

M E M O R A N D U M

March 11, 2021

TO: Government Operations and Fiscal Policy Committee
Transportation and Environment Committee

FROM: Gene Smith, Legislative Analyst
Glenn Orlin, Senior Analyst

SUBJECT: Resolution to repeal and replace Resolution No. 16-1570 with respect to the White Flint Sector Plan Implementation Strategy and Infrastructure List and related amendments to the FY21-26 Capital Improvements Program

PURPOSE: Review and make recommendations for the Council

Expected attendees:

Mike Coveyou, Department of Finance (Finance)
Mary Beck, Office of Management and Budget (OMB)
Mary Casciotti, Finance

The Government Operations and Fiscal Policy (GO) Committee and the Transportation and Environment (T&E) Committee will review the Executive's proposal and the related public testimony for the Executive's proposal. The Executive recommends that the Council repeal and replace the current resolution governing the White Flint Special Taxing District (the "District") and the related Capital Improvement Program (CIP) projects (see ©1-30).

Below is an index of the topics included in this memorandum. Topics I – III are reprinted from the public hearing memorandum. The Executive Summary and Topic IV are new for this worksession.

Summary of Decision Points – pages 2

I. Background – pages 2-7

Includes abbreviated history of the sector plan and financing model, an update on development since 2010, and a description of the approved CIP projects.

II. Executive's Proposal – pages 7-11

Includes information and data related to the Executive's proposed changes.

III. Discussion Questions – pages 11-15

Includes questions and information to clarify the policy decisions before the Council.

IV. Analysis and Discussion Items – pages 15-22

Includes a discussion about the decisions and options before the committees.

Summary of Decision Points

The committees' deliberation on the future repayment plan for the District does not need to be finalized today, though it should not be deferred indefinitely. Given the complexity of this issue and the current pandemic, it is reasonable for the Council to consider deferring until later. **A decision to defer will allow more time to respond to the current pandemic, determine the appropriate use of County and District resources, and provide more time for stakeholder input.** Below are two options for the committees' consideration. Council staff will prepare the necessary action items for the Council based on the committees' recommendations.

- 1) **Approve a repayment plan later.** If Councilmembers prefer this option, Council staff believes there are still some actions that the committees should consider and recommend today, including indicating any alternative repayment plans they want Executive staff to provide. Those items are highlighted on page 16.
- 2) **Recommend a repayment plan for Council action in March.** If Councilmembers prefer this option, Council staff highlights the various decisions that must be considered today on pages 16-21.

Council staff also notes several other policies related to the District that the committees could review and recommend for Council action during today's meeting. The items include:

- 1) Support the White Flint Redevelopment Program from the general fund. The County supports similar programs in the County but through the general fund. This program continues to use District resources for similar work that County staff perform in other areas of the County.
- 2) Do not support the Executive's recommendation to change the policy for the transportation infrastructure list. County law requires that the resolution contain this information; therefore, the County should continue to amend the resolution when the scope or costs change for projects in the District.
- 3) Create a fiscal plan for the District. The District's finances are not clearly published, which limits transparency about the County's management of this fund.

I. Background

A. 2010 White Flint Sector Plan and Financing Model

The Council adopted the [White Flint Sector Plan](#) on March 23, 2010. This plan envisioned the White Flint area as a leading economic engine for the County and included conversion of Rockville Pike into a walkable boulevard with bus rapid transit to spur development. **The plan identified the need for alternative funding mechanisms, beyond the County's general fund, to support a portion of the transportation infrastructure required to achieve the vision of the plan more rapidly.** The County deliberated for most of 2010 about what type of financing models were appropriate.

This memorandum does not explore the entire legislative history of the County's deliberations for the sector plan and financing options. Two discussion items are important to revisit as the County considers the Executive's proposal to amend the current policies.

Balancing Risks. The Council considered a multitude of factors when evaluating the sector plan and financing options. A common theme was how to balance risks – risk to the County and its taxpayers, risk to potential developers, risk to commercial property owners in White Flint, and risks to residents in and around the White Flint area. As stated in the [November 23, 2010 Council staff memorandum](#), *“providing complete certainty to any one group of stakeholders means an increased risk for another group. Staff believes that the Council has created greater certainty for property owners in White Flint than in any other area of the County.”* **The need to balance risks remains a focus of the Council's deliberations, despite some clarity gained since 2010.**

Financing Buckets. The County organized the planned projects in the White Flint area into three “buckets” based on the entities responsible for financing the projects: 1) the County/State Bucket; 2) the District Bucket; and 3) the Developer Bucket. There was much consideration about which projects should be funded by the County and/or the State and which projects should be shifted to the District solely. The adoption of the Resolution No. 16-1570 codified which projects were in the District Bucket.

The Council eventually adopted four major components of the new financing model to implement the sector plan's vision.

1. Creation of a special taxing district. The County determined that a special taxing district that levied a new ad valorem real property tax on certain properties was the most appropriate financing mechanism to achieve the plan's goals. Coupled with an amendment to the State law, this ad valorem real property tax could be levied apart from the County Charter limit. This avoided an impact to the County's other tax-supported tax rates. The Council adopted [Bill 50-10](#) on November 30, 2010 to create this new taxing district.

The bill did the following:

- Created a fund to separately manage the finances of the District.
- Defined the boundaries of the District but excluded existing residential and apartments within the district from the new tax.
- Allowed the County to issue special obligation or revenue bonds (“District debt”) to fund transportation improvements within the District.
- Allowed the County to levy a new ad valorem real property tax to fund any issued special obligation or revenue bonds.
- Required that the Council adopt a Transportation Infrastructure Improvement Resolution to list the recommended transportation projects to be funded by the new tax, including cost estimates for the projects and estimated tax rate(s) for the District.

- Required that the Council adopt by resolution a financing plan for any funds advanced to the District – this plan could be adopted as part of the Transportation Infrastructure Improvement Resolution or as part of the CIP.

