 2009, the Urban Land Institute Technical Assistance Panel (ULI TAP) also suggested that the bus bays should be redeveloped later. ULI TAP divided all publicly owned property in Wheaton into short-term, mid-term, and long-term opportunities. The WMATA bus bays were identified as long-term opportunities.

ULI TAP identified Parking Lot 13 as a short-term opportunity for an enlarged and enhanced park. ULI TAP also recommended small, lower scale development that would not dwarf the low-scale surrounding buildings.

The International Downtown Association's 2008 evaluation of the Wheaton CBD observed that "the County should see parking lot #13 and the Mid-County Regional Services Center as 'ground zero' for the first phases of redevelopment....The Panel urges the County to develop a new civic identity by redeveloping lot #13 into a town square environment with mixed-use development on surrounding parcels in subsequent phases."

Market timing

The office vacancy rate in the County is close to 14%, and there is a significant pipeline of approved office projects. The purpose of the platform is to create a location for office development, and there currently is no market for new office space in Wheaton. The new office space will be mostly or entirely occupied by government (County, bi-County, or federal) tenants. The right timing for local government tenants will be largely based on assessment of need and available resources. There is no right timing for federal tenants—more or less the same amount of leased space comes up for renewal each year.

Parking

The entire Wheaton Parking Lot District (PLD) has 1,020 parking spaces. Program capacity is a term that is used in discussions about public school capacity and which is also applicable here: the program capacity of the parking lots is 95% of total capacity to allow for frictional vacancy. The total program capacity in the Wheaton PLD is 969 spaces, and will be 818 spaces when all spaces from Lot 13 are off line. From July 2011 to February 2012, the average number of occupied spaces in the Wheaton PLD was 538.³

Parking Lot 13 is a 151-space surface lot. During the construction of the platform, half of those spaces would be unavailable. Between July 2011 and February 2012, during peak hours, the average utilization

³ The Parking Lot District performs utilization studies on Wednesdays and Thursdays, typically between 12:00 noon and 1:00 pm.

was 94 spaces (leaving 57 spaces available). Losing half of the spaces in Parking Lot 13 (75 spaces) would result in a loss of capacity that is currently utilized.

While there are many spaces available in the PLD, most who would use Parking Lot 13 while patronizing small businesses in the Core would probably not cross Georgia Avenue or Veirs Mill Road for parking. As such, Parking Lots 33 and 34 will most likely need to accommodate any demand displaced by the redevelopment project.

| | Total capacity | Program capacity (95% capacity) | Utilization (July 11 - Feb 12) | Available Capacity |
|---|----------------|---------------------------------|--------------------------------|--------------------|
| Total Wheaton Parking Lot District | 1020 | 969 | 538 | 431 |
| Parking Lot 13 | 151 | 143 | 94 | 49 |
| <i>Parking Lot 13 (loss)</i> | -75 | | -26 | |
| Parking Lot 33 | 50 | 48 | 26 | 22 |
| Parking Lot 34 | 39 | 37 | 16 | 21 |

There are currently approximately 43 spaces available⁴ that can be used as substitutes for the 26 utilized spaces that will be lost; assuming that demand for these spaces stays at current levels, there is enough capacity within the Core to absorb the utilized spaces that will be lost.

Of course, one factor that could affect demand for spaces in the Core is the influx of construction workers to the area. The Coalition for the Fair Redevelopment of Wheaton, in their testimony, recommended: *“Phase construction schedule and plan to ensure adequate parking for small business customers and owners during the construction, including the provision of off-site parking for construction workers.”*

Affected business owners are concerned not just that the spaces are available, but that potential customers will be able to find those spaces. Ultimately, signage will be needed to direct parking users to Parking Lots 33 and 34.

During the period in which the underground parking is under construction, all or nearly all of Parking Lot 13’s spaces will be lost (this is also true in the PHED/alternative recommended sequence of development). That period will present a significant planning challenge, and will necessarily also involve capacity at the WMATA and Macy’s garages, as well as Parking Garage 45 and other underutilized capacity in the Central Business District.

Activity generated by any redevelopment project will draw down that capacity. Most of Wheaton’s parking capacity is in Parking Garage 45 (see below—approximately 256 spaces available within the program capacity of the garage, of which 118 are currently chained off).

⁴ Available capacity calculated by subtracting spaces occupied from program capacity.

| | Total capacity | 95% capacity | Utilization (July 11 - Feb 12) | Available Capacity |
|---|----------------|--------------|--------------------------------------|-----------------------|
| Total Wheaton Parking Lot District | 1020 | 969 | 538 | 431 |
| Garage 45 | 615 | 584 | 328 | 256 |

In B.F. Saul’s May 2011 proposal, the total number of parking spaces to be built in conjunction with the Phase I office, hotel, and retail is 446, of which 396 spaces are attributable to the 300,000 square foot office building. The parking ratio is probably low in spite of the availability of PLD parking, especially given Wheaton’s early challenges in marketing to office tenants. Once market rate parking ratios are provided for the 150,000 square feet of private office space, there may be relatively few parking spaces on-site for County employees. The County has a policy of providing free parking for all of its employees. Some of those employees will end up drawing down capacity in Garage 45.

Bus operations

Constructing a platform above the bus bay will necessitate relocating the bus operations. DGS stated during the PHED worksession that there are no suitable alternatives to operating the buses on Parking Lot 13 and, therefore, the platform must be redeveloped first so that Parking Lot 13 can be used for interim bus operations.

Council staff does not agree with the Executive’s assessment that no suitable alternatives exist. Silver Spring has been in interim operations for several years. Silver Spring has nearly three times more bus traffic than does Wheaton and many of the routes in Silver Spring and Bethesda begin/end at those locations, meaning that buses spend more time at the transit hubs. See comparison of bus volumes below:

- Silver Spring: 157 buses/hour
- Wheaton: 59 buses/hour
- Bethesda: 47 buses/hour

URBAN LAND INSTITUTE TECHNICAL ASSISTANCE PANEL

The ULI TAP report in 2009 addressed many of the same issues that the Council currently faces—sequencing of redevelopment (discussed above), catalyst projects, the fragility of the local businesses, and the limited potential for office uses.

Catalyst projects (page 13)—“Given the number of charrettes and other planning exercises in which citizens of the Wheaton community have dutifully participated over the years, the panel certainly understands the motivation behind wanting redevelopment to occur both sooner rather than later, and for it to include as large and all-encompassing of a project as possible: what some might call a signature project, or a game-changer. However, because the panel did take such careful note of both the strengths and weaknesses of the area, the panel concluded that an all-encompassing project was inadvisable.”

Fragile local businesses (page 13)—“...Some of Wheaton’s strengths, such as its eclectic retail mix, are also quite fragile, and could be irreparably harmed by any redevelopment projects that are ill-conceived

or rushed. Thus, the panel recommends a gradual approach to redevelopment, focused initially on nurturing the strengths and addressing the challenges outlined below. Such an approach allows Wheaton's identity to continue to emerge organically, rather than through an attempt to force a desired result- something which the panel strongly feels would not only fail, but would also end up undermining the unique identity that Wheaton already possesses."

Difficult location for office (pages 16-17)—"The panel heard from a number of stakeholders that there is a desire for more office space in the CBD, in order to bring in greater daytime foot traffic, and to achieve other goals. Similarly, the panel fully recognizes all the benefits which accrue from a good housing/jobs balance and a 24/7, or at least an 18/7, environment. Nonetheless, simply hoping for something to be true does not make it so, and the panel is unanimous in its belief that Wheaton is not well-positioned to attract development of, or users for, new large-scale office space. There are simply too many other office centers within the region that possess greater strengths, particularly in the near-term, where so much new office space has recently been built. In the words of one panelist, 'There is no inherent reason for office to be here.' As discussed below, there are some opportunities for small, professional office space, however."

Limited potential for office (pages 19-20)—"...Small- to medium-scale professional only. As discussed previously, the panel does see a limited potential for small- to medium-scale, professional office. Medical office, specifically, could have the potential for some success in the area, given potential connections to Holy Cross Hospital. While the panel recognizes the widespread sentiment in the community for more large-scale office space, they do not see a demand for such, and they note that the use of new residential projects to help create a sense of place should not be dismissed."

ECONOMIC FEASIBILITY OF DEVELOPMENT

Introduction

Implementation of private real estate development projects depends upon market conditions. The risk associated with market conditions falls solely upon the private developer. In a public/private partnership, the public sector partner agrees to bear much of that risk. The parties allocate the risks and responsibilities in a General Development Agreement (GDA). For example, the parties may agree that the public partner will assemble and convey property or construct infrastructure, and that the private developer will deliver specified private development. However, both parties are limited in what they can and will promise at the outset of any such endeavor.

In Wheaton, there is no General Development Agreement between the parties yet. However, the basic structure of the Phase I obligations is generally understood: in exchange for an initial public sector capital investment, B.F. Saul would deliver a hotel on the site of the Regional Services Center and an office building (300,000 square feet) on top of the platform. B.F. Saul's risk with respect to the office building would be further mitigated by the County leasing half of the office building. There would also be an option for the County to purchase that half of the office building (a condominium) in 10-15 years. Exercising the option could further mitigate the private sector risk.

Implementation of the other buildings in the development program would depend on market forces (and potential subsidies). For example, a second and possibly third office building on top of the platform would only be implemented when net operating income (rents and subsidies, less operating expenses) is sufficient to justify the capital investment in the building. If the residential building programmed for

Parking Lot 13 has to be high-rise, then public sector investment will be necessary, as was the case with the Patriot/Safeway project.

Analysis of office feasibility

Economic development planners often analyze project feasibility in order to determine the size of any “feasibility gap.” This provides the public sector with an idea as to how feasible a project is, how soon or likely it is that the project will be fully built, the size of any necessary subsidies, or the likelihood that additional subsidies might be needed in the future. This analysis is not as detailed as the analysis that a developer might undertake, but represents a relatively accurate snapshot of the potential upside of a project at stabilization (when the building is fully occupied).

Under B.F. Saul’s May 2011 pro forma, the office rents were assumed to be \$44 per square foot, and operating expenses were assumed to be \$15.28 per square foot. The result was a net operating income of \$28.72 per square foot, which B.F. Saul had estimated would be capitalized at 6.00%. Construction costs, including parking, were \$307 per square foot.

B.F. Saul, Council Staff, Department of General Services (DGS) and Office of Management and Budget (OMB) staff subsequently met to discuss the assumptions of B.F. Saul’s May 2011 pro forma and agreed to some revisions to those assumptions. In that meeting, B.F. Saul indicated a change in assumptions for the office component of the project to rents of \$35 per square foot, operating expenses of \$12 to \$13 per square foot, and a capitalization rate of 7.00% to 7.50%. Construction costs, including parking, were revised downward to \$295 per square foot. Staff’s analysis, based on those assumptions, is below.

| | May 2011 Saul Pro Forma | | March 2012 Adjustments | |
|----------------------------|----------------------------|--------|------------------------|--------|
| Gross Square Feet | 300,000 | sq ft | 300,000 | sq ft |
| Efficiency Factor | 88% | | 85% | |
| Net Square Feet | 264000 | sq ft | 255000 | sq ft |
| Rent | \$44.00 | /sq ft | \$35.00 | /sq ft |
| Operating Expenses | \$15.28 | /sq ft | \$12.00 | /sq ft |
| Net Operating Income (NOI) | \$28.72 | /sq ft | \$23.00 | /sq ft |
| NOI | \$7,582,080 | | \$5,865,000 | |
| Cost | \$307 | /sq ft | \$295 | /sq ft |
| Total cost | \$92,100,000 | | \$88,500,000 | |
| Cap Rate | 6.00% | | 7.00% | |
| Value | \$478.67 | /sq ft | \$328.57 | /sq ft |
| Value | \$126,368,000 | | \$83,785,714 | |
| Residual | \$34,268,000 | | (\$4,714,286) | |
| NOI | \$7,582,080 | | \$5,610,000 | |
| Total cost | \$92,100,000 | | \$88,500,000 | |
| Unleveraged return | 8.23% | | 6.34% | |
| Loan to cost | 65% | | 65% | |
| Loan | \$59,865,000 | | \$57,525,000 | |
| Equity | \$32,235,000 | | \$30,975,000 | |

| | May 2011 Saul Pro Forma | March 2012 Adjustments |
|------------------------------|----------------------------|------------------------|
| Interest | 6.60% | 6.60% |
| Period | 30 | 30 |
| Debt Service | (\$4,631,931) | (\$4,450,879) |
| Cash flow after debt service | \$2,950,149 | \$1,159,121 |
| Leveraged return | 9.15% | 3.74% |
| Coverage | 1.64 | 1.26 |
| Go/No Go | GO | NO GO |

Applying those revised assumptions, this project performs very poorly with respect to traditional metrics. A negative residual, unleveraged returns lower than the interest rate, leveraged returns that are competitive with bond interest rates, and a low coverage ratio are all indicators of potential problems.

Of course, half of the risk has been mitigated through the County's lease. On the other hand, finding one or more Class A tenants to fill an office building in Wheaton will be a challenge. This analysis assumes full occupancy, and vacancies would have a significant effect on revenues.

As with the fiscal impact analyses (below), B.F. Saul's office improvements may be eligible for property tax credits under the Enterprise Zone designation, assuming that it remains in effect. However, the tax credit is unlikely to increase leveraged returns by more than 0.75% to 1.00%.

