

MEMORANDUM

April 9, 2019

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Gene Smith, Legislative Analyst *GS*

SUBJECT: Amendments to the FY19-24 Capital Improvements Program (CIP): General Government – Economic Development Projects

PURPOSE: Review and make recommendations to the Council

Those expected for this worksession:

Tina Benjamin, Special Projects Manager, Office of the County Executive (CEX)
Greg Ossont, Deputy Director, Department of General Services (DGS)
Rob Hagedoorn, Fiscal Management Chief, Department of Finance (Finance)
Alison Dollar, Fiscal and Policy Analyst, Office of Management and Budget

I. Introduction and Summary

The Executive recommended amendments to three projects in the General Economic Development section of the CIP. The PHED Committee will review the White Flint Redevelopment Program and the White Oak Science Gateway Redevelopment Project Description Forms (“PDF”) today. The PHED and Government Operations and Fiscal Policy Committees are tentatively scheduled to review the third PDF, the Wheaton Redevelopment Program, on April 23.

Summary. The Executive’s recommendations reduce total expenditures for both projects to reflect changes in staffing charges. **Council staff recommends approval of the projects.**

II. White Flint Redevelopment Program

Project Description. This program provides for the plans, studies, analysis, and development coordination activities by the County necessary to implement redevelopment in the White Flint Sector Plan Area. This project only includes planning, design, and supervision (“PDS”) expenditures. Funding

for individual infrastructure projects that support redevelopment in White Flint are included in separate PDFs (e.g., White Flint District East: Transportation).

Recommended Amendment. See the recommended PDF on ©1. The Executive recommends reducing the expenditure schedule for this project by \$371,000 from FY19-24. **The reduction is due to a decrease in staff expenditures because the White Flint District Coordinator retired earlier this year.** The table below summarizes the recommended changes to the expenditure schedule.

White Flint Project - Amended FY19-24 Expenditure Schedule (\$000s)

Cost Element	Total 6 Years	FY19	FY20	FY21	FY22	FY23	FY24
PDS	(371)	0	(103)	(67)	(67)	(67)	(67)
Total	(371)	0	(103)	(67)	(67)	(67)	(67)

Recommended funding source: \$2.885 million from the White Flint Special Tax District.

Update and Highlights. This project only includes PDS expenditures, and the breakdown of those expenditures is on ©2. **Most of the expenditures are personnel expenditures.** The project includes 1.7 full-time equivalents (FTEs) in FY20 – 0.5 FTE in the CEX, the White Flint/White Oak Coordinator, and 1.2 FTEs are in Finance to manage the special taxing district. In FY21, an additional 0.2 FTEs will be charged to the CEX for a Planning Specialist to manage implementation in White Flint as well as other areas. The PDF is anticipated to include expenditures for 1.9 FTEs beyond FY24.

Staff Recommendation. Council staff recommends approval.

III. White Oak Science Gateway Redevelopment Project

Project Description. This project provides for the planning and development coordination activities by the County necessary to implement redevelopment of the 110-acre County-owned parcel on Industrial Parkway (“Site II”). This project includes expenditures for: 1) 0.5 FTEs for the coordinator position; 2) the demolition and preparation of Site II for redevelopment; and 3) \$40.0 million for the master plan roads as stipulated in the General Development Agreement between the County and Global LifeSci Development Corporation (GLDC).

Recommended Amendment. See the recommended PDF on ©3-4. The Executive recommends reducing expenditures in FY20 because the coordinator position will be split 50/50 between the White Flint and White Oak project. In addition, the Executive recommends shifting expenditures for road construction. The table below summarizes the recommended changes to the expenditure schedule.

White Oak Project - Amended FY19-24 Expenditure Schedule (\$000s)

Cost Elements	Total 6 Years	FY19	FY20	FY21	FY22	FY23	FY24
PDS	0	-	-	-	-	-	-
Site Improvements	0	-	-	-	-	-	-
Construction	0	-	(8,000)	(3,000)	1,000	5,000	5,000
Other	(80)	-	(80)	-	-	-	-
Total	(80)	-	(8,080)	(3,000)	1,000	5,000	5,000

Recommended funding sources: \$45.8 million from General Obligation bonds and \$0.24 million from current revenue.

Update and Highlights. The County funds 0.5 FTEs in this project through the “Other” Cost Element. The reduction is due to 50% of the expenditures shifting to the White Flint project. The funding for this position is anticipated to end in FY20. Also, the County’s demolition work is in progress, and this work is anticipated to end in summer-2019.