2. Adoption of the Transportation Infrastructure Improvement Resolution. The Council adopted [Resolution No. 16-1570](#) on November 30, 2010, in tandem with the adoption of Bill 50-10 (see ©31-36). This resolution met the requirement of the newly adopted law and operationalized the financing model for the District.

The resolution stated the following:

- Capped the maximum ad valorem real property tax rate to 10% of the total real property tax rate in the District (the “10% tax cap”).
- Required the Executive to consider alternative approaches to financing projects if the real property revenues from the 10% tax cap was insufficient to fund the transportation infrastructure projects.
- Required the Executive to conduct a feasibility or other study to assess whether a tax rate greater than the 10% tax cap would be required to issue special obligation or revenue bonds for transportation project.
- The resolution intended that the debt would not be issued or that the County would manage the debt and repayment plan to maintain the 10% tax cap.
- Listed the specific transportation projects and estimated costs to be financed by the District tax as required by the County’s law.
- Allowed the County to advance fund certain projects if the 10% tax cap was insufficient to fund the projects alone. Funding that impacted the County’s spending affordability guidelines for the capital budget (SAG), such as general obligation (G.O.) bonds, was prohibited.
- The total amount authorized for advance funding was \$47.5 million, based on the project estimates at the time the resolution was adopted.
- Set the interest rate on any advanced funds to 0% for the first ten years.
- Required the Executive to include projects with advanced funding in the January 2011 CIP amendments, with initial payments beginning in FY15 or beyond.
- Switched two projects from the District’s Bucket to the County/State Bucket. The two projects were the White Flint Metro Station second entrance and the Nebel Street bike lane.
- Signaled that the Council would set the transportation impact taxes in the District to \$0 through a separate bill.
- Allowed the County to fund certain costs related to the development coordinator through the District’s new tax.

3. Creation a White Flint Impact Tax District. The Council adopted [Bill 59-10](#) on February 11, 2011. This bill created an impact tax district that mirrored the special taxing district. This bill set the transportation impact tax rates to \$0, so that any property paying the new ad valorem real property tax would not pay transportation impact taxes to encourage redevelopment.
4. Exemption from PAMR and LATR. The Council adopted [Resolution No. 17-185](#) on June 28, 2011 to exempt new development within the District from the requirement to meet the two transportation tests in the Subdivision Stating Policy – the Policy Area Mobility Review (PAMR) and the Local Area Transportation Review (LATR). Like Bill 59-10, the Council approved this resolution to encourage redevelopment since the new ad valorem real property tax was expected to generate enough revenues to support transportation infrastructure projects in the District.

B. Development in White Flint post-2010

The County discussed risks throughout 2010 as it considered the future of White Flint. The Council, as it considers the Executive’s proposal, has the fortune of hindsight to learn what did or did not transpire in the White Flint area since adoption of the sector plan and financing plan in 2010. For example, during the Council’s deliberations in 2010 it was assumed that land costs would be limited due to dedications. Through FY20, actual land costs were more than \$1.8 million for the District’s CIP projects, with another \$2.1 million programmed in FY21-23. While ten years of hindsight is beneficial, the full maturation of the area was and is expected to continue for several decades.

Montgomery County Planning recently released a report, [Advancing the Pike District – Development Trends, Infrastructure Update, and Short-term Solutions](#), that summarizes the last ten years well. The Planning, Housing, and Economic Development Committee is tentatively scheduled to review this report on April 19, 2021. The report details the existing opportunities, challenges, and lists several solutions to achieve the vision of the sector plan adopted in 2010. Council staff summarizes some of the salient points from the report below.

Opportunities

- Residential unit construction increased following the adoption of the sector plan – on average 190 units were built per year between 2011-2020, compared to 67 units per year between 2001-2010.
- Commercial space construction increased following the adoption of the sector plan – on average 138,000 square feet of commercial space was built per year between 2011-2020, compared to 42,000 square feet per year between 2001-2010.¹
- The area remains primed for large-scale redevelopment.

¹ Correlation does not imply causation. While it is true that more units/square footage were built, on average, following the adoption of the sector plan, it is difficult to measure if the construction would have occurred anyway or occurred due to the changes in the sector plan and financing model.

Challenges

- The County's sluggish job growth has created headwinds for new household formation, decreasing the demand for new residential units and new commercial space.
- Construction costs increased by 40% since 2014, while retail and office space demand decreased.
- The District's financing plan does not generate sufficient revenue to support the necessary transportation infrastructure projects.

Solutions

- Prioritize and identify short-term improvements to make the area more walkable and attractive to development.
- Facilitate the formation of a business improvement District.
- Support new development by streamlining regulatory review.
- Reprioritize transportation improvements and evaluate alternative financing mechanisms.

C. CIP Projects – White Flint

The Council has approved four projects that list the District's real property tax as a source of funding. These are not the only CIP projects in the White Flint area. For example, the County funded the construction of the garage at the Conference Center as part of the work related to the workaround. A brief synopsis of each of the four projects is provided below.

White Flint District East: Transportation. This project was first approved in FY12 to fund design and preliminary engineering for four future transportation infrastructure projects in the District east of Rockville Pike. **Since this CIP project was approved in FY12, the design for all projects have been delayed.** The Executive's recommended FY22 project description form (PDF) notes that the project has funded approximately \$0.8 million in expenditures since its inception.

White Flint District West: Transportation. This project was first approved in FY11 to fund design and preliminary engineering for several transportation infrastructure projects in the District, primarily the reconstruction of Rockville Pike as a boulevard with Bus Rapid Transit. This project supported the design funding for the White Flint West Workaround project, as detailed below. **Design for all components included in this project were completed in FY19, except for the Rockville Pike segment.** The Executive's recommended FY22 PDF notes that the project has funded approximately \$5.9 million in expenditures since its inception.