COST OF LOCAL GOVERNMENT OFFICE BUILDING(S)

Staff's cost estimate for the local government office building is, in DGS' estimation, low. The DGS estimate is substantially higher than the cost figures that B.F. Saul had proposed in their pro forma (see March 2012 DGS estimate © 21). The B.F. Saul office costs are consistent with current Class A office costs in other private developments.

| | May 2011 Saul Pro Forma | | March 2012 Saul Revision | | March 2012 DGS Response Estimate | | Alternative April 2012 PDF | |
|--------------------------------|----------------------------|--------|-----------------------------|--------|-------------------------------------|--------|----------------------------|--------|
| Gross Square Feet | 300,000 | sq ft | 300,000 | | 150,000 | sq ft | 150,000 | sq ft |
| Cost per sq ft (incl. parking) | \$307 | /sq ft | \$295 | /sq ft | \$553 | /sq ft | \$412 | /sq ft |
| Total cost | \$92,100,000 | | \$88,500,000 | | \$83,000,000 | | \$61,750,000 | |

Based on the March 2012 estimates from DGS, DGS is the highest bidder for this project. DGS estimates that the cost of building a 150,000 square foot government office building is nearly as expensive as B.F. Saul's cost for delivering a building twice as big.

DGS sent revised estimates late in the afternoon on Thursday April 5th, too late to review for this packet. Staff will prepare a short addendum that includes the late-submitted information and be prepared to discuss those materials on Tuesday if necessary.

FISCAL IMPACTS

The Executive Branch is required by law to analyze the fiscal impacts of every draft master or sector plan. The fiscal impact analysis for the *Wheaton CBD and Vicinity Sector Plan* included several scenarios (see summary © 23) that produced either a small fiscal benefit or small fiscal cost over the next 30 years. Two of those scenarios are unrealistic in that they assume 100% build-out. In the two more realistic scenarios (2-C and 2-D), the implementation of the Sector Plan did not produce a net fiscal surplus in any year until, in one case, 2030 and, in the other case, 2035 (see © 24-27).

The fiscal impact analysis, however, failed to account for the real property tax credits under Maryland's Enterprise Zone Tax Credit. Under §9-103(b) of the Tax-Property Article, the governing body of a jurisdiction shall grant a tax credit against the property tax imposed on the incremental value created by a capital investment in a non-residential project in a designated Enterprise Zone. The amount of the credit is 80% of the tax assessed on the incremental value during the first 5 years, and decreases by 10% each year for the subsequent 5 years (80%, 80%, 80%, 80%, 80%, 70%, 60%, 50%, 40%, and 30%= average annual credit of 65%).

A project specific fiscal impact analysis (see © 28-31) was performed by a different consultant (JLL) this spring. On March 8, 2012, project consultants revised the fiscal impact analysis sharply downward. According to the latest draft, the project will not generate enough revenue to pay for the added cost of providing services to the new residents and employment generated by the project. The public sector investment in the platform will not generate an annual operating surplus until 2026, and generates a present value surplus of only \$2.3 million over the next 30 years.

Fiscal impact is just one of many metrics that can be used to measure economic development projects. In this case, growth in Wheaton tends to perform poorly with respect to fiscal impact due to achievable price points and the enterprise zone designation. The enterprise zone designation exempts new development from impact taxes and results in significant property tax credits for new commercial development. During the period in which the enterprise zone designation is in place, taxpayers outside of Wheaton will bear much of the cost of growth in Wheaton.

LEASE VERSUS SALE

The Smart Growth Initiative is one example of the County's efforts to move from leased space into owned space. Under the Executive's proposal, the County would move roughly 82,000 square feet (combined total of DPS and DEP, paying approximately \$32 per square foot or roughly \$2.6 million per year) from leased space in Rockville to leased space in Wheaton. The remainder of the space to be leased in Wheaton would be new space, space that is currently owned (such as the Regional Services Center) or space occupied by other undefined users.

Since these County users will presumably still need space at the end of the lease period, the County would need to either re-lease or exercise an option to buy.

| Net Present Value of Lease Payments | | | |
|---|----------------|----------------|----------------|
| | 10-yr | 15-yr | 25-yr |
| Gross Square Feet | 150,000 | 150,000 | 150,000 |
| Efficiency Factor | 85% | 85% | 85% |
| Rent | \$35 | \$35 | \$35 |
| Annual rent | (\$4,462,500) | (\$4,462,500) | (\$4,462,500) |
| NPV of lease payments @5% | (\$39,036,148) | (\$55,913,125) | (\$85,167,164) |
| NPV of \$60 million buyout at lease termination | (\$36,834,795) | (\$28,861,026) | N/A |
| Total | (\$75,870,943) | (\$84,774,150) | (\$85,167,164) |

These calculations do not include any lease escalations, operating or capital expenses after buyout, or inflation of value. They do indicate that leasing and subsequently purchasing the building is probably more expensive in the long run than just building it new, as these net present values exceed the cost of the building.

PROCUREMENT, JOB OPPORTUNITIES AND WAGES

Under the Executive's proposal, the price of the platform was established based on commercial construction standards (see © 17). The platform would not be constructed by the County, but rather by B.F. Saul. One key issue in any negotiation between the parties in such a case would be the allocation of risks for cost overruns and liability.

A second key distinction between the two proposals is the extent to which County procurement laws would apply to construction jobs (buildings and platform) or service contracts in those buildings.

Prevailing wage law

- Executive's request: Would not apply to office building construction; probably would apply to platform (County financed construction project)
- PHED/alternative recommendation: Would apply to office building construction.

Living wage requirement

- Executive's request: Would not apply to service providers serving the office building
- PHED/alternative recommendation: Would apply to service providers

Minority owned business

- Executive's request: Construction and service contracts associated with platform and building would not be counted towards/against minority-owned business goals
- PHED/alternative recommendation: Construction and service contracts would count

Local Small Business Reserve

- Executive's request: Would not apply to construction because of the size of contract; would *not* apply to services to the office building
- PHED/alternative recommendation: Would not apply to construction because of the size of contract; *would* apply to services to the office building

MEMORANDUM

March 8, 2012

TO: Planning, Housing, and Economic Development Committee
FROM: Jacob Sesker, Senior Legislative Analyst *JS*
SUBJECT: **FY13-18 Capital Improvements Program: Wheaton Redevelopment Program**

ATTENDEES

The following individuals will likely attend: David Dise, Greg Ossont (DGS); Steve Silverman (DED); Mary Beck, Amy Wilson (OMB).

OVERVIEW

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted, complementary public investment. The County Executive's FY13-18 CIP request includes \$42.0 million for the Wheaton Redevelopment Program over the 6-year period, and an FY14 appropriation request of \$4.334 million. The request represents an increase of \$34.8 million from the approved FY11-16 CIP. The cost increase is the result of a significantly expanded project scope, which includes the construction of a platform above the Washington Metropolitan Area Transit Authority (WMATA) bus bays.

INTRODUCTION

The Wheaton Redevelopment Program presents the Council with an opportunity to make a significant public investment to meet the needs of the Wheaton community (well-located public space, increased daytime population) while also meeting the real estate needs of local government. Today the Planning, Housing, and Economic Development Committee must make a recommendation regarding the nature of that investment.

The Executive's CIP request includes approximately \$39.5 million that is attributable to constructing a platform above the WMATA bus bays and relocating the bus operations temporarily during construction. The request, if approved, would constitute a County contribution to a public/private partnership with B.F. Saul. The public/private partnership would implement a multi-phased development

project, including mixed-use development with a significant office component, as well as a “town square.” The partners currently refer to the project as “Wheaton’s New Downtown.”

The CIP request raises several key issues:

1. The County’s role in the Wheaton real estate market
2. Significance of government tenants to Wheaton’s office market
3. The rationale for a platform
4. The timing of the platform
5. The impact of platform timing on small businesses
6. Parking Lot District (PLD) capacity to absorb demand shifted from Lot 13
7. Programs and resources for affected small businesses
8. Negotiation issues
9. Fiscal issues
10. Economic issues

This memorandum contains the following:

- Summary of testimony
- Narrative discussion of key issues
- Staff’s recommendation
- Summary comparison of Executive’s request and Staff’s recommendation

Attachments:

- Detailed public/private project description © 1-3
- Executive’s PDF © 4-5
- Council staff’s PDF © 6
- JLL Fiscal Impact Analysis © 7-10
- Testimony from Council’s public hearing on capital budget © 11-12
- Testimony from Council’s public hearing on Bill 6-12 © 13-14
- Letter from Wheaton Redevelopment Advisory Committee © 15-16

COMMUNITY INPUT: TESTIMONY AND CORRESPONDENCE

Over the past month, Council received many letters from individuals, businesses, and interest groups supporting the Wheaton Redevelopment Program. At the February 7, 2012 public hearing, two local business owners and two community groups submitted testimony. Most of the letters and testimony can be placed into one of two categories:

- A “new downtown” for Wheaton: strong support for a redevelopment project with a significant office component and new retail and restaurants; impatience with the status quo.
- Small business assistance/protection and community benefits: general support for a redevelopment project, but concern about potential effects of such a project on small businesses¹; apprehension regarding future change.

¹ For example, Fillippo Leo of Marchone’s Deli offered this: “While I support the redevelopment of Wheaton, I am concerned about the negative impacts of construction and lost parking during the proposed redevelopment of parking lot 13. I would lose at least 50% of customers during the construction phase of the project. My regular customers will not be able to reach my store easily and potential new customers will not realize that we are open or that we even exist.”

In addition, the Council received testimony during the public hearing for Bill 6-12 (Economic development—small business assistance) from Wheaton-area businesses concerned about the potential future impacts of Wheaton redevelopment. That bill would create a financial assistance program for small businesses affected by County redevelopment projects or redevelopment projects on County-owned land.

KEY ISSUES

1. The County's role in the Wheaton real estate market

The Wheaton real estate market has not performed well when compared to other markets. There have been a variety of market and regulatory forces that have contributed to Wheaton's performance. Recent zoning changes (amendments to and subsequent removal of the Wheaton Retail Preservation Overlay Zone), changing demographics, and some recent changes in the residential market have somewhat altered Wheaton's position. Residents and businesses alike feel that downtown Wheaton would be strengthened by additional daytime population (i.e., more office workers). The only Class A office building in Wheaton, Westfield Wheaton North (approximately 100,000 square feet), is five decades old—clearly, the market alone will not increase Wheaton's daytime population. In such instances, a government action to increase the daytime population is justifiable.

2. The significance of government office tenants to Wheaton's office market

The Wheaton office market is stagnant—there has not been positive absorption in the Wheaton/Kensington market during the past decade. The only Class A building in Wheaton is the Westfield Wheaton North, and recent vacancy and rent data indicate that Westfield Wheaton North is struggling to compete with Class A office buildings in more robust markets.

Given the dynamics of the Wheaton office market, single-tenant buildings and government-tenant buildings will probably need to lead the way if Wheaton is to develop an office presence in the near-term. A federal (General Services Administration (GSA)) tenant could conceivably absorb an office building. Among potential non-GSA tenants, the County and the Maryland-National Capital Park and Planning Commission (M-NCPPC) are the most likely to be pioneers in the Wheaton office market.

According to the Cassidy/Turley team working with B.F. Saul, the air above the WMATA bus bays is probably the only location in Wheaton suitable for a GSA tenant. As such, the cost associated with building the platform above the bus bays (and the interim bus operations) is a cost that is necessary to attract a GSA tenant. If the platform is in place, or if all deals and financing necessary are in place, then the GSA will consider Wheaton as a location.

GSA also weighs the presence of amenities in its decision-making process. The Cassidy/Turley team indicated that, in addition to Metro accessibility and the presence of restaurants, a proposal would be significantly strengthened by the presence of a hotel.²

The GSA rent cap (\$35) is higher than the current Class A rents in Wheaton (\$29), and probably slightly above what private tenants would be willing to pay for new office space if existing Class A were available at current rates. Rents paid by the County at 255 Hungerford are in the low \$30s. These

² While there is no General Development Agreement yet, Executive staff states that there will not be any operating subsidy to support a hotel.

factors, in addition to vacancies and rents in competitive markets (e.g., Silver Spring), will define the Wheaton market in the foreseeable future.

The two most recent major GSA retentions have received County economic development incentives of \$12 million and \$19.5 million (NOAA and HHS, respectively). Those incentives were necessary because the GSA rent cap for suburban Maryland (then \$34 per square foot) was too low to justify the required investment.³

3. The rationale for a platform

The air above the WMATA bus bays is the largest potential site for Class A office space, may be the only site suitable for federal office tenants, and was contemplated/intended as a location for office space in the *Wheaton CBD and Vicinity Sector Plan*. The Executive has proposed constructing the platform as a means to implement the redevelopment of Wheaton, but there are other ways to accomplish the same objective.

The Council held its public hearings on the CIP in early February. Since that time, the Council has received scores of letters from Wheaton area residents, businesses, and community groups. The letters express support for redevelopment of Wheaton and excitement about potential changes that might occur if the County makes a catalytic investment in Wheaton.

The Council has not received any letters expressing a specific desire to have a platform in Wheaton—**the platform is a means to an end**. The “end” is not to build a platform, to execute a General Development Agreement, or to attract a federal tenant. Rather, **the desired end is to introduce land uses (to wit, office space) into downtown Wheaton that downtown Wheaton currently lacks and which the market will not provide**.

4. The timing of the platform

There is no market imperative to deliver a platform within a specified timeframe. The purpose of the platform is to create a location for office development, and there currently is no market for new office space in Wheaton. The new office space will be mostly or entirely occupied by government (County, bi-County, or federal) tenants. The right timing for County and bi-County tenants will be largely based on assessment of need and available resources. There is no right timing for federal tenants—more or less the same amount of leased space comes up for renewal each year.