The timing of expenditures related to the \$40.0 million for road construction is dependent on the progress of GLDC’s development. The County and GLDC closed on the Site II property earlier this fiscal year, and GLDC is proceeding with entitlement rights and approvals with Montgomery County Planning. As development proceeds, the County will execute a participation agreement with GLDC for funding the road construction. **The Executive’s recommended shifts for the road construction are aligned with the current expectations of the project.**

Staff Recommendation. **Council staff recommends approval.**

This packet contains:

	<u>Circle #</u>
Recommended FY19-24 CIP: White Flint CIP	1
Breakdown of PDS expenditures: White Flint	2
Recommended FY19-24 CIP: White Oak CIP	3



White Flint Redevelopment Program (P151200)

Category	General Government	Date Last Modified	03/08/19
SubCategory	Economic Development	Administering Agency	County Executive
Planning Area	North Bethesda-Genett Park	Status	Planning Stage

Total	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Period Total
-------	------	------	------	------	------	------	------	------	------	------	------	--------------

EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	5,891	2,437	369	2,895	696	473	429	429	429	429	-	-
Land	159	159	-	-	-	-	-	-	-	-	-	-
Other	78	78	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,928	2,674	369	2,895	696	473	429	429	429	429	-	-

FUNDING SCHEDULE (\$000s)

White Flint Special Tax District	5,928	2,674	369	2,895	696	473	429	429	429	429	-	-
TOTAL FUNDING SOURCES	5,928	2,674	369	2,895	696	473	429	429	429	429	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 20 Approp. Request	473	Year First Appropriation	FY09
Cumulative Appropriation	3,739	Last FY's Cost Estimate	6,299
Expenditure / Encumbrances	2,677		
Unencumbered Balance	1,062		

PROJECT DESCRIPTION

This program provides for the plans, studies, analysis, and development coordination activities by the County necessary to implement redevelopment in the White Flint Sector Plan Area. Specialized services as detailed in the Justification section below are required to implement the extensive public infrastructure requirements called for in the Sector Plan, and for the implementation of the specified public financing mechanism and related requirements for infrastructure funding. This program also provides for certain land acquisitions necessary to support Transit-Oriented Development (TOD) activities in the White Flint Sector Plan Area.

COST CHANGE

Cost decrease due to changes to personnel charges.

PROJECT JUSTIFICATION

In the spring of 2010, the Montgomery County Council approved the new White Flint Sector Plan, which covers a 430 acre area. The Plan establishes a vision for transforming what has long been an auto-oriented suburban development pattern into a denser, mixed-used 'urban' center in which people can walk to work, shops and transit. An expanded street grid and other infrastructure improvements will create walkable blocks containing residences, retail, offices and local services. The Plan also calls for a financing mechanism that would generate significant revenues from properties and developments within the Sector Plan Area. The County Council further defined this financing mechanism in Bill 50-10, which established a White Flint Special Taxing District, authorized the levy of a property tax and the issuance of bonds to finance transportation infrastructure improvements, and stated conditions for the loaning or advancing of County funds to the District. In Resolution No. 16-1570, the Council adopted an implementation strategy which required the Executive to carry out a feasibility or other study to assess whether debt repayment will require a district tax rate that exceeds certain policy goals, and called for the forward funding or advance funding of specified items in order to promptly implement the Sector Plan. In addition to the financing implementation, specialized services are required related to the complex land assemblage and disposition actions necessary to implement the new street grid and for the reconfiguration of Executive Boulevard/Old Georgetown Road associated with implementation of Stage 1. Staff time and services are required to manage and coordinate efforts to develop detailed staging plans, to assess opportunities to maximize property dedications, and to negotiate property dedications to avoid or minimize acquisition costs. Necessary services will include appraisals, legal services, title services and consultants versed in land assemblage. The County is also currently implementing roadway improvements through the Conference Center site, which is a County asset. Special requirements related to the Conference Center include negotiations with the private hotel owner as well as the Hotel and Conference Center management firm, and the provision of interim and permanent parking related to the impacts of road rights of way that traverse the site and will reduce the number of parking spaces available to patrons.

FISCAL NOTE

The funding source for this project is White Flint Special Taxing District tax revenues.