White Flint Redevelopment Program. This project was first approved in FY09, but it was amended following the adoption of the White Flint Sector Plan and financing model. The project supports County staff and consultants responsible to implement the District's financing model and to coordinate the projects in the area. The project also includes land expenditures when assemblage was required. The Executive's recommended FY22 PDF notes that the project has funded approximately \$3.3 million in expenditures since its

inception. **Since FY12, more than 90% of the expenditures for this project were for County staff and consultants.**

White Flint West Workaround. This project was first approved in FY15. The project funded the construction of a new road and bikeway, the relocation of one road, and the realignment of an intersection, all west of Rockville Pike. The project is currently underway, and it was amended in December 2019 due to significant cost overruns.

This project's funding requirements are the impetus for the Executive's recommended amendments to the White Flint financing policies. The Executive's recommended FY22 PDF notes that the project has approximately \$24.7 million in expenditures since its inception, with the remaining \$49.4 million expected in FY21-23 as the project is completed.

During the December 5, 2019 T&E Committee review of the cost overruns for this project, Executive staff noted that the cost overruns for the project had accelerated the need for the Executive to propose several options related to the financing model for the District. Executive staff shared that the Council would receive those options in "early-2020" to evaluate the various approaches to address the need for the District to repay the County's funding advances and to address the ongoing funding needs of the District.

II. Executive's Proposal

The Executive's February 3, 2021 memorandum describes one option to address the funding issues between the County's general fund and the District. The Executive's proposal includes two major elements: 1) amendments to the four CIP projects; and 2) repeal and replace the resolution operationalizing the County's policies for the District's financing model. The Council must consider the Executive's proposed resolution before it can consider the amendments to the CIP projects.

A. Repealing and Replacing the Policy Resolution

The Executive's proposal includes several policy changes to the County's approach for the District and its financing model. Those changes can be summarized as follows:

- 1) Eliminate the 10% tax cap. The Executive proposes that the new policy resolution remove the 10% tax cap because the District is not generating the revenues necessary to support the transportation infrastructure projects. If approved, the Executive would propose the rate necessary to fund special obligation or revenue bonds issued for the District and to repay any general fund advances in a timely manner.
- 2) Allow the use of G.O. bond premium. The current policy prohibits the use of funding that would count under SAG. This prohibition primarily prevents the use of G.O. bonds to

fund projects in the District. The proposed amendments to the resolution would allow the use of G.O. bond premium.²

- 3) Create a repayment plan for the County's funding advances. The Executive proposes a repayment plan for the general fund cash and the G.O. bond premium in the amended resolution. The estimated amount that will be repaid is \$45 million in advances that the County has provided or will provide from FY16 through FY22.
- 4) Alter the process to revise CIP projects in the District. County law requires that the Council adopt by resolution the projects in the District's Bucket and include cost estimates. The Executive proposes that the new resolution allow the Council to revise the scope and/or costs through the standard CIP process.

B. Amendments to the District's CIP Projects

The Executive proposes adding language to all four CIP projects to include language that mirrors the Executive's proposed policy resolution (see ©10-30). Specifically, the PDFs now state that the Council will approve a repayment plan, if necessary. Any projects that have an outstanding balance for County advances also include a repayment timeline. In addition, the Executive has recommended the use of G.O. bond premium as a funding source for the White Flint West Workaround and recommended that the County issue debt to address the remaining expenditures.

C. Proposed Repayment Plan

The Executive's proposal includes a repayment plan for the estimated \$45 million that the County will advance to the District, mostly for the construction for the White Flint West Workaround project. The Executive proposal assumes that all advances are interest free for the terms of the repayment period.

1. *The District's Historical Revenues*

The District first levied taxes in FY12. Table 1 below provides the details about the District's assessable base, tax rate, and revenues collected from FY12-FY21. The following are some high-level takeaways from the table:

- The District's assessable base has increased by 112.2% from FY12 to FY21.
- The District's tax rate has equaled 10% of the total tax rate each year. The District's tax rate fluctuated with the County's total tax rate due to the previous Charter Limit calculations.

² Bond premium is generated when investors pay more than the face value of the bond because the stated interest rate exceeds the market interest rate. There are strict IRS requirements on the use of bond premium. The County may use bond premium to 1) offset debt service in the operating budget; 2) pay off commercial paper; and/or 3) directly fund CIP projects. Each year consideration is given to the best allocation between the three choices if the County has bond premium available.

- The District has generated about \$15.7 million in taxes in ten years. **During the County’s deliberations in 2010 on the District’s financing plan, the County estimated that the District would generate \$45.0 million in eight to ten years.**

Table 1: The District’s Tax Revenues FY12-FY21

Fiscal Year	Tax Rate (\$ per \$100 of assessable base)	Assessed Value as of June 30 (\$ millions)	Revenues (\$ millions)
FY12	0.1070	892.2	1.0
FY13	0.1120	836.4	0.9
FY14	0.1130	1,078.8	1.2
FY15	0.1120	1,272.1	1.5
FY16	0.1111	1,604.1	1.8
FY17	0.1150	1,436.1	1.4
FY18	0.1125	1,570.0	1.8
FY19	0.1105	1,767.8	2.0
FY20	0.1103	1,808.6	2.0
FY21 (est.)	0.1103	1,893.3	2.1
Total	---	---	15.7

Source: County Treasury/Finance staff

Note: The revenue column does not include interest earned each fiscal year. Finance staff estimates that the District’s funds have generated about \$0.4 million in interest in ten years.

2. *County Advances to the District*

The County’s current policy allows for advances in the event the District’s revenues are insufficient to cover the current fiscal year’s expenses. The County has made advances periodically since FY12. Due to the White Flint West Workaround project, the District has accumulated a growing balance since FY16. Table 2 below details the County’s advances by CIP project through January 31, 2021.

Table 2: County Advances by Project as of January 31, 2021

Project	Total Expenditures as of Jan. 2021 (\$)	Total Funded by District (\$)	Total County Advances (\$)
Redevelopment Program	3,404,322	2,242,879	1,161,443
District West: Transportation	5,911,212	5,337,569	573,643
District East: Transportation	756,581	756,581	0
West Workaround	32,067,187	7,610,012	24,457,175
Total	42,139,302	15,947,041	26,192,261

Source: OMB staff, rounded to nearest dollar.