In a large-scale redevelopment project, the ideal timing for the public sector is to improve the least expensive/challenging properties first. The improvements to those less expensive/challenging properties will increase the revenue-generating potential of the more expensive/challenging properties, thereby possibly reducing the public subsidy/incentive necessary to catalyze redevelopment. Applying that principle to Wheaton, **in an ideal situation, it would make the most sense to redevelop the WMATA site after redeveloping Parking Lot 13**.

A practical challenge in this particular case is that constructing a platform above the bus bay will necessitate relocating the bus operations. Consultants working for the Executive indicate that there

³ In the case of HHS, the developer requested and received an incentive of \$1.3 million per year for 15 years. During the 15-year term, this incentive was equivalent to increasing the rent from \$34/square foot to \$35.39/square foot of GSA space. The GSA rent cap has increased (to \$35 per square foot). For illustrative purposes, an economic development incentive of \$0.39 to \$1.39 per square foot annually (on a 300,000 square foot building over a 15-year period) would amount to a subsidy of \$1.755 million to \$6.255 million.

might not be any other suitable location for interim bus operations. If this is correct, it may be that the County's options are either to redevelop Parking Lot 13 only, or to construct the platform above the WMATA bus bays before redeveloping Parking Lot 13. If true, this would be an example of practical reality interfering with ideal phasing.

Council staff does not agree with the Executive's assessment that no suitable alternatives exist. Silver Spring has been in interim operations for several years. **Silver Spring has nearly three times more bus traffic than does Wheaton**, and many of the routes in Silver Spring and Bethesda begin/end at those locations, meaning that buses spend more time at the transit hubs. See comparison of bus volumes below:

- **Silver Spring: 157 buses/hour**
- **Wheaton: 59 buses/hour**
- **Bethesda: 47 buses/hour**

5. The impact of the platform timing on small businesses

Small businesses will be impacted by noise, dust, and disruptions to access and visibility during construction. Parking spaces on Parking Lot 13 will be temporarily lost. The disruptions to Parking Lot 13 that will affect adjacent or nearby businesses will vary over time; some of them will be well managed or easily mitigated and others will not.

Executive staff described the Parking Lot 13 timeline as follows: *"In 2014, construction of the Interim Operating System would occur and be in operation during the platform and building construction. Approximately half the current lot would be available for public parking. In 2017, construction will begin on the underground parking, taking approximately one year to complete. At that point, public parking would be available in the underground garage. In 2018, construction would follow on the retail, office and residential buildings. Finally, the Town Square would be constructed. Project completion would be in 2020."* In short, **the disruption could begin in FY14 and continue into FY20.**

6. PLD capacity to absorb demand shifted from Lot 13

The entire Wheaton Parking Lot District (PLD) has 1,020 parking spaces. Program capacity is a term that is used in discussions about public school capacity and which is also applicable here: the program capacity of the parking lots is 95% of total capacity to allow for frictional vacancy. The total program capacity in the Wheaton PLD is 969 spaces, and will be 818 spaces when all spaces from Lot 13 are off line. From July 2011 to February 2012, the average number of occupied spaces in the Wheaton PLD was 538.⁴

Parking Lot 13 is a 151-space surface lot. During the construction of the platform, half of those spaces would be unavailable. Between July 2011 and February 2012, during peak hours, the average utilization was 94 spaces (leaving 57 spaces available). Losing half of the spaces in Parking Lot 13 (75 spaces) would result in a loss of capacity that is currently utilized.

While there are many spaces available in the PLD, most who would use Parking Lot 13 while patronizing small businesses in the Core would probably not cross Georgia Avenue or Veirs Mill Road for parking. As such, Parking Lots 33 and 34 will most likely need to accommodate any demand displaced by the redevelopment project.

⁴ The Parking Lot District performs utilization studies on Wednesdays and Thursdays, typically between 12:00 noon and 1:00 pm.

| | Total capacity | Program capacity (95% capacity) | Utilization (July 11-Feb 12) | Available Capacity |
|---|----------------|---------------------------------|------------------------------|--------------------|
| Total Wheaton Parking Lot District | 1020 | 969 | 538 | 431 |
| Parking Lot 13 | 151 | 143 | 94 | 49 |
| <i>Parking Lot 13 (loss)</i> | <i>-75</i> | | <i>-26</i> | |
| Parking Lot 33 | 50 | 48 | 26 | 22 |
| Parking Lot 34 | 39 | 37 | 16 | 21 |

There are currently approximately 43 spaces available⁵ that can be used as substitutes for the 26 *utilized* spaces that will be lost; assuming that demand for these spaces stays at current levels, there is enough capacity within the Core to absorb the utilized spaces that will be lost.

Of course, one factor that could affect demand for spaces in the Core is the influx of construction workers to the area. The Coalition for the Fair Redevelopment of Wheaton, in their testimony, recommended: *“Phase construction schedule and plan to ensure adequate parking for small business customers and owners during the construction, including the provision of off-site parking for construction workers.”*

Affected business owners are concerned, not just that the spaces are available, but that potential customers will be able to find those spaces. Ultimately, signage will be needed to direct parking users to Parking Lots 33 and 34.

7. Programs and resources for affected small businesses

On January 30 and February 7, 2012, the PHED Committee engaged in discussions with the Executive Branch regarding small businesses and redevelopment. Staff identified two existing programs that are particularly relevant to a discussion of small businesses and redevelopment: the Impact Assistance Program and the Small Business Revolving Loan Fund.

The Council established the Impact Assistance Program (IAP) to mitigate the negative impacts of County projects. Assistance is generally limited to \$20,000 per business. The current balance available for the IAP is \$22,479.

The Small Business Revolving Loan Fund (SBRLP) makes short-term loans, typically between \$5,000 and \$100,000, to small businesses. The SBRLP makes loans to retain or stabilize a business, as well as to assist in start-up or expansion of a business. The remaining balance available in the SBRLP is \$668,749.

Testimony from the Coalition for the Fair Redevelopment of Wheaton requested that the County create an emergency fund of \$2 million for small businesses to ease the financial impact of construction. Obviously, this amount is well in excess of the available balance (\$22,479).

⁵ Available capacity calculated by subtracting spaces occupied from program capacity.

The Coalition for the Fair Redevelopment of Wheaton also requested that the County make longer-term investments in Wheaton area businesses. These investments would include rent subsidies, restarting the façade and streetscape improvement program (with focus along Parking Lot 13), and technical assistance to Wheaton businesses. A rent subsidy program would need to be negotiated as part of a development agreement and would be reflected in additional costs/risk to the County. Restarting the façade and streetscape improvement program would be a cost in the County's capital budget, and that decision could be made in this year's CIP (the façade and streetscape improvement program was in the approved FY11-16 CIP, and the Executive has recommended discontinuing it in FY13-18). Technical assistance to Wheaton businesses, such as the technical assistance program contemplated in Bill 6-12, would be funded in the operating budget.

8. Negotiation issues

This public/private partnership is more complex than most. Complexity increases the chance that implementation will not occur. Staff highlights three potential stumbling blocks:

- The County and WMATA may not agree on the value of the air rights above the bus bays;
- The County and the County's Parking Lot District may not agree regarding the replacement of spaces (or value of the land) on Lot 13;
- The County and B.F. Saul may not agree on the office rents to be paid by the County.

To the extent that the Council has questions regarding specific items that are being negotiated between the parties, those questions should be asked in closed session. On the other hand, general questions about possible allocations of risk and cost are appropriate in open session.

9. Fiscal issues

On March 8, 2012, project consultants revised the fiscal impact analysis sharply downward. According to the latest draft, **the project will not generate enough revenue to pay for the added cost of providing services to the new residents and employment generated by the project.** Assuming that the project is eligible for enterprise zone tax credits, the significant public sector investment in the platform **will not generate an annual operating surplus until 2026**, and generates a present value surplus of only \$2.3 million over the next 30 years. If the project is not generating any fiscal surplus, then the County's obligations to provide services and make debt service payments must be satisfied by allocating money from other priorities.

The Committee's decision to approve or reject the Executive's request should not be made solely on the basis of any fiscal impact analysis—there are many other policy goals and equities involved. However, **unlike a school or a train, a platform does not teach any child to read and does not take anyone to work. If it is not generating revenues, then it probably is not a good investment.**

The Committee is well aware of the fiscal plan and the County's larger efforts to move out of leased space. In the past, the Council has been briefed on lease termination savings related to the Smart Growth Initiative. To the extent that this proposal involves moving from leased space to other leased space, it represents a missed opportunity to take advantage of lease termination savings.

10. Economic issues

There is no current demand for office space in Wheaton. Rents are low today and will remain low for some time—this will be true whether or not a new office building is delivered. The platform does not guarantee that additional office space will be built beyond what could be built on Lot 13.

There is a question as to when (or if) that potential long-term benefit will materialize—it might take many years. A 2009 market study estimated that 20-year office absorption for Wheaton would not exceed 875,000 square feet in the rosiest of scenarios.

Parking Lot 13 can accommodate approximately 415,000 square feet of office space, which would increase total Class A office space in Wheaton from approximately 100,000 square feet to more than 500,000 square feet. **An addition of 300,000 to 415,000 square feet of office space will add a substantial daytime population to Wheaton (increase of roughly 1,200 to 1,660 office workers).**⁶

RECOMMENDATION

The Committee must decide whether to recommend that the Council approve the PDF, which includes \$39.5 million for construction of the platform and the interim bus operations, and \$2.5 million towards the construction of a town square.

Staff recommends approval of the PDF only with significant modifications. Staff recommends:

- a. **removing references to the platform;**
- b. **including planning, design, and construction of a 150,000 square foot County and/or bi-County office building on the Regional Services Center site or on Lot 13;**
- c. **decreasing the FY13-14 appropriation to reflect FY13 and FY14 expenditures of \$0.5 million per year for planning, design, and supervision; and**
- d. **programming \$55.5 million from FY15 through FY18 for (a) construction of an office building and associated underground parking (\$46.1 million), (b) replacement underground parking (\$5.6 million) to replace 151 PLD spaces in a new underground garage, and (c) constructing the town square (\$2.5 million). Note: The total cost would increase by \$3.0 million if the Regional Services Center needs to be relocated.**

Staff recommends a significant investment in Wheaton for the following reasons:

- Downtown Wheaton needs a signature public space.
- Downtown Wheaton needs an office presence to increase daytime population.

Staff recommends investing in a town square and a County office building for the following reasons:

- Direct investments in tangible public assets are preferable to indirect market manipulations (such as subsidizing what otherwise would be private land costs by constructing a platform)⁸—building a town square and a County or bi-County government office building is more likely to be effective in the short-term and will provide longer-term value to the public.

⁶ Based on estimates from a 2009 Wheaton market study by Bay Area Economics, downtown office workers spend between \$2,500 and \$3,500 annually near their jobs—an increase of 300,000 to 415,000 square feet of office space would increase daytime retail/restaurant spending by roughly \$3 million to \$6 million annually.

- The platform should not “wag the dog”—the public has no need for a platform, the fact that it is difficult to accommodate the interim bus operations should not dictate project phasing, and the additional office development opportunity afforded by the platform may be both unnecessary and unlikely to be absorbed for many years.
- The additional cost in the 6-year CIP is justified by additional certainty and reduced disruption.

SUMMARY COMPARISON

Platform timing

- Executive: platform to commence as soon as possible, construction to begin in FY14
- Council staff: Deferred indefinitely (could be taken up at a later date if not precluded by bus operation issues)

Platform cost

- Executive: \$39.5 million (including interim bus operations)
- Council staff: Unknown—if platform is ever constructed the cost could be lower (for example, positive changes in market conditions will be reflected in developer contributions) or the cost could increase (for example, the cost of interim bus operations could increase substantially if Lot 13 is developed first)

Other/land cost

- Executive: Borne by private sector
- Council staff: \$5.6 million (the cost of 151 replacement spaces for PLD underground), potentially an additional \$3.0 million to relocate the Regional Services Center if the Regional Services Center is to be part of the redevelopment project

County office cost

- Executive: Lease payments for the building on the platform of \$4.5 million (150,000 square feet times \$30) to \$5.25 million (150,000 square feet times \$35) per year
 - Option to purchase as early as year 10 (terms to be negotiated)—exercising that option would be a capital cost
- Council staff: \$46.1 million plus \$5.6 million for underground parking (estimated 151 spaces⁹ times \$37,000 per space)
 - Debt service payments would be roughly equal to the lease payments made in the Executive’s recommendation—for illustrative purposes (at 5% interest over 20 years and debt service coverage reserve of one year at 1.25 coverage), \$4.5 million to \$5.25 million per year would leverage a net bond issuance of \$50 million to \$59 million.
 - In this scenario, there would also be operating costs. If, as an example, those annual operating costs were \$15 per square foot, the total operating costs would be \$2.25 million per year.

⁹ Executive staff indicates that the current plan for Parking Lot 13 includes a total of 410 spaces, 205 of which will be PLD spaces. The remainder will be the parking for either the existing residential or a future office use (such as M-NCPPC).

