


MEMORANDUM

April 19, 2019

TO: Planning, Housing, and Economic Development (PHED) Committee
Government Operations and Fiscal Policy Committee

FROM: Gene Smith, Legislative Analyst 

SUBJECT: Amendments to the FY19-24 Capital Improvements Program (CIP): Wheaton
Redevelopment Program

PURPOSE: Review and make recommendations to the Council

Those expected for this worksession:

Al Roshdieh, Director, Department of Transportation (DOT)
Jose Thommana, Parking Services Division Chief, DOT
Keith Compton, Consulting Project Manager, OCL, Inc.
Jenni Nordin, Office of Management and Budget

The Executive recommends amending the Wheaton Redevelopment Program Project Description Form (“PDF”) with a funding switch in FY19 from Department of Permitting Services (DPS) current revenue to long-term financing. The expenditure schedule and delivery date for the project are unchanged. **Council staff recommends approval of the amended project.**

I. Wheaton Redevelopment Program

Project Description. This project provides for the planning, studies, design, and construction of an office building, public parking garage, and a town square in Wheaton. The new office building will be owned by the Maryland-National Capital Park and Planning Commission (M-NCPPC) and will also include several County departments and divisions. **Occupancy is anticipated summer of 2020.**

Recommended Amendment. See the recommended PDF on ©1-2. The Executive recommends switching \$4.009 million from DPS current revenue to long-term financing in FY19. **This reduction is necessary to maintain the policy goal of DPS’s fund balance based on the current projections for FY19 and**

FY20 operations. The PHED Committee considered DPS’s FY20 operating budget on April 11 and recommended approval which includes the recommended decrease to the Wheaton project.

In addition to the funding switch, the Executive recommends shifting \$2.8 million of General Obligation (G.O.) bonds with long-term financing in FY20 and FY21 to balance the CIP. The table below summarizes the recommended changes to the funding schedule and only includes funding items that are amended. **There are no recommended changes to the expenditure schedule.**

Wheaton Project - Amended FY19-24 Funding Schedule (\$000s)

	Total 6 Years	FY19	FY20	FY21	FY22	FY23	FY24
Current Revenue – DPS	(4,009)	(4,009)	-	-	-	-	-
G.O. Bonds	0	-	-	2,800	(2,800)	-	-
Long-Term Financing	4,009	4,009	-	(2,800)	2,800	-	-
Total	0	0	0	0	0	0	0

Update and Highlights. The construction project is **57% complete**. The building frame has reached the eighth floor and includes the installation of 159 geothermal wells and a four-story underground garage. **DOT still anticipates that M-NCPPC and the relocating County departments and offices to occupy the building in the summer of 2020.** DOT anticipates the next major milestones as follows:

- 1) July 2019, completion of concrete building frame;
- 2) October 2019 - building dry-in;
- 3) November 2019 – building skin; and
- 4) May 2020 – substantial completion, including interior work and tenant buildout.

The project includes \$500,000 for relocating County offices to Wheaton. A final estimate will not be determined until closer to the relocation date, but any additional expenditures will be included in the operating budget.

Staff Recommendation. Council staff recommends approval.

This packet contains:

Recommended FY19-24 CIP: Wheaton CIP

Circle #

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Wheaton Redevelopment Program (P150401)

Category	General Government	Date Last Modified	02/28/19
SubCategory	Economic Development	Administering Agency	Transportation
Planning Area	Kensington-Wheaton	Status	Under Construction

EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	15,980	13,988	-	2,392	1,736	656	-	-	-	-
Land	1,011	1,011	-	-	-	-	-	-	-	-
Site Improvements and Utilities	10,669	1,384	3,655	6,620	4,236	1,382	-	-	-	-
Construction	138,455	30,788	7,330	98,357	60,204	45,274	2,879	-	-	-
Other	15,343	327	5,586	9,430	6,531	2,898	-	-	-	-
TOTAL EXPENDITURES	179,328	47,058	16,471	115,799	62,709	50,211	2,879	-	-	-

FUNDING SCHEDULE (\$000s)