Table 3 details the advances by project for FY16-FY20. The County advanced some funding prior to FY16, but the District has repaid those advances. **Per Executive staff, the District must repay advances within a ten-year period before the County is required to report this unpaid liability.** For example, the County advanced \$528,594 in FY16 which must be repaid by or before FY26.

Table 3: County Advances by Project and by Fiscal Year

Project	FY16 (\$)	FY17 (\$)	FY18 (\$)	FY19 (\$)	FY20 (\$)
Redevelopment Program	0	1,155	429,626	374,877	257,198
District West: Transportation	372,929	356,302	- 272,769	116,958	221
District East: Transportation	41,279	- 41,279	17,152	- 17,152	0
West Workaround	114,387	4,789,915	3,972,426	3,920,400	5,940,320
Total	528,594	5,106,093	4,146,436	4,395,082	6,197,738

Source: OMB staff, rounded to nearest dollar.

Note: Funds were advanced and repaid prior to FY16.

The Executive’s proposal for the repayment assumes that the County will advance additional funding in FY21 and FY22. The County will continue to advance funding for the four projects based on actual expenditures, as it has previously. In addition, the Executive has proposed 0% interest on all advances and using \$15 million in G.O. bond premium for the White Flint West Workaround project. G.O. bond premium has a different repayment period than direct cash from the general fund. If approved, the first year that the District would need to begin to repay the G.O. bond premium is FY33.

3. Proposed Debt Issuance

The County’s advances are not sufficient to address all the funding requirements for the four CIP projects. The Executive proposes that the County issues special obligation or revenue bonds on behalf of the District in FY22 to fund a portion of the expenditures for the White Flint West Workaround project. The proposed debt issuance will generate about \$18.9 million in proceeds. The total debt service for the District, including issuance fees and interest, is estimated to be \$29.8 million and will be repaid from FY23 – FY40. The assumed interest rate is 4.0% for the proposed FY22 bond issuance.

4. District’s Tax Rate under the Repayment Plan

The Executive’s memorandum notes that the District’s tax rate will need to increase in FY24 through FY33 to fund the proposed FY22 bond issuance and to repay the County’s cash advances in a timely manner. At its greatest, the rate is expected to increase to \$0.1910 per \$100 of assessed base from FY28 to FY33. **The projected FY28-FY33 rate is a 73.2% increase from the current FY21 District real property tax rate.**

The Executive notes that all the rates are based on “conservative assumptions,” including the interest rate of the bond issuance, growth in assessable base of the District, and development within the District.³ If approved, the actual rate will change based on the actual assessable base and expenditures of the District. Finally, the Executive notes that after all projects are paid for in FY43 or later that the District’s rate will be set to \$0.

³ A small optimistic assumption is the 100% collection rate for the District’s taxes. Generally, collection rates are slightly less than 100% for a variety of reasons.

III. Discussion Questions

The Executive's proposal fundamentally changes the operations of the District's financing model. Below are a series of general- and policy-related questions to provide clarity about the Executive's proposal as the Council considers its options.

A. General Questions

How does the Executive's proposal change the risks from the current policy?

The Executive's proposal shifts some of the risk from the County to the property owners in the District by eliminating the 10% tax cap. The County agreed to a 10% tax cap to create certainty for property owners in the District to encourage redevelopment. Some properties have proceeded with redevelopment, while others have not. **Eliminating the 10% tax cap creates more uncertainty for development because the tax rate could increase or decrease annually.** By decreasing certainty for property owners and developers, the Executive's proposal increases certainty for the County's general fund to ensure that the District repays all advances and reduces the need for additional General Fund advances.

What is creating the urgency for the Council's consideration of the Executive's proposal?

There are two elements of the Executive's proposal creating urgency – 1) the use of G.O. bond premium; and 2) the maximum County advances allowed. Both these items are discussed in more detail in the Policy Questions Section.

What does the Executive's proposal fund?

The Executive's proposal primarily funds the White Flint West Workaround project. It also includes some funding for the White Flint Redevelopment Program and the White Flint District West: Transportation project; however, these two projects are less than 2% of the total funding addressed by the Executive's proposal.

What about the other District projects?

The proposal does not address the funding requirements for any other District-funded projects. The cumulative estimated expenditures for the White Flint District East and West projects are about \$110 million in current dollars. The Executive's proposal does not generate enough funding for design, much less construction, until FY33 or later for these projects. If other District-funded projects are funded earlier, the possible tax rates and potential repayment plan would need to change to address these additional expenditures.

What alternatives were considered before this proposal was sent to the Council?

The Executive’s proposal presents one option to the Council, and the memorandum and supporting documentation did not include alternative scenarios.

Executive staff, however, presented several scenarios to District constituents and County staff in January and February 2021. The scenarios mostly considered alternative repayment plans (e.g., shifting the G.O. bond premium’s repayment years), and one scenario considered additional development based on the current projects in the pipeline. Generally, all the scenarios assumed:

- The use of \$15 million G.O. bond premium.
- 2% annual growth rate of the District’s assessable base.
- 4% interest rates on special obligation bonds that would be repaid within 20 years.
- No new development in the district – except one scenario assumed completion of a few projects already in the pipeline.
- No additional resources or consideration for the other projects in the District.

Executive staff also noted that different scenarios have been considered for years, such as reducing the scope of certain projects, providing only general fund advances, and forgiving the advances. Most of these alternatives were abandoned based on the budget constraints in both the operating and capital budgets.

Which variables will impact the actual tax rate of the District if the 10% tax cap is eliminated?

Executive staff’s scenarios all focused on the potential tax rate for the proposed repayment plan and debt issuance. The Executive’s memorandum notes that the actual tax rate will depend on a host of variables once the tax rate must be set. Below is a list of many of the variables that will impact the actual tax rate. Each of these variables could be explored in more detail to determine how the District’s tax rate will be impacted based on possible changes to the assumptions.