Cost of possible M-NCPPC office on Parking Lot 13 (not part of the PDF, but part of overall redevelopment strategy)

- Executive: \$46.1 million, assuming B.F. Saul's estimate of \$307 per square foot
- Council staff: \$46.1 million, assuming B.F. Saul's estimate of \$307 per square foot

Private office space

- Executive: 150,000 square feet on the platform in Phase I, up to 197,000 square feet in later phases on "the point" (absorption rate unknown)
- Council staff: None on the platform unless changes in market warrant later development above the WMATA bus bays, some potential on the point (unlikely)

Total office space in Phase I (including M-NCPPC)

- Executive: 300,000 square feet to 450,000 square feet (one building on platform, plus possible M-NCPPC building on Lot 13, assuming that M-NCPPC does not become a tenant on the platform)
- Council staff: 150,000 to 300,000 square feet (either one or two buildings, County and/or M-NCPPC)

Town square on Lot 13

- Executive: Yes (28,000 square feet for \$2.5 million)
- Council staff: Yes (28,000 square feet for \$2.5 million)

Years of disruption to small businesses

- Executive: 5-6 years
- Council staff: 2-3 years, unless market conditions warrant development above the WMATA bus bays

Public assets at lease termination

- Executive: (1) an option to purchase all or part of a leased building, (2) possibly 150,000 square feet of M-NCPPC office space, (3) a town square, and (4) any remaining development potential on top of platform.
- Council staff: (1) 300,000 square feet of office space (County and M-NCPPC), and (2) a town square.

DETAILED PUBLIC/PRIVATE PROJECT DESCRIPTION

Summary of Executive's request

The project provides for studies, engineering, site improvements, and construction in support of the public/private partnership among the County, WMATA, and the B.F. Saul Company. The project has two components: first, retail, office, and hotel development over the WMATA bus bay site and the Regional Services Center site; and second, a town center development on the current Parking Lot 13 site. The partners currently refer to the project as "Wheaton's New Downtown."

The request, if approved, would constitute a portion of the County's contribution to this partnership. Specifically, the request would pay for the County's cost to construct a platform over the WMATA bus bay site and a town square on Parking Lot 13.

Wheaton Redevelopment Program—No. 150401 (PDF at © 4-5)

In thousands of dollars (\$000s).

| | Est FY12 | Total 6 Years | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
|--------------|-------------|------------------|-------|-------|--------|-------|-------|-------|
| Total | 780 | 41,982 | 1,216 | 4,489 | 27,810 | 3,705 | 1,330 | 3,432 |

The Executive recommends \$42 million over the FY13-18 period. Almost all of the expenditure in the PDF is for the construction of the platform over the bus bays and the costs associated with the related interim bus operations. Executive staff clarified the breakdown of costs between the two projects: *"All but \$2.5 million of the requested \$41.9 million is attributable to the platform and interim bus operations. The remaining \$2.5 million is for the design and construction of the Town Square on a portion of Parking Lot 13."*

Approximately 2/3 of the PDF expenditures will occur in FY15 (within this CIP but beyond the 2-year capital budget). The estimated appropriation request is for \$0 in FY13 and \$4.334 million in FY14, to be funded with General Obligation Bonds.

The CIP request represents a possible schedule of public expenditures on public capital projects but does not address the schedule of other public expenditures that will be tied to the redevelopment. Other public expenditures will be necessary to implement the project. Non-capital expenditures are¹⁰ not included in this 6-year CIP.¹¹

¹⁰ Examples of non-capital expenditures that might arise in the implementation of the Wheaton Redevelopment Program include expenditures for public sector financial support of affected businesses, economic development incentives, and any marginal costs associated with non-capital public benefits. In addition, the County will forgo revenue from impact taxes—development inside the Wheaton enterprise zone is exempt from County impact taxes, and the Executive estimates that the impact tax exemption for this project will amount to \$5.8 million that otherwise would have gone to the County to address transportation and school capacity needs.

¹¹ For example, the public-private partnership currently proposed also includes the County renting office space from the developer with an option to purchase that space at a later date. The cost of exercising that option is an example of a capital expenditure that is outside of the term of this 6-year CIP.

Public/private project summary

The public/private partnership (“Wheaton’s New Downtown”) project has two components:

- First, a commercial (office, retail, and hotel) development over the WMATA bus bay and at the location of the Regional Services Center, and
- Second, a “town center” development at the current Parking Lot 13 site (across Reedie Drive from the Regional Services Center).

The first component, commercial development over the WMATA bus bay, is not possible without a platform. The Executive staff described the County’s responsibility in a public/private partnership as follows: *“The County’s responsibility is to deliver the area above the WMATA bus bays and the site of the Regional Services Center as ‘green field’ sites, and to lease approximately 150,000 sf (with an option to purchase) in one of the commercial office buildings.”*

The timeline of the public/private project is the subject of multi-lateral negotiations. If negotiations are successful, the terms of agreement will ultimately become part of a General Development Agreement (GDA) between the parties. The GDA will spell out the timing of all public and private components of the project and define the risks and responsibilities attributable to each party. Those negotiations will clarify the obligations of all parties involved.

Initial plans for Phase I of the public-private development project assume construction of the platform followed by development both on top of the platform and in the location of the current Regional Services Center. The Phase I development program is:

- Office Building #1: Approximately 300,000 square feet, of which half would likely be leased by the County
- Hotel: Approximately 120 keys/rooms (78,000 square feet) of limited service, extended-stay hotel
- Retail/Restaurant: Approximately 10,000 square feet (personal service/valet/convenience)
- Parking: approximately 446 spaces

The platform will also serve as the ground on top of which an office building for a potential federal (GSA) tenant might later be built. The County, B.F. Saul, and WMATA will almost certainly need to have all agreements (affecting the platform) in place before the GSA will consider Wheaton as a possible location.

The initial plans for subsequent phases include the following elements:

- Platform
 - Potential Office Building #2: Office building for GSA tenant, approximately 300,000 square feet
 - Potential Office Building #3: Up to remaining 197,000 square feet of commercial zoning capacity
- Lot 13
 - Underground parking for the public and private components of Phase II (approximately 410 spaces), to be provided by B.F. Saul
 - A town square (this PDF)
 - Lot 13 Office: Potential office building for M-NCPPC
 - Multi-family residential: 200-plus units (actual unit count dependent on market)
 - Retail/restaurant: Approximately 30,000 square feet

According to Executive staff: "Phase 2 contemplates a mixed use private development plan with no contribution or subsidy from the County. The only funding within the proposed PDF on that side of Reddie Drive is the Town Square money and the Interim Operating System." B.F. Saul would be responsible for constructing parking under the town square and replacing the spaces from Parking Lot 13.

Sector Plan context

The *Wheaton CBD and Vicinity Sector Plan* identified Wheaton as a "specialized urban center, serving local and regional retail demand." The Plan aims to create a more diverse economy in Wheaton by **balancing new land uses with the existing retail uses to increase daytime population** (p.9). The Plan acknowledges that Wheaton lacks an established local office market, and also notes that there are generally **few properties that are appropriately sized for Class A office space** (p.11).

The *Sector Plan* states that the Core should contain "**a defined civic presence and new office uses.**" The civic presence should be a **major public use space "in the vicinity of Parking Lot 13"** (p.40). The *Sector Plan* emphasized the importance of office space to Wheaton's future success.

The core of Wheaton has a Metro station and some of the largest potential redevelopment parcels in Wheaton. **The Sector Plan singles out the WMATA bus bay site as having the best potential to redevelop with a major office component due to the site's location, size, and public ownership** (p.40). The WMATA bus bay site has been a part of previous redevelopment efforts that did not advance to implementation. The challenges are both financial and practical—in addition to the cost of constructing a platform structure capable of bearing the weight of multiple buildings, the project also requires successful negotiations among a private developer, WMATA, the County, and the Parking Lot District.

Wheaton Redevelopment Program

DRAFT

Category
Subcategory
Administering Agency
Planning Area

General Government
Economic Development
County Executive
Kensington-Wheaton

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

March 8, 2012
No
None
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 | 10,515 | 3,495 | 520 | 6,500 | 500 | 500 | 2,000 | 2,000 | 750 | 750 | 0 |
| Land | 1,010 | 1,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Site Improvements and Utilities | 1,470 | 1,309 | 0 | 161 | 0 | 0 | 161 | 0 | 0 | 0 | 0 |
| Construction | 50,520 | 408 | 250 | 49,862 | 0 | 0 | 20,000 | 27,862 | 1,000 | 1,000 | 0 |
| Other | 74 | 64 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 63,589 | 6,286 | 780 | 56,523 | 500 | 500 | 22,161 | 29,862 | 1,750 | 1,750 | 0 |

Funding Schedule (\$000)

| | | | | | | | | | | | |
|---------------|---------------|--------------|------------|---------------|------------|------------|---------------|---------------|--------------|--------------|----------|
| GO Bonds | 58,012 | 1,618 | 733 | 55,661 | 500 | 500 | 22,161 | 29,000 | 1,750 | 1,750 | 0 |
| Contributions | 862 | 0 | 0 | 862 | 0 | 0 | 0 | 862 | 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 |
| Total | 63,589 | 6,286 | 780 | 56,523 | 500 | 500 | 22,161 | 29,862 | 1,750 | 1,750 | 0 |

DESCRIPTION

The project provides for studies, site improvements, and construction associated with the town square, underground parking and a new government office building. The office building will be either a new County office building or M-NCPPC office building located on either Parking Lot 13 or the site of the current Regional Services Center. The specific location and users of the office building will be determined following an assessment of County and bi-County needs, with planning efforts to take place in FY13-14. The project includes replacing any impacted parking spaces on Parking Lot 13. The project provides for a town square on Parking Lot 13. Following completion of the improvements, this project includes re-starting the facade and streetscape improvement program.

ESTIMATED SCHEDULE

Planning to commence in FY13. Construction of the underground parking garage and town square on Parking Lot 13 will commence in FY15. Construction of the government office building to be completed in FY16-17. Following completion, a facade and streetscape improvement program will commence, providing a safe and attractive environment and introducing uniform design elements to targeted areas.

COST CHANGE: Cost change due to updated project scope which includes planning, design, engineering, site improvements, and construction of a town square, underground parking, and a government office building. The facade and streetscape improvement program will be suspended until FY17.

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

Plans & Studies: Wheaton CBD and Vicinity Sector Plan (2011), State of Maryland designation as a Smart Growth and TOD site (2010), The International Downtown Association Advisory report (2008), WRAC activities since established in 2000

| Appropriation and Expenditure Data | | | Coordination | Map |
|--|------|---------|---|-----|
| Date First Appropriation | FY04 | (\$000) | WMATA | |
| First Cost Estimate Current Scope (FY13) | | 63,589 | 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 | 0 | Department of Transportation | |
| Supplemental Approp. Request | | 0 | Community Associations and Residents | |
| Transfer | | 0 | Private developers | |
| | | | Department of Housing and Community Affairs | |
| Cumulative Appropriation | | 8930 | | |
| 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 | | |

Wheaton Redevelopment Program

DRAG

Category
Subcategory
Administering Agency
Planning Area

General Government
Economic Development
County Executive
Kensington-Wheaton

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

April 5, 2012
No
None
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 | 14,915 | 3,495 | 520 | 10,900 | 1,800 | 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 |
| Total | 73,166 | 6,286 | 780 | 66,100 | 1,800 | 4,400 | 26,200 | 32,000 | 200 | 1,500 | 0 |

Funding Schedule (\$000)

| GO Bonds | 66,939 | 1,518 | 733 | 64,588 | 1,150 | 4,400 | 26,200 | 31,138 | 200 | 1,500 | 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 |
| Total | 73,166 | 6,286 | 780 | 66,100 | 1,800 | 4,400 | 26,200 | 32,000 | 200 | 1,500 | 0 |

DESCRIPTION

The project provides for design, site improvements, and construction associated with a new headquarters building (approx 150,000 sq ft.) for M-NCPPC on Parking Lot 13, as well as underground or structured parking and a new town square. The headquarters building would potentially contain a vertical mix of uses. The project provides for a town square on Parking Lot 13 that is at least 1/3 the area of the site. The project also provides up to \$650,000 in FY13 for consulting services: an evaluation of the financial feasibility of redeveloping the WMATA bus bay site, and 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). The Executive will brief the Council regarding the outcome of these studies before the Executive resumes negotiating the terms of any General Development Agreement. Planning for the bus bay site in FY17-18 includes any necessary updates to previous studies.

ESTIMATED SCHEDULE

Planning and engineering to commence in FY13. Construction of the underground parking garage and town square on Parking Lot 13 will commence in FY15. Construction of the M-NCPPC headquarters building to be completed in FY16.

COST CHANGE: Cost change due to 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 financial analysis of the feasibility of redeveloping the WMATA bus bays. Planning for the bus bay site is scheduled for FY18. The facade and streetscape improvement program will be reassessed after completion of the town square. Planning for redevelopment of the WMATA site will begin in FY18.