COORDINATION

Office of the County Executive, Department of Finance, Department of Transportation, Revenue Authority, Maryland Department of Transportation (MDOT), Maryland State Highway Administration (SHA), Developers

1

White Flint Project – PDS Expenditure Breakdown

FY19

\$25,000	DOT Attorney
\$55,000	Plans/Studies/Coordination
\$235,000	CE Charges
\$232,000	Finance Staff Charges
\$150,000	FA charges - anticipated debt issue FY19
\$697,000	

FY20

\$25,000	DOT Attorney
\$55,000	Plans/Studies/Coordination
\$132,000	CE Charges
\$232,000	Finance Staff Charges
\$30,000	FA charges - ongoing review
\$474,000	

FY21 & Beyond

\$168,000	CE Charges
\$232,000	Finance Staff Charges
\$30,000	FA charges - ongoing review
\$430,000	



White Oak Science Gateway Redevelopment Project (P361701)

Category	General Government	Date Last Modified	03/09/19
SubCategory	Economic Development	Administering Agency	General Services
Planning Area	Colesville-White Oak and Vicinity	Status	Ongoing

Total	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Beyond 2024
-------	------	------	------	------	------	------	------	------	----------------

EXPENDITURE SCHEDULE (\$000s)

	Total	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Beyond 2024
Planning, Design and Supervision	1,295	465	-	800	200	200	200	200	-	-
Site Improvements and Utilities	7,005	164	1,841	5,000	5,000	-	-	-	-	-
Construction	40,000	-	-	40,000	1,000	2,000	11,000	10,000	11,000	5,000
Other	660	11	409	240	160	80	-	-	-	-
TOTAL EXPENDITURES	48,960	670	2,250	46,040	6,360	2,280	11,200	10,200	11,000	5,000

FUNDING SCHEDULE (\$000s)

	Total	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Beyond 2024
Current Revenue: General	660	-	320	240	160	80	-	-	-	-
G.O. Bonds	48,274	544	1,930	45,800	6,200	2,200	11,200	10,200	11,000	5,000
PAYGO	126	126	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	48,960	670	2,250	46,040	6,360	2,280	11,200	10,200	11,000	5,000

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 20 Approp. Request	280	Year First Appropriation	FY17
Cumulative Appropriation	48,280	Last FY's Cost Estimate	49,040
Expenditure / Encumbrances	768		
Unencumbered Balance	47,512		

PROJECT DESCRIPTION

This program provides for the planning and development coordination activities by the County necessary to implement the redevelopment of the 110-acre County-owned parcel on Industrial Parkway in White Oak (Site II). The site will be redeveloped in conjunction with the adjacent 170-acre parcel in a public-private partnership as one, comprehensive and coordinated 280-acre bioscience-focused mixed-use community per the approved White Oak Science Gateway (WOSG) Master Plan. The project includes \$40 million to assist with the funding needed to construct master-planned roads A-106, B-5 and improvements to FDA Boulevard. Additionally, funds for demolition of existing structures and site clearing activities, as well as costs for County staff to coordinate multiple activities, are included in the project.

LOCATION

Silver Spring, Maryland

ESTIMATED SCHEDULE

The County's development partner has commenced development entitlements for the entire 280-acre project.

COST CHANGE

Reflects changes in County staff charges.

PROJECT JUSTIFICATION

In 2014, the Montgomery County Council approved the new White Oak Science Gateway Master Plan. The Plan establishes a vision for transforming what has been an industrial area into a denser, mixed-use commercial and residential center in which people can walk to work, shops, and transit. The County's initiative includes using both County-owned property (Site II) and privately-owned property as a public-private partnership and leveraging existing relationships with the adjacent Food and Drug Administration (FDA) campus to advance development activities in the Master Plan. Specialized services are required for the complex land assemblage and disposition actions associated with implementation of Stage I development requirements. Staff time and services are required to manage and coordinate efforts to develop detailed staging plans, manage demolition and clean-up activities, design infrastructure, and to negotiate transactions with development partners. The proposed 280-acre development is large-scale, long-term and transformational. It will be a catalyst for desired revitalization and redevelopment in the White Oak sector area and elsewhere in the Eastern portion of Montgomery County. The project will create job opportunities throughout White Oak and the Eastern portion of Montgomery County and will expand the tax base.

FISCAL NOTE

In FY17, a supplemental appropriation for \$47.2M in G.O. Bonds was approved for this project. Project schedule has been adjusted to reflect implementation schedule.

3

COORDINATION

Department of Transportation, Department of Finance, Office of Management and Budget, Department of Housing and Community Affairs, Department of Permitting Services, Maryland Department of the Environment, M-NCPPC