- 1) Properties included in the District
- 2) Future development in the District
- 3) Annual changes in assessments in the District
- 4) Actual projects approved for District funding
- 5) Actual debt issued for the District, including interest rate and maturity date
- 6) Total value and sources of County advances
- 7) Repayment plan of the District

B. Policy Questions

The Executive’s proposal recommends changing several policy decisions in Resolution No. 16-1570, and each of those elements has a different implication. Some of the elements are

new, such as eliminating the 10% tax cap, while other elements were part of the original intent, such as approving a repayment plan for any County advances. Below are the policy decisions that the Council will consider at its future worksession on the Executive's proposal.

How does the Executive's proposal change the 10% tax cap policy?

The 10% tax cap was a policy decision by the County in 2010. The Executive's proposal eliminates the previous policy in its entirety. Council staff highlights the following about the current policy:

- The current policy resolution states that *the Executive, before recommending any [tax] increase [beyond the 10% tax cap], must consider alternative approaches*. The resolution is silent on whether the Executive must share these alternatives with the Council. Given the Council's appropriation authority and authority to set policy in resolutions, Council staff believes the Council intended for these alternatives to be shared to inform the Council's decision about the 10% tax cap policy.
- The current policy requires that *the Executive must carry out a feasibility or other study to assess whether repaying the debt will require a district tax rate [greater than the 10% tax cap]*. A feasibility or other study was not submitted with the Executive's transmittal; however, the Executive's proposed repayment plan suggests that the current 10% tax cap is insufficient to fund a moderate level of debt service in the District.
- The County's current policy states that *the Council intends that either (a) the [District's] debt will not be issued at that time [of completion of the Executive's feasibility study]; or (b) the County will manage the debt issuance or repayment in a manner that will have the [District's] rate stay within the 10% policy goal*. Based on this policy, the Council intended the 10% tax cap to remain regardless of the funding needs of the District and independent of the Executive's efforts noted previously.

Changes to the 10% tax cap policy has far-reaching impacts. Eliminating or increasing the maximum tax cap allowed may impact:

- 1) the ability for the District to issue bonds to fund District transportation infrastructure projects;
- 2) the rate of development in the District;
- 3) the ability for the District to repay any general fund advances; and
- 4) the District's property owners unevenly based on past-development decisions.

How does the Executive's proposal address the County advances limited by the current policy?

The current policy resolution limits the amount of general fund advances to specific projects and estimates based on 2010 dollars and expectations. This policy decision caps the maximum exposure to the County's general fund. The current policy resolution identifies four items that may receive County advances. The total amount allowed is \$47.5 million per the resolution's body or \$46.2 million per Exhibit A. It is expected that the

County will reach the County advance threshold in late-FY21 or early-FY22; therefore, the Executive has proposed a financing option to ensure the County does not exceed that threshold.

The actual maximum threshold in 2021 dollars varies based on the assumptions used to update the estimates and expectations. For example, Executive staff notes that the County is not currently constructing the Rockville Pike portion of the project; therefore, the \$7.7 million estimate could be excluded when calculating the threshold. Executive staff has used \$45 million as the maximum allowed in their models for several years, which is close to the maximum allowed regardless of the assumptions used. The Executive's proposal does not change the maximum value of County advances allowed in the District, but the Council could consider this option if it desires additional time to consider financing alternatives for the District and the White Flint West Workaround project.

How does the Executive's proposal change the current policy prohibiting the use of funding that count towards SAG?

The 2010 decision to prohibit funding items that counted towards SAG was a policy decision to limit the County's exposure to funding District projects. The Executive's proposal allows for the Council to approve the use of G.O. bond premium, up to \$15 million. The use of G.O. bond premium allows the County to extend the repayment period for the District and will lower the potential tax rate should the Council approve the Executive's proposal. While G.O. bond premium is not part of the Council's SAG process, Executive staff and the County's bond counsel note that G.O. bond premium cannot be generated unless the County issues G.O. bonds. G.O. bonds are a part of SAG.

The County can only apply G.O. bond premium within 60 days of declaring that the premium will be used. Since the Council must approve the use of G.O. bond premium before it can be used, there is some urgency for the Council to consider the Executive's proposal. The proposal applies G.O. bond premium to the White Flint West Workaround project which is expected to require significant funding in FY21-23 to complete it.

How does the Executive's proposal change the policy for a repayment plan?

Section 68C-4 (f) of the County Code County requires that the Council approve a repayment plan by a resolution or as part of the CIP process before any funds are advanced. The Executive's proposed repayment plan brings the County's operations into alignment with the law. Since FY12, the County has advanced funds without recommending a repayment plan to the Council for approval. Some of these funds were already repaid, but since FY16, the County has continued advancing funds to the District without an approved repayment plan.

How does the Executive's proposal change the process for tracking the District's projects?

The Executive's proposal amends Exhibit A to lists the four approved CIP projects that use the District's tax as a funding source. The proposed Exhibit A allows the County to amend these projects within the normal CIP Process without the need to amend the resolution.

Section 68C-4 of the County Code requires that the Council’s Transportation Infrastructure Improvement Resolution include a list of the District’s projects and estimated costs, including contingency costs. The intent of this policy was to clearly indicate which projects were the District’s responsibility.

The current policy resolution lists 12 projects that will be funded by the District. The Executive’s proposal aggregates these into the four approved CIP projects. The Department of Transportation (DOT) provided a crosswalk on ©37 between the current and proposed Exhibit A. Only one project from the original list is no longer included in the proposed Exhibit A.

IV. Analysis and Discussion Items

The Executive’s proposal includes recommendations on multiple policies for the District. Some of these policies can be considered independently, while most policies are interconnected to the repayment plan.

Council staff has organized the analysis and discussion into the following categories:

- 1) Policies related to the Executive’s proposed repayment plan
- 2) Illustrative alternative repayment plans
- 3) Policies unrelated to the Executive’s proposed repayment plan
- 4) Policies to consider at a future date.