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 | 3,655 | 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 | | |

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

January 10, 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 | 14,939 | 3,495 | 520 | 10,710 | 1,216 | 4,489 | 2,128 | 2,330 | 370 | 177 | 214 |
| Land | 1,010 | 1,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Site Improvements and Utilities | 6,677 | 1,309 | 0 | 5,368 | 0 | 0 | 4,716 | 161 | 0 | 491 | 0 |
| Construction | 24,618 | 408 | 250 | 22,144 | 0 | 0 | 20,142 | 0 | 0 | 2,002 | 1,816 |
| Other | 3,834 | 64 | 10 | 3,760 | 0 | 0 | 824 | 1,214 | 960 | 762 | 0 |
| Total | 51,078 | 6,286 | 780 | 41,982 | 1,216 | 4,489 | 27,810 | 3,705 | 1,330 | 3,432 | 2,030 |

FUNDING SCHEDULE (\$000)

| | | | | | | | | | | | |
|--------------------------|---------------|--------------|------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Contributions | 862 | 0 | 0 | 862 | 0 | 0 | 0 | 0 | 0 | 862 | 0 |
| Current Revenue: General | 3,000 | 0 | 0 | 3,000 | 0 | 0 | 682 | 818 | 818 | 682 | 0 |
| Federal Aid | 418 | 371 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| G.O. Bonds | 42,501 | 1,618 | 733 | 38,120 | 1,216 | 4,489 | 27,128 | 2,887 | 512 | 1,888 | 2,030 |
| 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 |
| Total | 51,078 | 6,286 | 780 | 41,982 | 1,216 | 4,489 | 27,810 | 3,705 | 1,330 | 3,432 | 2,030 |

DESCRIPTION

This project provides for studies, engineering site improvements, and construction in support of the public/private partnership, known as "Wheaton's new downtown." This partnership between the county, the Washington Metropolitan Area Transit Authority (WMATA), and the B.F. Saul Company is a County Executive critical project. The project has two main parts: 1. Retail and office development over the WMATA bus bay and the Regional Services Center (RSC) site, and 2. Town Center development on the current Parking Lot 13 site. The project program calls for 600,000 square feet of office development, a 120-room hotel, 200 to 250 residential units, 40,000 square feet of retail/lex space, and parking. In addition to the three-party partnership, the Maryland National Capital Park and Planning Commission is considering becoming part of "Wheaton's new downtown" as it weighs relocating its Montgomery County headquarters. The redevelopment program will also assist the department of economic development in its efforts to mitigate negative impacts to small and local businesses. To assist in funding this public/private partnership, the redevelopment program is discontinuing the streetscape and façade improvement programs.

ESTIMATED SCHEDULE

FY13 and FY14 includes funding for preliminary engineering to address pedestrian and vehicle issues, lighting, ADA issues, site utilities, and photometric studies. FY13 includes funding for gateways and way finding signage. In FY15, construction begins on the WMATA bus bay/RSC site. Construction of the county portion, a platform over the bus bays, will last approximately 18 months, with an additional 18 months of B.F. Saul construction of highrise office/retail buildings dovetailing with the completion of the platform. In FY16, construction engineering on the Town Square will begin. Construction itself would occur in FY18 and FY19.

COST CHANGE

Cost change due to updated project scope which includes design, engineering, site improvements, and construction in support of the public/private partnership and the elimination of streetscapes and facades.

JUSTIFICATION

The Wheaton Redevelopment Program was established in 2000 with the goal of encouraging private reinvestment through targeted, complementary public investment. It is estimated that the private sector will create over a million square feet of new development. This PDF provides County contributions to this \$200 - \$300 million project. All developers are required to adhere to a strict streetscaping plan.

The Wheaton Central Business District (CBD) and Vicinity Sector Plan (2011); State of Maryland designation as a Smart Growth (and Transit Oriented Development (TOO) site (2010); the Wheaton request for qualifications for public-private partnership for the design, construction and financing of TOO development for the Wheaton CBD (2010); Urban Land Institute Technical Assistance Panel Report: Wheaton CBD (2009); The International Downtown Association (IDA) Advisory Panel Report (2008); Wheaton's Public Safety Audit (2004); The 2005 Wheaton Redevelopment Advisory Committee (WRAC) visioning process for the Wheaton core; National Mainstreet Center Planning Study (2000); WRAC activities since established in 2000.

OTHER

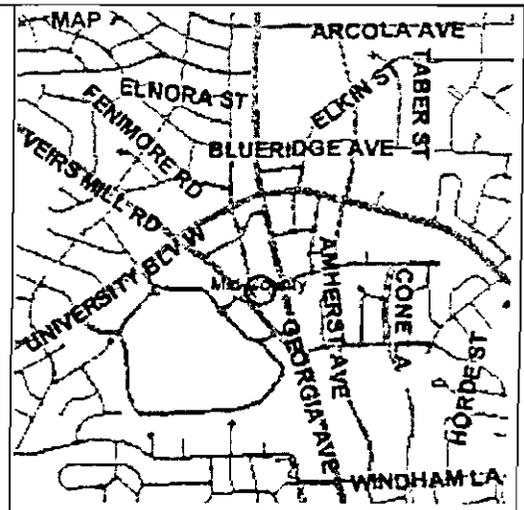
Special Capital Projects Legislation will be proposed by the County Executive.

FISCAL NOTE

- \$418,000 federal grant, funded through the SAFETEA-LU transportation act, was received in FY09.

| APPROPRIATION AND EXPENDITURE DATA | | |
|------------------------------------|------|---------|
| Date First Appropriation | FY04 | (\$000) |
| First Cost Estimate | FY13 | 51,078 |
| Current Scope | | |
| Last FY's Cost Estimate | | 13,191 |
| | | |
| Appropriation Request | FY13 | 0 |
| Appropriation Request Est | FY14 | 4,334 |
| Supplemental Appropriation Request | | 0 |
| Transfer | | 0 |
| | | |
| Cumulative Appropriation | | 8,930 |
| Expenditures / Encumbrances | | 8,385 |
| 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 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



Wheaton Redevelopment Program -- No. 150401 (continued)

- 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
- Cost estimates for the platform over the WMATA bus bays are based upon commercial construction standards and may change as the project evolves
- Developer contributions will be identified in the General Development Agreement.
- Total project cost for Streetscape and Facade work \$8,930,000.

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.

Sesker, Jacob

From: Ash Kosiewicz [AKOSIEWICZ@ledcmetro.org]
Sent: Friday, April 06, 2012 10:28 AM
To: Sesker, Jacob
Subject: Wheaton Redevelopment PDF language changes

Hi Jacob,

The Coalition for the Fair Redevelopment of Wheaton has reviewed the proposed updated PDF language for the Wheaton redevelopment project and respectfully requests that the following additions be made.

PROPOSED LANGUAGE: "The Executive will brief the Council regarding the outcome of these studies before the Executive resumes negotiating the terms of any General Development Agreement."

PROPOSED REVISION: "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."

PROPOSED LANGUAGE: "The project also provides up to \$650,000 in FY13 for consulting services, including an evaluation of the financial feasibility of redeveloping the WMATA bus bay site and 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)."

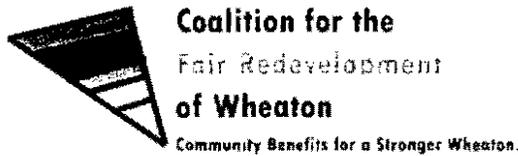
PROPOSED REVISION: "The project also provides up to \$650,000 in FY13 for consulting services, including an evaluation of the financial feasibility of redeveloping the WMATA bus bay site; a comprehensive parking study to identify potential disruptions to parking supply and changes in parking demand that 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 additional local jobs and job training opportunities in advance of/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.**"

Best,
Ash Kosiewicz
Lead Organizer
Coalition for the Fair Redevelopment of Wheaton

Ash Kosiewicz

18

4/6/2012



Wheaton Coalition Response to Updated Council Staff Plan for Wheaton Redevelopment

The Coalition for the Fair Redevelopment of Wheaton, composed of more than 1,000 supporters including Montgomery County residents, Wheaton small businesses, patients receiving services within the Mid-County Regional Services Center, and area nonprofits, endorses the broad vision of the Wheaton community as articulated at a meeting of area community groups and citizens on March 19th. This vision, which champions redevelopment and shared prosperity, aligns with community feedback solicited at the November 2010 large community meeting on Wheaton redevelopment.

This vision makes clear that any plan for Wheaton redevelopment should include the following:

- Involve responsible development
- Keep Wheaton diverse and eclectic
- All development needs to be “visibly” green and environmentally friendly.
- Proposed Town Square needs to be bigger and at least 1/3 the size of Parking Lot 13.
- Small Business Assistance Program, Bill 6-12, as proposed by Councilmember Nancy Navarro, should be supported and full funding should be allotted.

In response to “Wheaton Redevelopment Program draft PDF” dated March 30, 2012, the Coalition issues the following response for incorporation into the Council staff’s memo to inform the April 10 recommendation of the Montgomery County Council on the Wheaton redevelopment project.

- By recommending that construction on Parking Lot 13 become Phase 1 of the project, this plan creates an emergency for small businesses in Lot 13 and the greater Wheaton Triangle.
 - Recommendations:
 - In return for the proposed \$58 million dollar proposed investment of public taxpayer money to support the plan, the Council should direct the County Executive to put in writing concrete protections for small businesses¹ before the finalization of any General Development Agreement.
 - The Coalition requests an immediate construction impact study.
- If the proposed bus bays feasibility studies come back positive, the Coalition requests that the original phasing of the project be restored (Phase 1 Bus Bays, Phase 2 Parking Lot 13).
- Plans for Parking Lot 13 should be changed to better reflect the vision of the community.
 - Recommendations:
 - The town square should be larger and serve as a more prominent amenity for Lot 13 to attract more foot traffic and families to Wheaton’s downtown.

¹As referenced in the Wheaton Coalition’s proposed public benefits document, which references Impact Assistance Funds under the County’s Small Business Assistance Program as one piece of a comprehensive approach to protect small businesses.

- The plan should only allow for one building on Parking Lot 13.
- The Coalition values the wise use of public taxpayer money and the work that is being done to truly understand the costs and assumptions underlying the proposed Wheaton redevelopment project.
 - Recommendations:
 - In return for the proposed \$58 million dollar public subsidy, the Council should direct the County Executive to work with B.F. Saul to put in writing concrete public benefits to protect Wheaton's small businesses and diversity, including local job sourcing and training, small business protections, and affordable housing.²
 - To ensure proper oversight and accountability, the Council should require the County Executive to brief the Council on issues related to project phasing and public benefits before any General Development Agreement is signed.

² Ibid.

| County Executive Proposal | |
|-----------------------------|--|
| Current PDF | \$42 million |
| M-NCPPC Building* | <u>83 million</u> |
| Total | \$125 million |
| Includes: | Platform/IOS BRT Bus Bay Reconfiguration Parking on Platform Hotel 150,000 sf lease for County (see Option1) 600,000 developable sf available on platform Town Square M-NCPPC Building on Lot 13 Parking on Lot 13 including PLD replacement parking |
| Option 1: | |
| Buy Out of County Building* | <u>\$60 - 83 million</u> |
| Total | \$185 - 208 million |

| M-NCPPC and County Towers on Lot 13 | |
|-------------------------------------|---|
| County Building* | \$83 million |
| M-NCPPC Building* | <u>83 million</u> |
| Total | \$166 million |
| Includes: | Town Square M-NCPPC Building on Lot 13 County Building on Lot 13 Parking on Lot 13 including PLD replacement parking |

*The \$83 million cost for both the M-NCPPC and County buildings assumes a 150,000 sf building with underground parking and includes: PDS, Site + Utilities, Construction, Other, contingencies and cost escalations.

SILVERPLACE DEVELOPMENT COST - REVISED ESTIMATE

March 15, 2012

(\$000's)

| Category | 2009 Est | Current Est | Comments |
|--|-----------------|-----------------|---|
| Gross Floor Area in Square Feet | 159,000 | 144,000 | |
| Land | \$0 | \$0 | |
| Site Improvements & Utilities | \$5,388 | \$5,388 | |
| Less: Utility Relocation | | (\$435) | |
| Less: Shared Sitework | | (\$1,508) | |
| Less: Sitework Under Public Wing | | (\$661) | |
| Current Estimate | | \$2,783 | |
| Core & Shell | \$29,333 | \$23,345 | "Current" entry: Hard Costs for Tower |
| | | \$4,170 | "Current" entry: Public Wing office space & Hearing Room area Hard Costs |
| | | \$27,515 | |
| Offsite Improvements | \$435 | \$0 | |
| General Contractor's Fee | \$2,112 | \$1,817 | 4.5% of Land, Sitework, Core & Shell, Offsites & T/I |
| Total Hard Costs | \$37,268 | \$32,115 | |
| Architectural & Engineering Fees | \$5,145 | \$4,389 | 10% of Land, Sitework & Utilities, Core & Shell, Offsites, T/I & GC Fee |
| Financing Fees | \$250 | \$0 | |
| Utility Fees, Permits & Bonds | \$3,069 | \$2,762 | "Current" entry: 2009 estimate reduced by 10% based on Hard Cost reduction |
| Total Soft Costs | \$8,464 | \$7,151 | |
| Base Building Development Cost | \$45,732 | \$39,266 | |
| Tenant Improvements | \$11,773 | \$11,773 | |
| Temporary Space | \$98 | \$0 | |
| Development Management | \$2,766 | \$2,536 | Staff expense & 3.5% of Base Building + T/I |
| Estimating & Design Contingency | \$4,693 | \$4,207 | "Current" entry: 10% of Hard Cost + T/I - GC Fee |
| Change Order Contingency | \$2,581 | \$2,314 | "Current" entry: 5% of Hard Cost + T/I + Est & Des Contingency - GC Fee |
| Inflation | \$1,689 | \$1,458 | "Current" entry: 3% of Hard Cost + T/I + Contingencies for 1 year until bid |
| TOTAL DEVELOPMENT COST | \$69,332 | \$61,554 | |