Contributions	862	-	-	862	862	-	-	-	-	-
Current Revenue: General	1,212	750	222	240	120	120	-	-	-	-
Current Revenue: Permitting Services	20,991	20,991	-	-	-	-	-	-	-	-
Current Revenue: Solid Waste Disposal	8,876	-	-	8,876	8,257	599	-	-	-	-
Federal Aid	418	417	1	-	-	-	-	-	-	-
G.O. Bonds	75,785	11,082	16,246	48,485	20,989	27,417	79	-	-	-
Land Sale	15,000	-	-	15,000	-	15,000	-	-	-	-
Long-Term Financing	42,336	-	-	42,336	32,451	7,085	2,800	-	-	-
PAYGO	13,088	13,088	-	-	-	-	-	-	-	-
State Aid	750	750	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	179,328	47,058	16,471	115,799	62,709	50,211	2,879	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 20 Approp. Request	120	Year First Appropriation	FY04
Cumulative Appropriation	179,208	Last FY's Cost Estimate	179,328
Expenditure / Encumbrances	169,018		
Unencumbered Balance	10,190		

PROJECT DESCRIPTION

This project provides for the planning, studies, design, and construction of an office building, public parking garage, and a town square on the site of Parking Lot 13 and the Mid-County Regional Services Center (RSC) in Wheaton. The project components include 1) an approximately 308,100 square feet (s.f.) office building to be owned by the Maryland-National Capital Park and Planning Commission (M-NCPPC); 2) an approximately 400 space underground public parking garage to be delivered to the Wheaton Parking Lot District (PLD); and 3) a town square located on Lot 13 and the current RSC site. The new headquarters for M-NCPPC will occupy approximately 132,000 s.f. of the building, including space for a child care facility. The remainder of the building space will be used by the County for office and retail under a long-term lease agreement. The County intends to use its space for nearly 12,000 s.f. of street front retail space and move offices of the RSC, Wheaton Urban District, Department of Environmental Protection (DEP), Department of Permitting Services (DPS), Department of Recreation, the Community Use of Public Facilities, and Environmental Health Regulatory Services in the Department of Health and Human Services to this building. The building will have a geothermal heating and cooling system which is likely to result in LEED Platinum certification for the office building. After the building is delivered to M-NCPPC, the Commission will transfer the ownership of the parcels at 8787 Georgia Avenue in Silver Spring and 11200 Amherst Avenue in Wheaton to the County. The County will then transfer 8787 Georgia Avenue to the developer who will develop a privately financed mixed-use project on the site. The delivery will include air rights above the land over the parking garage for the space comprising the office building and over that portion of the land located between the building and Reedie Drive. The Town Square will be maintained and programmed by the RSC for community benefit. Publicly available WiFi will be among those community benefits. The obligations and relationship between County Government and M-NCPPC for the project are reflected in a Memorandum of Understanding dated May 31, 2013 and will be explicitly set forth in the Binding Agreements between the parties. This PDF also includes \$650,000 for consulting services to provide 1) a comprehensive parking study to identify potential redevelopment disruptions to the public parking supply and any related impacts of existing businesses and to identify potential mitigation options; 2) planning studies to review potential models and approaches to creating local jobs and job training opportunities prior to and during redevelopment, including relevant case examples in Montgomery County as well as innovative models from other local and national jurisdictions; and 3) a business assessment study to determine the number of businesses and the magnitude of the impact. The business assessment study is needed to support Council Bill 6-12 for the establishment of service provision and technical assistance to those small businesses adversely impacted by a County redevelopment project.

LOCATION

Montgomery County Public Parking Lot 13, between Grandview Avenue and Triangle Lane; the RSC site on Reedie Drive, Wheaton; 8787 Georgia Avenue, Silver Spring; and Veterans Urban Park at 11200 Amherst Avenue, Wheaton, Maryland.

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ESTIMATED SCHEDULE

The project design started in July 2014 and construction began in June 2017. Demolition of the RSC site began in February 2018. The Town Square is planned to be completed in Fall 2019 and the substantial completion of the office building is scheduled by Spring 2020. Close-out activities are expected to be completed in the beginning of FY21.

PROJECT 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 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), and WRAC activities since established in 2000.

FISCAL NOTE

Minor project funding includes: 1) \$418,000 FY09 Federal grant, funded through the SAFETEA-LU transportation act; 2) 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); and 3) \$350,000 FY14 and FY15 State aid to support facade improvements and a pilot solar-powered trash compactor program. State aid has been adjusted to reflect actual spending and reimbursements. Non-tax supported long-term financing and PAYGO will be used to finance the costs for DEP, DPS and CUFF facility space. \$15M of the land sale proceeds from the M-NCPPC Headquarters in Silver Spring is programmed in FY20 to help finance the project costs. Total project cost includes \$8,930,000 for Streetscape and Facade work funded through FY12. The residential development on Lot 13 will not be funded in this PDF. Expenditure and funding schedules are adjusted to align with construction of the office building and to reflect updated space allocations. FY19 funding switch needed to decrease Current Revenue: Permitting Services and increase Long-Term Financing by \$4,009,000.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.