A. Policies Related to the Executive’s Proposed Repayment Plan

There are multiple policies related to the Executive’s proposed repayment plan. These include: 1) eliminating the 10% tax cap; 2) using G.O. bond premium; 3) providing approximately \$45 million in County advances, including the G.O. bond premium; 4) issuing District debt to generate about \$18.9 million in proceeds; and 5) requiring that the District repay all County advances within specified timeframes. Each element is an independent policy decision that achieves the Executive’s proposed repayment plan. **Alternative decisions for one or more of these policies will generate a different repayment plan for the District.**

The Council’s deliberation on a repayment plan is not occurring at the beginning of the process – the County has already advanced more than \$26.1 million to the District. **The Council’s deliberation, however, does not need to be finalized today.** The District’s financial situation has existed since FY16, but a proposal was not provided to the Council until February 2021. In addition, the Executive’s proposed repayment plan does not require funds to be repaid until FY24. Both these facts indicate that the Council can take additional time to consider its options related to the repayment plan for the District, though not delay indefinitely.

Council staff describes the two approaches to the Council’s consideration of the District’s repayment plan for today’s worksession.

Option #1: Approve a repayment plan later this year. The Council’s decision for these policies is occurring at the cusp of an economic recovery and its consideration of the FY22 Capital and Operating Budgets. A decision to defer provides additional time to understand the impact of the pandemic and future opportunities. Additional time also allows the County to continue to work with District stakeholders on the long-term goals for the District.

If Councilmembers prefer this option, Council staff recommends the following actions be considered for today’s worksession:

- 1) Amend the current policy resolution to allow the use of G.O. bond premium.
- 2) Concur with the Executive’s recommendation to use G.O. bond premium in the White Flint West Workaround project with a repayment plan in FY33-FY43. The PDF should be approved by the Council, but the rest of the PDF amendments should wait until a repayment plan is approved by the Council.
- 3) Amend the current policy resolution to allow the County to advance funds for the White Flint West Workaround. There is a lack of clarity about the total advances allowed in the current resolution, and this action would eliminate that uncertainty.
- 4) Indicate the alternative repayment plans, if any, Councilmembers want Executive to provide, including the necessary stakeholder input that should be provided with those alternatives.
- 5) Discuss and identify if there are any additional resources that the County should consider for the District’s projects. Council staff provides additional details in the other subsections about items the Council could discuss.

Option #2: Recommend a repayment plan today for approval in March 2021. The Council may determine enough information is known today, and that it would prefer to approve a repayment plan – either the Executive’s or an alternative. **The approved repayment plan may be amended at a future date by the Council; therefore, it can be changed to reflect updated conditions in the District.** If Councilmembers prefer this option, Council staff has prepared additional discussion items below to aid in the approval of a repayment plan.

1. *Ten-year Repayment Requirement*

The requirement to repay County advances within ten years is not a Council policy, but it is an accounting best-practice standard for governments. The following are the basic decision points before the Council as it relates to this ten-year requirement.

- There is no impact to the general fund if the Council approves a repayment plan for all County advances within ten years.

- The general fund resources will be reduced for any repayments not collected within the ten-year duration. For example, if the District is estimated to repay \$4.0 million in FY25 but only pays \$3.0 million, the general fund will be reduced by \$1.0 million in FY25.
- The general fund will be reduced if the Council uses general funds to support the District – either upfront or through the repayment plan.

2. G.O. Bond Premium

The Council’s options are severely limited if the G.O. bond premium is not approved as recommended by the Executive. There is about \$30 million in G.O. bond premium available in FY21, including the \$15 million for the White Flint West Workaround. The remaining \$15 million has been allocated to other transportation CIP projects. **Per Executive staff, G.O. bond premium does not need to be repaid in ten years like the general fund cash advances.** Other sources of funds that can have a longer repayment period are recordation tax premium, PAYGO, impact taxes, and G.O. bonds.

3. District Debt

The Council must approve by resolution any debt issued on behalf of the District. The Executive’s current proposal assumes that the District will issue 20-year debt with an accelerated pay off in 17 years. The Executive has proposed issuing this debt in FY22 to generate about \$18.9 million in proceeds. The District will repay this debt from FY23-FY40 with about \$29.9 million in total debt payments.

State law allows the County to issue 30-year special obligation or revenue bonds for the District. Executive staff notes that the District must be able to generate about 135% of the annual debt service to achieve a better interest rate on the special obligation or revenue bonds. Table 4 below compares the difference between issuing 20-year or 30-year bonds for the District based on rough calculations based on Executive assumptions.

Table 4: Comparison between 20-year and 30-year District Debt

	20-year bonds	30-year bonds
Minimum annual debt service	\$1,512,911	\$969,886
Duration of repayment	FY23-FY42	FY23-FY52
Total debt service payments	\$30,258,223	\$34,474,844
Minimum tax rate required	\$0.1045 per \$100	\$0.0670 per \$100

Notes: 1) The Executive’s estimated assessable base for the District in FY23 was used to calculate the tax rate. 2) The Executive’s proposal assumes an accelerated pay off for the 20-year bonds.

4. 10% Tax Cap

The 10% tax cap is only one policy decision amongst the several in the Executive’s proposal. **The 10% tax cap, however, is not enforceable restriction on the Council’s**

authority to set a tax rate. The Council may levy any tax rate it deems necessary to support the District’s financing needs each fiscal year.