**Wheaton CBD and Vicinity Sector Plan
Montgomery County, Maryland**

Summary of Wheaton Fiscal Impact Analysis

| Development assumptions: | Projection No. 2-A Assumes 100% of New Development Occurs, Includes Wheaton Mall | | Projection No. 2-B Assumes 100% of New Development Occurs, Excludes Wheaton Mall | | Projection No. 2-C Assumes 80% of New Development Occurs, Includes Wheaton Mall | | Projection No. 2-D Assumes 80% of New Development Occurs, Excludes Wheaton Mall | |
|--|--|---------------------------------|--|---------------------------------|---|---------------------------------|---|---------------------------------|
| | Displaced Existing ¹ (units) | Net New ² (units) | Displaced Existing ¹ (units) | Net New ² (units) | Displaced Existing ¹ (units) | Net New ² (units) | Displaced Existing ¹ (units) | Net New ² (units) |
| Sub-total residential | | 4,600 | | 4,600 | | 3,680 | | 3,680 |
| Commercial | | | | | | | | |
| Office | 572,000 | 875,000 | 572,000 | 875,000 | 572,000 | 700,000 | 572,000 | 700,000 |
| Retail | | | | | | | | |
| Mixed use | 1,126,390 | 162,000 | 1,126,390 | 162,000 | 1,126,390 | 129,600 | 1,126,390 | 129,600 |
| Wheaton Mall | 1,573,610 | 0 | 1,573,610 | 0 | 1,573,610 | 0 | 1,573,610 | 0 |
| Industrial | 128,000 | 0 | 128,000 | 0 | 128,000 | 0 | 128,000 | 0 |
| Hotel | 0 | 133,200 | 0 | 133,200 | 0 | 106,560 | 0 | 106,560 |
| Sub-total commercial | 3,400,000 | 1,170,200 | 1,826,390 | 1,170,200 | 3,400,000 | 936,160 | 1,826,390 | 936,160 |
| Significant conclusions: | | | | | | | | |
| Population | | | | | | | | |
| Total residents | 9,154 | 9,154 | 9,154 | 9,154 | 9,154 | 9,154 | 9,154 | 9,154 |
| Total students ³ | 996 | 996 | 996 | 996 | 996 | 797 | 996 | 797 |
| Total employees ⁴ | | | | | | | | |
| Direct | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 2,400 | 3,000 | 2,400 |
| Indirect | 1,785 | 1,785 | 1,785 | 1,785 | 1,785 | 1,429 | 1,785 | 1,429 |
| Total employees | 4,785 | 4,785 | 4,785 | 4,785 | 4,785 | 3,829 | 4,785 | 3,829 |
| Revenues and Expenditures⁵ | | | | | | | | |
| Montgomery County projected revenues | \$1,218,976,114 | \$1,105,725,730 | \$1,218,976,114 | \$1,105,725,730 | \$1,030,585,077 | \$907,334,694 | \$1,030,585,077 | \$907,334,694 |
| Montgomery County projected expenditures | | | | | | | | |
| County expenditures ⁶ | (\$117,647,103) | (\$346,406,917) | (\$117,647,103) | (\$346,406,917) | (\$297,787,790) | (\$296,595,312) | (\$117,647,103) | (\$296,595,312) |
| Montgomery County public school system | (\$330,266,048) | (\$350,366,048) | (\$330,266,048) | (\$350,366,048) | (\$280,212,838) | (\$280,212,838) | (\$330,266,048) | (\$280,212,838) |
| Capital expenditures | (\$427,805,945) | (\$427,805,945) | (\$427,805,945) | (\$427,805,945) | (\$427,805,945) | (\$427,805,945) | (\$427,805,945) | (\$427,805,945) |
| Total County expenditures | (\$875,719,096) | (\$1,124,478,910) | (\$875,719,096) | (\$1,124,478,910) | (\$705,806,573) | (\$705,806,573) | (\$875,719,096) | (\$705,806,573) |
| Net County surplus/(deficit) ⁷ | \$93,257,018 | (\$18,753,180) | \$93,257,018 | (\$18,753,180) | \$14,778,504 | (\$97,279,401) | \$93,257,018 | (\$97,279,401) |

2-2-2011

¹ Represents existing Wheaton development assumed to be redeveloped. Existing commercial space provided on page 2 of the Economic Analysis prepared January 12, 2010 attached to Appendix 8 in the April 2011 Wheaton CBD and Vicinity Sector Plan Planning Board Draft. Existing Wheaton Mall square footage based on the square footage from Maryland State Department of Assessments and Taxation tax parcel data. Additional information included to accurately project existing commercial development expected to be redeveloped.

² New job assumptions based on information from page 10 of the April 2011 Wheaton CBD and Vicinity Sector Plan Planning Board Draft. New commercial space provided in the executive summary of the Wheaton Urban District Market Analysis, Part I Report, dated January 2010 and prepared by BAE attached to Appendix 8 to the April 2011 Wheaton CBD and Vicinity Sector Plan Planning Board Draft. Assumes catalytic development demand. Additional information needed to accurately project new development and development absorption scenarios C and D assume 80% of new development will occur.

³ New student assumptions based on information from page 79 of the April 2011 Wheaton CBD and Vicinity Sector Plan Planning Board Draft. Assumes the Wheaton Sector Plan's estimated residential development could yield up to 386 elementary school students, 310 middle school students, and 300 high school students. Scenarios C and D assume 80% of students will be generated.

⁴ Industrial and hotel job assumptions based on information from page 10 of the April 2011 Wheaton CBD and Vicinity Sector Plan Planning Board Draft. Additional information needed to accurately project new jobs and new jobs by development type (office, retail, mixed use, retail, Wheaton Mall).

⁵ Revenues and expenditures are shown over the thirty year period, including inflation, as estimated in the corresponding projections.

⁶ Includes additional expenditures to Montgomery County and additional County operating, maintenance, and one-time costs.

⁷ Represents the net fiscal impact to the County from net new development.

**Wheaton CBD and Vicinity Sector Plan
Montgomery County, Maryland**

Fiscal Impact Analysis No. 2-C

Assumptions:

**Montgomery County Fiscal Impact Analysis
Assumes 100% of Existing Development is Replaced
Assumes 80% of New Sector Plan Development Occurs
Includes Wheaton Mall**

Prepared By:

**MuniCap, Inc.
Public Finance**

June 22, 2011

Wheaton CBD and Vicinity Sector Plan
Montgomery County, Maryland

Schedule XXI: Net Revenues Versus Total Projected County Capital Costs

| Tax Year Beginning | Inflation Factor | Net County Revenues (Schedule XIX) | Total Projected County Capital Costs (Schedule XX-G) | Net Montgomery County Surplus/(Deficit) |
|--------------------|------------------|------------------------------------|--|---|
| 1-Jul-12 | 100% | \$0 | \$0 | \$0 |
| 1-Jul-13 | 100% | \$0 | \$0 | \$0 |
| 1-Jul-14 | 103% | (\$774,495) | \$0 | (\$774,495) |
| 1-Jul-15 | 106% | \$43,547 | (\$1,861,458) | (\$1,817,911) |
| 1-Jul-16 | 109% | \$921,392 | (\$1,861,458) | (\$940,067) |
| 1-Jul-17 | 113% | \$1,881,343 | (\$3,248,226) | (\$1,366,883) |
| 1-Jul-18 | 116% | \$3,485,482 | (\$13,701,144) | (\$10,215,662) |
| 1-Jul-19 | 119% | \$4,623,199 | (\$13,701,144) | (\$9,077,945) |
| 1-Jul-20 | 123% | \$5,845,994 | (\$13,701,144) | (\$7,855,150) |
| 1-Jul-21 | 127% | \$7,159,926 | (\$13,701,144) | (\$6,541,218) |
| 1-Jul-22 | 130% | \$8,559,936 | (\$18,438,840) | (\$9,878,904) |
| 1-Jul-23 | 134% | \$10,073,266 | (\$18,438,840) | (\$8,365,574) |
| 1-Jul-24 | 138% | \$10,999,620 | (\$18,438,840) | (\$7,439,220) |
| 1-Jul-25 | 143% | \$12,045,142 | (\$18,438,840) | (\$6,393,698) |
| 1-Jul-26 | 147% | \$13,156,307 | (\$18,438,840) | (\$5,282,533) |
| 1-Jul-27 | 151% | \$14,325,798 | (\$18,438,840) | (\$4,113,042) |
| 1-Jul-28 | 156% | \$15,569,329 | (\$18,438,840) | (\$2,869,512) |
| 1-Jul-29 | 160% | \$16,870,305 | (\$18,438,840) | (\$1,568,535) |
| 1-Jul-30 | 165% | \$18,239,587 | (\$19,367,702) | (\$1,128,115) |
| 1-Jul-31 | 170% | \$19,689,388 | (\$19,367,702) | \$321,686 |
| 1-Jul-32 | 175% | \$21,203,787 | (\$19,367,702) | \$1,836,084 |
| 1-Jul-33 | 181% | \$22,794,858 | (\$19,367,702) | \$3,427,156 |
| 1-Jul-34 | 186% | \$22,630,932 | (\$19,367,702) | \$3,263,229 |
| 1-Jul-35 | 192% | \$23,466,523 | (\$16,577,382) | \$6,889,141 |
| 1-Jul-36 | 197% | \$24,326,224 | (\$16,577,382) | \$7,748,842 |
| 1-Jul-37 | 203% | \$25,210,699 | (\$15,190,615) | \$10,020,085 |
| 1-Jul-38 | 209% | \$26,120,630 | (\$15,190,615) | \$10,930,016 |
| 1-Jul-39 | 216% | \$27,056,715 | (\$15,190,615) | \$11,866,100 |
| 1-Jul-40 | 222% | \$28,019,668 | (\$15,190,615) | \$12,829,054 |
| 1-Jul-41 | 229% | \$29,010,222 | (\$15,190,615) | \$13,819,608 |
| 1-Jul-42 | 236% | \$30,029,127 | (\$12,573,155) | \$17,455,972 |
| Total | | \$442,584,449 | (\$427,805,945) | \$14,778,504 |

**Wheaton CBD and Vicinity Sector Plan
Montgomery County, Maryland**

Fiscal Impact Analysis No. 2-D

Assumptions:

**Montgomery County Fiscal Impact Analysis
Assumes 100% of Existing Development is Replaced
Assumes 80% of New Sector Plan Development Occurs
Excludes Wheaton Mall**

Prepared By:

**MuniCap, Inc.
Public Finance**

June 22, 2011

Wheaton CBD and Vicinity Sector Plan
Montgomery County, Maryland

Schedule XXI: Net Revenues Versus Total Projected County Capital Costs

| Tax Year Beginning | Inflation Factor | Net County Revenues (Schedule XIX) | Total Projected County Capital Costs (Schedule XX-G) | Net Montgomery County Surplus/(Deficit) |
|--------------------|------------------|------------------------------------|--|---|
| 1-Jul-12 | 100% | \$0 | \$0 | \$0 |
| 1-Jul-13 | 100% | \$0 | \$0 | \$0 |
| 1-Jul-14 | 103% | (\$984,960) | \$0 | (\$984,960) |
| 1-Jul-15 | 106% | (\$400,212) | (\$1,861,458) | (\$2,261,670) |
| 1-Jul-16 | 109% | \$220,493 | (\$1,861,458) | (\$1,640,965) |
| 1-Jul-17 | 113% | \$898,402 | (\$3,248,226) | (\$2,349,824) |
| 1-Jul-18 | 116% | \$2,194,494 | (\$13,701,144) | (\$11,506,650) |
| 1-Jul-19 | 119% | \$2,997,027 | (\$13,701,144) | (\$10,704,117) |
| 1-Jul-20 | 123% | \$3,856,313 | (\$13,701,144) | (\$9,844,831) |
| 1-Jul-21 | 127% | \$4,777,180 | (\$13,701,144) | (\$8,923,964) |
| 1-Jul-22 | 130% | \$5,753,292 | (\$18,438,840) | (\$12,685,549) |
| 1-Jul-23 | 134% | \$6,810,562 | (\$18,438,840) | (\$11,628,279) |
| 1-Jul-24 | 138% | \$7,586,124 | (\$18,438,840) | (\$10,852,717) |
| 1-Jul-25 | 143% | \$8,476,320 | (\$18,438,840) | (\$9,962,520) |
| 1-Jul-26 | 147% | \$9,427,492 | (\$18,438,840) | (\$9,011,348) |
| 1-Jul-27 | 151% | \$10,432,185 | (\$18,438,840) | (\$8,006,656) |
| 1-Jul-28 | 156% | \$11,505,969 | (\$18,438,840) | (\$6,932,871) |
| 1-Jul-29 | 160% | \$12,632,105 | (\$18,438,840) | (\$5,806,735) |
| 1-Jul-30 | 165% | \$13,821,302 | (\$19,367,702) | (\$5,546,400) |
| 1-Jul-31 | 170% | \$15,085,618 | (\$19,367,702) | (\$4,282,084) |
| 1-Jul-32 | 175% | \$16,408,973 | (\$19,367,702) | (\$2,958,729) |
| 1-Jul-33 | 181% | \$17,803,278 | (\$19,367,702) | (\$1,564,424) |
| 1-Jul-34 | 186% | \$17,439,802 | (\$19,367,702) | (\$1,927,900) |
| 1-Jul-35 | 192% | \$18,069,965 | (\$16,577,382) | \$1,492,583 |
| 1-Jul-36 | 197% | \$18,718,191 | (\$16,577,382) | \$2,140,809 |
| 1-Jul-37 | 203% | \$19,384,969 | (\$15,190,615) | \$4,194,354 |
| 1-Jul-38 | 209% | \$20,070,801 | (\$15,190,615) | \$4,880,187 |
| 1-Jul-39 | 216% | \$20,776,202 | (\$15,190,615) | \$5,585,588 |
| 1-Jul-40 | 222% | \$21,501,698 | (\$15,190,615) | \$6,311,083 |
| 1-Jul-41 | 229% | \$22,247,825 | (\$15,190,615) | \$7,057,210 |
| 1-Jul-42 | 236% | \$23,015,134 | (\$12,573,155) | \$10,441,979 |
| Total | | \$330,526,544 | (\$427,805,945) | (\$97,279,401) |

FISCAL IMPACT ANALYSIS FOR WHEATON DOWNTOWN DEVELOPMENT
 4-Mar-12
 With Enterprise Zone Commercial Property Tax Credit

| | |
|-------------------------------|-----------|
| E | |
| MNCPPC on Lot 13 | 647,000 |
| County Office on Bus Bay Site | 150,000 |
| Office on the Point | 300,000 |
| ALL GSA | 197,000 |
| | 200,000 |
| | 40,000 |
| | 70,000 |
| | 120 |
| | 200,000 |
| | 250 |
| | 1,265,000 |
| | 985,000 |

| | | | |
|-----|---|---------------|-----|
| 1 | Office (s f) - Private | | 1 |
| 1a | Building 1 - Bus Bay Site | | 1a |
| 1b | Building 2 - Bus Bay Site (35A) | | 1b |
| 1c | Building 3 - Bus Bay Site "The Point" | | 1c |
| 2 | Office (s f) - County + MNCPPC | | 2 |
| 3 | Retail (s f) | | 3 |
| 4 | Hotel (s f) | | 4 |
| 5 | Hotel (rooms) | | 5 |
| 6 | Residential (s f) | | 6 |
| 7 | Residential (units) | | 7 |
| 8 | Total GSF | | 8 |
| 9 | Total Taxable GSF | | 9 |
| 10 | | | 10 |
| 11 | THE NEW DEVELOPMENT | | 11 |
| 12 | | | 12 |
| 13 | Estimated FAR Assessed Values (Private) | | 13 |
| 14 | Commercial | \$257,569,187 | 14 |
| 15 | Residential | \$56,016,140 | 15 |
| 16 | Estimated Value of Personal Property | \$15,454,152 | 16 |
| 17 | | | 17 |
| 18 | Real Property Tax Rate | \$1,225 | 18 |
| 19 | Personal Property Tax Rate | \$1,783 | 19 |
| 20 | | | 20 |
| 21 | Total Jobs | 3,138 | 21 |
| 22 | | | 22 |
| 23 | County Income Tax per New Job | \$1,406 | 23 |
| 24 | | | 24 |
| 25 | DEMOGRAPHICS | | 25 |
| 26 | | | 26 |
| 27 | New Households | | 27 |
| 28 | On Site (Lot 13 Residential Units) | 225 | 28 |
| 29 | Off Site (within County) | 596 | 29 |
| 30 | | | 30 |
| 31 | New Population | | 31 |
| 32 | On Site (Lot 13 Residential Units) | 281 | 32 |
| 33 | Off Site (within County) | 1,890 | 33 |
| 34 | Additional Schoolchildren | 280 | 34 |
| 35 | Additional College Students | 50 | 35 |
| 36 | | | 36 |
| 37 | New Jobs | | 37 |
| 38 | % of Total Jobs which are new to the County | | 38 |
| 39 | MNCPPC + County Jobs | 5% | 39 |
| 40 | Other Tenants | 60% | 40 |
| 41 | | | 41 |
| 42 | % of New County Jobs which are also new County residents | | 42 |
| 43 | MNCPPC + County Jobs | 80% | 43 |
| 44 | Other Tenants | 60% | 44 |
| 45 | | | 45 |
| 46 | New Jobs in the County | 1,223 | 46 |
| 47 | New Jobs in the County which are also new County residents | 746 | 47 |
| 48 | | | 48 |
| 49 | | | 49 |
| 50 | COUNTY REVENUES (per annum, 2012 \$'s) | | 50 |
| 51 | | | 51 |
| 52 | Property Tax Revenues | | 52 |
| 52a | From New Commercial Development (with E2 Tax Credit, years 1-5, phasing out years 6 - 10) | \$623,105 | 52a |
| 53 | From New Commercial Development (without E2 Tax Credit) | \$3,145,626 | 53 |
| 54 | From New Residential Development | \$811,363 | 54 |
| 55 | | | 55 |
| 56 | Business Personal Property Tax Revenue | \$275,548 | 56 |
| 57 | | | 57 |
| 58 | Income Tax Revenues | | 58 |
| 59 | Commercial Development - New Jobs in the County which are also new County Residents (residing offsite) | \$871,005 | 59 |
| 60 | Residential Development - Residential Units (on site) | \$328,696 | 60 |
| 61 | | | 61 |
| 62 | Energy & Telephone Taxes | \$636,771 | 62 |
| 63 | | | 63 |
| 64 | Hotel / Motel Tax | \$329,411 | 64 |
| 65 | | | 65 |
| 66 | Other Population Related Revenues | \$395,196 | 66 |
| 67 | | | 67 |
| 67a | Total County Revenues (with E2 Tax Credit) | \$4,384,394 | 67a |
| 68 | Total County Revenues (without E2 Tax Credit) | \$6,816,814 | 68 |
| 69 | | | 69 |
| 70 | | | 70 |
| 71 | COUNTY SERVICE COSTS (per annum, 2012 \$'s) | | 71 |
| 72 | | | 72 |
| 73 | Population related costs (net of State funding) | \$1,602,203 | 73 |
| 74 | Job related costs (net of State funding) | \$615,180 | 74 |
| 75 | Schoolchildren costs (net of State funding) | \$3,126,830 | 75 |
| 76 | College student costs (net of State funding) | \$348,164 | 76 |
| 77 | Total County Service Costs | \$5,692,203 | 77 |
| 78 | | | 78 |
| 79 | | | 79 |
| 80 | ON SITE FISCAL IMPACT of the DEVELOPMENT TO THE COUNTY | | 80 |
| 81 | | | 81 |
| 81a | County Revenues LESS County Service Costs - With E2 Tax Credit (per annum, 2012 \$'s) | (\$1,407,810) | 81a |
| 82 | County Revenues LESS County Service Costs - Without E2 Tax Credit (per annum, 2012 \$'s) | \$1,724,811 | 82 |
| 83 | NPV of County Revenues LESS County Service Costs - With E2 Tax Credit (30 years @5%) | \$2,262,260 | 83 |
| 84 | NPV of County Revenues LESS County Service Costs - Without E2 Tax Credit (30 years @5%) | \$18,522,697 | 84 |
| 85 | | | 85 |
| 86 | OFF SITE / SECOND ORDER FISCAL IMPACT TO THE COUNTY - SENSITIVITIES | | 86 |
| 87 | | | 87 |
| 88 | NPV of Increase in Off Site Commercial Property Tax Revenues (30 years @ 5%) | | 88 |
| 89 | Sensitivity 1 - Baseline / Market Rate | \$0 | 89 |
| 90 | Sensitivity 2 - Above Market 1 / Silver Spring | \$15,281,443 | 90 |
| 91 | | | 91 |
| 92 | | | 92 |
| 93 | COMBINED ON SITE AND OFF SITE FISCAL IMPACT TO THE COUNTY | | 93 |
| 94 | TOTAL FISCAL IMPACT NPV TO THE COUNTY: Sensitivity 1 - Baseline / Market Rate Inflation - With E2 Tax Credit | \$2,262,260 | 94 |
| 95 | TOTAL FISCAL IMPACT NPV TO THE COUNTY: Sensitivity 2 - Above Market Rate Inflation (Silver Spring) - With E2 Tax Credit | \$17,543,724 | 95 |
| 96 | | | 96 |
| 96a | TOTAL FISCAL IMPACT NPV TO THE COUNTY: Sensitivity 1 - Baseline / Market Rate Inflation - Without E2 Tax Credit | \$18,622,697 | 96a |
| 96b | TOTAL FISCAL IMPACT NPV TO THE COUNTY: Sensitivity 2 - Above Market Rate Inflation (Silver Spring) - Without E2 Tax Credit | \$33,806,149 | 96b |
| 96c | | | 96c |
| 97 | | | 97 |
| 98 | TOTAL INVESTMENT REQUIRED (NPV @5%) | | 98 |
| 99 | | | 99 |
| 100 | Total Investment Required (NPV @5%) | | 100 |
| 101 | Platform and Infrastructure - Bus Bay Site (NPV @5%) | \$34,035,201 | 101 |
| 102 | Town Square (NPV @5%) | \$1,865,538 | 102 |
| 103 | Total Investment Required (NPV @5%) | \$35,960,740 | 103 |

FISCAL IMPACT ANALYSIS FOR WHEATON DOWNTOWN DEVELOPMENT
 8-Mar-12
 With Enterprise Zone Commercial Property Tax Credit

| | | | |
|------|---|----------------------|------------|
| 1 | Office (s f) - Private | | |
| 1.2 | Building 1 - Bus Bay Site | | |
| 1.2a | Building 2 - Bus Bay Site (GSA) | | |
| 1.2b | Building 3 - Bus Bay Site "The Point" | | |
| 2 | Office (s f) - County + MNCPPC | | |
| 3 | Retail (s f) | | |
| 4 | Hotel (s f) | | |
| 5 | Hotel (rooms) | | |
| 6 | Residential (s f) | | |
| 7 | Residential (units) | | |
| 8 | Total GSF | | |
| 9 | Total Taxable GSF | | |
| 104 | | | |
| 105 | FISCAL IMPACT TO THE STATE | | |
| 106 | | | |
| 107 | STATE REVENUES (per annum, 2012 \$'s) | | |
| 108 | | | |
| 109 | Property Tax Revenues | | |
| 110 | From New Commercial Development | \$268,478 | 110 |
| 111 | From New Residential Development | \$73,940 | 111 |
| 112 | | | |
| 113 | Income Tax Revenues | | |
| 114 | State Income Tax per New Job (from New Commercial Development) | \$2,522 | 114 |
| 115 | State Income Tax per New Household (from New Residential Development) | \$2,100 | 115 |
| 116 | Income Tax Revenues (from New Commercial Development) | | |
| 117 | New jobs which are also new State residents | 367 | 117 |
| 118 | Income Taxes from new State residents | \$741,481 | 118 |
| 119 | Income Tax Revenues (from New Residential Development) - new households | \$472,500 | 119 |
| 120 | | | |
| 121 | Retail Sales Tax Revenues | \$798,000 | 121 |
| 122 | | | |
| 123 | Total State Revenues | \$2,374,765 | 123 |
| 124 | | | |
| 125 | | | |
| 126 | STATE PROVIDED FUNDING TO THE COUNTY (per annum, 2012 \$'s) | | |
| 127 | | | |
| 128 | | | |
| 129 | Population related costs | \$309,735 | 129 |
| 130 | Job related costs | \$114,525 | 130 |
| 131 | Schoolchildren costs | \$604,432 | 131 |
| 132 | College student costs | \$67,319 | 132 |
| 133 | Total State Funding Provided to the County | \$1,100,422 | 133 |
| 134 | | | |
| 135 | ON-SITE FISCAL IMPACT OF THE DEVELOPMENT TO THE STATE | | |
| 136 | | | |
| 137 | State Revenues LESS State Funding Provided to the County (per annum, 2012 \$'s) | \$1,274,363 | 137 |
| 138 | NPV of State Revenues LESS State Funding Provided to the County (30 years @5%) | \$20,988,170 | 138 |
| 139 | | | |
| 140 | | | |
| 141 | OFF-SITE / SECOND ORDER FISCAL IMPACT TO THE STATE - SENSITIVITIES | | |
| 142 | | | |
| 143 | NPV of increase in Off-Site Commercial Property Tax Revenues (30 years @ 5%) | | |
| 144 | Sensitivity 1 - Baseline / Market Rate | \$0 | 144 |
| 145 | Sensitivity 2 - Above Market 1 / Silver Spring | \$1,392,613 | 145 |
| 146 | | | |
| 147 | NPV of increase in Off-Site Retail Sales Tax Revenues (30 years @ 5%) | | |
| 148 | Sensitivity 1 - Baseline / Market Rate | \$0 | 148 |
| 149 | Sensitivity 2 - Above Market 1 / Silver Spring | \$261,793,626 | 149 |
| 150 | | | |
| 151 | Total Off-Site Impact to the State (30 years @5%) | | |
| 152 | Sensitivity 1 - Baseline / Market Rate | \$0 | 152 |
| 153 | Sensitivity 2 - Above Market 1 / Silver Spring | \$263,192,299 | 153 |
| 154 | | | |
| 155 | COMBINED ON-SITE AND OFF-SITE FISCAL IMPACT TO THE STATE | | |
| 156 | | | |
| 157 | TOTAL FISCAL IMPACT NPV TO THE STATE: Sensitivity 1 | \$20,988,170 | 157 |
| 158 | TOTAL FISCAL IMPACT NPV TO THE STATE: Sensitivity 2 | \$264,181,469 | 158 |
| 159 | | | |
| 160 | | | |
| 161 | | | |

| E | |
|------------------|-----|
| MNCPPC on Lot | |
| 13 County Office | |
| on Bus Bay Site | |
| Office on the | |
| "Point" ALL GSA | |
| 847,000 | 1 |
| 150,000 | 1.3 |
| 300,000 | 1.4 |
| 197,000 | 1.5 |
| 300,000 | 2 |
| 40,000 | 3 |
| 78,000 | 4 |
| 120 | 5 |
| 200,000 | 6 |
| 290 | 7 |
| 1,255,000 | 8 |
| 965,000 | 9 |