The Executive’s proposed repayment plan uses conservative assumptions. As addressed on page 12, these assumptions yield a tax rate to support the proposed repayment plan. The tax rate is estimated to increase by 73.2% in FY28-33, but this is only an estimate. **Any changes to the assumptions, like assuming some redevelopment will occur after FY26, will ultimately change the possible tax rate in the future.**

It is possible for the Council to approve a repayment plan that does not eliminate the 10% tax cap. Based on the Executive’s conservative assumptions, the District’s base can sufficiently cover the proposed District debt within the 10% tax cap for either 20-year or 30-year debt. **Given the current conditions, however, it is highly unlikely that the District can support debt payments and repay all County advances within ten years if the Council adheres to levying a rate equal at the 10% cap during the repayment period.**

5. Using General Funds to Support Economic Development in the District

The District generates real property tax revenues for the County’s general use in addition to the District’s tax revenues. The District’s assessable based has grown more quickly than the County-wide average. Table 5 compares the annual percentage change from FY12-FY21 for the District’s assessable base to the County-wide assessable base, excluding the District’s assessable base. **Based on the annual average growth, the District generated \$43.5 million in additional County revenues from FY12-FY21 when excluding the County-wide average growth during the same period.**

Table 5: FY12-FY21 Growth in Assessable Base

Fiscal Year	District Assessable Base (\$ billions)	District – Percent Change	County-wide, excluding the District (\$ billions)	County-wide, excluding the District – Percent Change
FY12	0.892	---	162.812	---
FY13	0.836	- 6.3%	156.226	- 4.0%
FY14	1.079	29.0%	158.549	1.5%
FY15	1.272	17.9%	164.396	3.7%
FY16	1.604	26.1%	169.866	3.3%
FY17	1.436	- 10.5%	177.824	4.7%
FY18	1.570	9.3%	184.101	3.5%
FY19	1.768	12.6%	190.831	3.7%
FY20	1.809	2.3%	195.801	2.6%
FY21	1.893	4.7%	195.547	- 0.1%
Annual Average		8.7%		2.1%

Source: Schedule E-1 of the Operating Budget publication for the County-wide budgeted assessable base; Treasury staff for the District’s assessable base; Council staff calculations.

The Council could support economic development in the District by investing with other general fund resources to reduce the overall burden for the District. Though not an exhaustive list, the following are examples of the ways the County has used the general fund resources in the CIP to leverage economic development opportunities in specific areas of the County:

- Invested more than \$45 million, including \$40 million in G.O. bonds, to spur economic development in the White Oak area.
- Invested \$22 million in general funding to incentivize the private investment of more than \$500 million to build and retain Marriott’s headquarters in Bethesda.
- Invested more than \$107 from the general fund or G.O. bonds to construct a new office building in Wheaton as an anchor to spur additional private investment in the Wheaton Core.
- Invested more than \$250 million in G.O. bonds for the “Smart Growth” projects in the Shady Grove area due to land sale and other proceeds being less than expected.⁴
- Invested hundreds of millions through the general fund to redevelop and revitalize Silver Spring.⁵

B. Illustrative Alternative Repayment Plans

Council staff has prepared three alternative repayment plans to illustrate the different approaches the Council could consider when structuring a repayment plan. All options assume the same growth in the assessable base of the District as the Executive’s proposal. **Should the District redevelop quicker or more substantially than projected, the District’s ability to address any of these funding scenarios is greatly improved.**

1. *Option #1 – County Advances All Funding*

This option illustrates the “gap” that will remain if the County does not collect all County advances within ten years. This alternative assumes the County will keep the 10% tax cap and advance all funds necessary to complete the projects, so no District debt is required. **The result of these decisions is that the County’s general fund will need to be reduced by about \$20.7 million during the duration of the repayment plan.** The exact amount that the general fund reductions will depend on the District’s growth and actual tax revenues each year.

If the assessable base grows more rapidly, the unpaid County advances will be less than the \$20.7 million estimate. Table 6 provides a high-level comparison between the Executive’s proposed repayment plan and Option #1.

⁴ [March 9, 2015 Government Operations and Fiscal Policy Committee](#)

⁵ The approved [FY07 Silver Spring Redevelopment Program PDF](#) notes that the public commitment was \$191.2 million, but this does not include previous projects and operating budget funding prior to that investment.

Table 6: Comparing the Repayment Plans – Executive’s and Option #1

	Executive’s	#1
Value of cash advances	\$30.0 million	\$52.7 million
Years to repay cash advances	FY23-FY33	FY22-FY33
Value of premium	\$15.0 million	\$15.0 million
Years to repay premium	FY33-FY43	FY33-FY34
Interest rate	0%	0%
Allows all advances to be repaid	Yes	No
Value of unpaid advances after 10 years	\$0	About \$20.7 million
Policies that must be amended	1) 10% tax cap 2) Use of SAG	1) Use of SAG 2) Max Advances
Maximum tax rate	\$0.1910 per \$100	10% tax cap
Value of special debt	\$18.9 million	\$0
Years to repay debt	FY23-FY40	---
Total debt payments	\$29.9 million	\$0

2. Option #2 – Replace 10% Tax Cap with 12.5% Tax Cap

This option illustrates repayment plan if the Council increases the policy threshold for the tax rate to 12.5% of the total tax rate. This option would continue to provide certainty to property owners in the District, and it would generate additional resources. This option assumes that the District will issue 20-year bonds, but repayment will not be accelerated. **The result of these decisions is that the County’s general fund will need to be reduced by about \$9.0 million during the duration of the repayment plan, about \$12 million less than Option #1.** The exact amount that the general fund reductions will depend on the District’s growth and actual tax revenues each year. Table 7 compares this option with the Executive’s proposal.

Table 7: Comparing Repayment Plans – Executive’s and Option #2

	Executive’s	Option #2
Value of cash advances	\$30.0 million	\$30.0 million
Years to repay Cash Advances	FY23-FY33	FY22-FY33
Value of premium	\$15.0 million	\$15.0 million
Years to repay premium	FY33-FY43	FY33-FY43
Interest rate	0%	0%
Allows all advances to be repaid	Yes	No
Value of unpaid advances	\$0	\$7.7 million
Policies that must be amended	1) 10% tax cap 2) Use of SAG	1) 10% tax cap 2) Use of SAG
Maximum tax rate	\$0.1910 per \$100	\$0.1379 per \$100
Value of special debt	\$18.9 million	\$18.9
Years to repay debt	FY23-FY40	FY23-FY42
Total debt payments	\$29.9 million	\$30.3 million

3. Option #3 – Issuing 30-year Debt

This option illustrates the impact from issuing 30-year bonds for the District debt. To achieve a successful repayment plan, this option will require the 10% tax cap to be removed. **The County will receive full repayment for all its advances, but the repayment period will be longer.** Table 8 compares the repayment plan for this option to the Executive’s proposed repayment plan.