FISCAL IMPACT ANALYSIS FOR WHEATON DOWNTOWN DEVELOPMENT
 8-Mar-12
 With Enterprise Zone Commercial Property Tax Credit

| E | |
|------------------|-----|
| MNCPPC on Lot | |
| 13 County Office | |
| on Bus Bay Site | |
| Office on the | |
| 'Point' ALL CSA | |
| 647,000 | 1 |
| 150,000 | 1.8 |
| 300,000 | 1.5 |
| 187,000 | 1.4 |
| 300,000 | 2 |
| 40,000 | 3 |
| 14,000 | 4 |
| 120 | 5 |
| 200,000 | 6 |
| 250 | 7 |
| 1,265,000 | 8 |
| 965,000 | 9 |

| | | | | |
|-----|--|-----------------|---------------------|--|
| 1 | Office (s) 1 - Private | | | |
| 1.a | Building 1 Bus Bay Site | | | |
| 1.b | Building 2 Bus Bay Site (CSA) | | | |
| 1.c | Building 3 Bus Bay Site "The Point" | | | |
| 2 | Office (s) 1 - County + MNCPPC | | | |
| 3 | Retail (s) 1 | | | |
| 4 | Hotel (s) 1 | | | |
| 5 | Hotel (rooms) | | | |
| 6 | Residential (s) 1 | | | |
| 7 | Residential (units) | | | |
| 8 | Total GSF | | | |
| 9 | Total Taxable GSF | | | |
| 162 | | | | |
| 163 | | | | |
| 164 | DETAILED SENSITIVITY TABLES | | | |
| 165 | | | | |
| 166 | PROJECTED OFF-SITE COMMERCIAL PROPERTY TAX REVENUES | | | |
| 167 | Off-Site Property Tax Revenues | | | |
| 168 | Assessed Values for Existing Commercial Properties within 1/2 mile of Project (2012) | \$296,927,500 | | |
| 169 | Property Taxes for Existing Commercial Properties within 1/2 mile of Project (2012) | | | |
| 170 | County | \$3,158,253 | | |
| 171 | State | \$287,815 | | |
| 172 | | | | |
| 173 | Sensitivity Analysis - Assessed Values | | Below Market | |
| 174 | Inflation Rate Through Project Delivery (2012 - 2018) | | 3.00% | |
| 175 | | | | |
| 176 | Inflation Rate During Adoption Period (2018 - 2025) | | | |
| 177 | Standard Annual Market Inflation Rate | | 3.00% | |
| 178 | Annual Adjustment to Market Inflation During Adoption Period (2018 - 2025) | | -3.00% | |
| 179 | Total Annual Inflation Rate During Adoption Period (2018 - 2025) | | 0.00% | |
| 180 | | | | |
| 181 | Inflation Rate After Adoption Period (2025 - 2042) | | 3.00% | |
| 182 | | | | |
| 183 | NPV of Off-Site Commercial Property Tax Revenues (2012 - 2042) (8.5%) | | | |
| 184 | County | \$60,903,753 | | |
| 185 | State | \$6,550,220 | | |
| 186 | | | | |
| 187 | NPV of Increase / Decrease in Off-Site Commercial Property Tax Revenues (2012 - 2042) | | Below Market | |
| 188 | County | (\$8,322,964) | | |
| 189 | State | (\$756,462) | | |
| 190 | | | | |
| 191 | PROJECTED OFF-SITE RETAIL SALES TAX REVENUES | | | |
| 192 | | | | |
| 193 | Off-Site Retail Sales Tax Revenues - State | | | |
| 194 | Estimated Sales Revenues for Retail Properties within 1/2 mile of Project (2012) | \$979,743,100 | | |
| 195 | Sales Tax Revenues for Retail Properties within 1/2 mile of Project (2012) | \$58,784,595 | | |
| 196 | | | | |
| 197 | | | | |
| 198 | Sensitivity Analysis - Retail Sales Taxes | | Below Market | |
| 199 | Inflation Rate Through Project Delivery (2012 - 2018) | | 2.50% | |
| 200 | | | | |
| 201 | Inflation Rate During Adoption Period (2018 - 2025) | | | |
| 202 | Standard Annual Market Inflation Rate | | 2.50% | |
| 203 | Annual Adjustment to Market Inflation During Adoption Period (2018 - 2025) | | -2.50% | |
| 204 | Total Annual Inflation Rate During Adoption Period (2018 - 2025) | | 0.00% | |
| 205 | | | | |
| 206 | Inflation Rate After Adoption Period (2025 - 2042) | | 2.50% | |
| 207 | | | | |
| 208 | NPV of Off-Site Retail Tax Revenues (2012 - 2042) (8.5%) | | | |
| 209 | State | \$1,089,795,981 | | |
| 210 | | | | |
| 211 | NPV of Increase / Decrease in Off-Site Retail Sales Tax Revenues (2012 - 2042) | | Below Market | |
| 212 | State | (\$120,390,923) | | |

FISCAL IMPACT ANALYSIS FOR WHEATON DOWNTOWN DEVELOPMENT
 9-Mar-12
 With Enterprise Zone Commercial Property Tax Credit

| | |
|-----|-------------------------------------|
| 1 | Office (s f) - Private |
| 1.a | Building 1 Bus Bay Site |
| 1.b | Building 2 Bus Bay Site (GSA) |
| 1.c | Building 3 Bus Bay Site "The Point" |
| 2 | Office (s f) - County + MNCPPC |
| 3 | Retail (s f) |
| 4 | Hotel (s f) |
| 5 | Hotel (rooms) |
| 6 | Residential (s f) |
| 7 | Residential (units) |
| 8 | Total GSF |
| 9 | Total Taxable GSF |

| | |
|---|-----|
| E | |
| MNCPPC on Lot 13 County Office on Bus Bay Site, Office on the "Point" ALL GSA | |
| 647,000 | 1 |
| 150,000 | 1.a |
| 300,000 | 1.b |
| 197,000 | 1.c |
| 300,000 | 2 |
| 40,000 | 3 |
| 78,000 | 4 |
| 120 | 5 |
| 200,000 | 6 |
| 250 | 7 |
| 1,265,200 | 8 |
| 965,000 | 9 |

ASSUMPTIONS

| | |
|---------|--|
| 1 | Office (s f) - Private - based on B.F. Saul development plan |
| 2 | Office (s f) - County + MNCPPC - based on B.F. Saul development plan as modified by County Planning |
| 3 | Retail (s f) - based on B.F. Saul development plan |
| 4,5 | Hotel (s f and rooms) - based on B.F. Saul development plan |
| 6,7 | Residential (s f and units) - based on B.F. Saul development plan |
| 12 | Estimated FAR Assessed Values (Private) - Rental Rates - B.F. Saul Capitalization Rate - JLL |
| 13 | Office - Private |
| 13 | Office - GSA |
| 13 | Retail |
| 13 | Hotel |
| 14 | Residential |
| 15 | Estimated Value of Personal Property (% of Assessed Value) |
| 17 | Real Property Tax Rate (per \$100 of Assessed Value) |
| 17 | General County Tax |
| 17 | Municipal District Tax |
| 17 | Special Service Area Tax |
| 16 | Business Personal Property Tax Rate |
| | Number of Jobs in New Commercial Space - total jobs for Office (Private + MNCPPC + County) Retail Hotel Private |
| 20 | Office Vacancy assumed to be 7% |
| 20 | Office - Private |
| 20 | Office - MNCPPC + County |
| 20 | Retail |
| 20 | Hotel (per room) |
| 20 | Residential (per unit) |
| 21 | Average Salary across all use types, by scenario |
| | Average Salary Per New Job - Bureau of Labor Statistics Occupational Wage Estimates for Washington DC-VA-MD- WV PMSA for relevant occupations (private sector) |
| 21 | Office - Private |
| 21 | Office - MNCPPC + County (average salary for all MNCPPC employees FY2010 inflated at 3% |
| 21 | Retail |
| 21 | Hotel |
| 21 | Residential |
| 22 | County Income Tax per New Job based on the following assumptions |
| 22 | Income Tax Rate - Montgomery County |
| 27 | Net New Households in the County - represents net new households (on-site and to the County) |
| 28 | Residential Units (on site) - percentage of the residential units are assumed to be net new households to the County |
| 28 | Average Household Size for people that are employed by the project - which are net new jobs and also net new county residents |
| 28 | Elsewhere in County - Net new households to the County, not located in the new development - calculated by dividing jobs which are County residents by 2.67 people per household |
| 29 | Percentage of new Jobs in the County which are also new County residents - which will live on site (in the residential units on Lot 13) |
| 32 | New Population - Residential Units on site based on average unit size of 800 s.f. persons per unit |
| 33 | New Population - Elsewhere in County based on ratio of persons per households from FY12 County Budget and the number of net new jobs in the County which are County residents |
| 34 | Additional Schoolchildren for new households OFF SITE - based on ratio of MCPS enrollment to households from FY12 County Budget and the number of new households both on site and elsewhere in County |
| 34 | Additional Schoolchildren for new households ON SITE (residential units) - based on ratio of MCPS enrollment to households from FY12 County Budget and the number of new households both on site and elsewhere in County adjusted proportionally to take into account lower household size for residential units on site |
| 35 | Additional College Students for new households OFF SITE - based on ratio of Montgomery College enrollment to households from FY12 County Budget and the number of new households both on site and elsewhere in County |
| 35 | Additional College Students for new households ON SITE - based on ratio of Montgomery College enrollment to households from FY12 County Budget and the number of new households both on site and elsewhere in County, adjusted proportionally to take into account lower household size for residential units on site |
| 38 | % of Total Jobs New to the County - average based on new MNCPPC + County jobs as well as new jobs from Other Tenants |
| 39 | MNCPPC + County Jobs - assumed that 5% of MNCPPC and County jobs are net new to the County |
| 40 | Other Tenants - percentage of total jobs (excluding MNCPPC and County jobs) which net new to the County |
| 40 | % of New Jobs which are also new County Residents - average of new jobs for MNCPPC County and Other Tenants |
| 43 | MNCPPC + County Jobs - percentage of new MNCPPC and County jobs which will be new County residents |
| 44 | Other Tenants - percentage of new Other Tenant jobs which will be new County residents |
| 46 | Net New Jobs in the County - total jobs multiplied by the % of Total Jobs New to the County |
| 47 | Net New Jobs in the County which are County Residents - Net New Jobs in the County multiplied by % of Jobs which are County Residents (average) |
| 52 | Property Tax Revenues from New Commercial Development - property taxes collected by Montgomery County only for Private owned and leased Office Retail Hotel |
| 53 | Property Tax Revenues from New Residential Development - property taxes collected by Montgomery County only for Residential component owned by B.F. Saul |
| 56 | Business Personal Property Tax - based on tax rate above and estimated value of business personal property |
| 58 | Income Tax Revenues |
| 59 | Commercial Development - income tax for individuals residents of the County which represent the net new jobs in the Office Retail, and Hotel - Income based on averages per use type in #22 above |
| 60 | Residential Development - income tax for net new households which are part of the development project |
| 59,60 | Average Household Income - based on U.S. Census median household income for Wheaton-Glenmont |
| 62 | Energy & Telephone Taxes - based on Per Capita revenue from FY12 County Budget |
| 64 | Hotel / Motel Tax (per room per year) - based on ADR of \$158, occupancy of 68% and occupancy tax rate of 7% |
| 66 | Other Population Related Revenues - based on Per Capita revenue from FY12 County Budget |
| 73 | Population related costs - based on Per Capita costs from FY12 County Budget |
| 73, 130 | Population related costs - State funding |
| 74 | Job related costs - based on Per Capita costs from FY12 County Budget |
| 74, 131 | Job related costs - State funding |
| 75 | Schoolchildren costs - based on Per Capita costs from FY12 County Budget |
| 75, 132 | Schoolchildren costs - State funding |
| 76 | College student costs - based on Per Capita costs from FY12 County Budget |
| 76, 133 | College student costs - State funding |
| 100 | Total Investment Required |
| 101 | Platform and Infrastructure Bus Bay Site |
| 102 | Town Squares |
| N/A | Replacement Parking Lot 13 |
| N/A | Ennals Avenue Connection |

| | | |
|--|---------------------|------------|
| | Market Value / s.f. | |
| | \$478.67 | |
| | \$328.67 | |
| | \$508.83 | |
| | \$315.08 | |
| | \$250.00 | |
| | 4.00% | |
| | \$0.715 | |
| | \$0.900 | |
| | \$0.516 | |
| | \$1.793 | |
| | Per 1,000 s.f. or | Scenario B |
| | Per Unit | |
| | 4.00 | 1,812 |
| | 4.00 | 1,200 |
| | 2.30 | 80 |
| | 0.30 | 26 |
| | 0.04 | 16 |
| | | 572,202 |
| | Salary | |
| | \$75,821 | |
| | \$60,709 | |
| | \$26,930 | |
| | \$35,736 | |
| | \$25,818 | |
| | 1.30% | |
| | 90% | |
| | 2.67 | |
| | 25% | |
| | 1.7% | |
| | 2.67 | |
| | 0.40 | |
| | 0.19 | |
| | 0.07 | |
| | 0.03 | |
| | >10% | |
| | 90% | |
| | 60% | |
| | 60% | |
| | \$2,745.09 | |
| | \$212.74 | |
| | \$1,697.86 | |
| | \$745.48 | |
| | \$60.47 | |
| | \$67.86 | |
| | \$14,000.26 | |
| | \$2,155.11 | |
| | \$9,526.72 | |
| | \$1,049.06 | |
| | \$71,278,872 | |
| | \$39,400,000 | |
| | \$2,800,000 | |
| | \$18,871,326 | |
| | \$11,701,346 | |