Table 8: Comparing Repayment Plans – Executive’s and Option #3

	Executive’s	Option #3
Value of cash advances	\$30.0 million	\$30.0 million
Years to repay Cash Advances	FY23-FY33	FY22-FY33
Value of premium	\$15.0 million	\$15.0 million
Years to repay premium	FY33-FY43	FY33-FY34
Interest rate	0%	0%
Allows all advances to be repaid	Yes	Yes
Value of unpaid advances	\$0	\$0
Policies that must be amended	1) 10% tax cap 2) Use of SAG	1) 10% tax cap 2) Use of SAG
Maximum tax rate	\$0.1910 per \$100	\$0.1690 per \$100
Value of special debt	\$18.9 million	\$18.9
Years to repay debt	FY23-FY40	FY23-FY52
Total debt payments	\$29.9 million	\$34.5 million

C. Policies Unrelated to the Executive’s Proposed Repayment Plan

Council staff has identified three policy considerations unrelated to the specifics of the Executive’s proposed repayment plan. These policies can be considered and recommended by the committees regardless of whether a repayment plan is recommended for approval today or later.

1. *White Flint Redevelopment Program PDF*

The County approves “redevelopment” PDFs to aid in the coordination and CIP staging efforts in a specific area of the County. In addition to White Flint, the County has had or currently has similar PDFs for Silver Spring, Wheaton, and White Oak. All other redevelopment programs were funded by the general fund, but the White Flint PDF was funded using the District’s revenues.

The White Flint Redevelopment Program’s total expenditures since inception are approximately \$3.3 million, and 90% of these expenditures since FY12 paid for County staff or consultants. The County staff and consultants’ efforts supported work related to the District’s operations, but these efforts, for the most part, are like the work performed in other parts of the County. The \$3.3 million in total expenditures is about 20% of the total District tax revenues generated since FY12.

The County has advanced approximately \$1.2 million for this program since FY16. Council staff believes that White Flint should receive similar general fund support like the other areas of the County. There are two decisions that Councilmembers could consider that would align the White Flint program with other programs in the County.

- 1) The Council could support this PDF with general fund resources in FY22 and beyond. This will require about \$230,000 in general fund resources in FY22 and \$157,000 in general fund resources in FY23 and beyond.
- 2) The Council could reduce the total County advances by the amount advanced to this PDF, recognizing that this project is like others in the County. This decision results in about a \$1.2 million reduction in general fund resource in FY21.

2. District's Transportation Infrastructure List

The Executive recommends amending the policy resolution's infrastructure list in Exhibit A to avoid the need to amend the resolution again if scope or costs change for these projects. Council staff notes that the County law requires that the resolution contain a list of projects in the District and cost estimates, including contingency costs. Since the District is responsible for certain transportation infrastructure projects, this list is required in the resolution to provide transparency about the projects and estimated costs for the District.

Council staff recommends that Council not approve the Executive's proposal for this policy change. The law requires the County to include this list in the resolution; therefore, the County should continue to amend the resolution to maintain transparency with the District if there are scope or costs changes. The Executive can recommend an amendment to the resolution if/when a CIP project is also recommended to be amended, like this proposal. **For the amended policy resolution, Council staff recommends that the Council amend Exhibit A to organize the projects based on the current PDFs but retain the detailed list with updated costs as detailed on ©37.**

3. Develop a Fiscal Plan for the District

The amount of information published about the District's finances is paltry. The operating budget publication includes the current fiscal year's tax rate. The Comprehensive Annual Financial Report includes the reporting year's beginning and ending fund balance for the District. These pieces of information are unhelpful in understanding the current obligations, liabilities, and potential tax rates necessary for the District to remain solvent. **The County publishes fiscal plans for all its funds, and these documents detail the six-year financial outlooks for each fund.**

Council staff recommends that the committees include a provision in the policy resolution that requires publication of a six-year estimate for the District's finances like the fiscal plans for the other funds managed by the County. This publication should be included with the Capital Budget, and it will increase transparency to the public, the District's

stakeholders, and the policy makers. At a minimum, the document should contain the following information for the current year estimate, the recommendation for the next fiscal year, and the projections for fiscal years two through six:

- 1) All relevant information regarding real property taxes, including tax rate, assessable base, and real property tax revenues;
- 2) All relevant information regarding the District's expenditure obligations, including any debt service obligations;
- 3) All relevant information regarding any County advances and repayment plans; and
- 4) All relevant information regarding the District's fund balance.

D. Policies to Consider at a Future Date

There are long-term items that the Council should consider – whether it prefers to wait to approve a repayment plan or recommend one today. The Executive's proposal only addresses the District's current funding issues and fund the White Flint West Workaround project. **The proposed repayment plan does not address the long-term ability for the District to fund future transportation infrastructure projects.** Council staff notes the following items for future Council consideration if it or the District's stakeholders want to consider alternatives to address the other transportation infrastructure projects.

Tax Rate. The 10% tax cap, though not enforceable, creates an expectation within the District that the County will adhere to this policy when setting the tax rates. While the Council could approve any tax rate required, it is better to consider alternative options for replacing the current policy cap. Examples include: 1) removing the 10% tax cap but not approving projects in the District until stakeholders understand the tax rate required to pay for it; or 2) increasing the policy cap. The Council may want to explore in more detail about how the tax policy for the District can be revised to achieve the goals of accelerating projects in the District.

Rockville Pike. The White Flint West: Transportation PDF assumes that the District will be responsible for designing and funding its portion of Rockville Pike to create a boulevard with bus rapid transit. The reality is that the County will need coordinate well beyond the District when Rockville Pike is converted to allow a bus rapid transit system. The Council may want to consider removing this project from the District's Bucket and assuming responsibility for its work.

District boundaries and properties. The current district boundaries and properties yields an assessable base that may be insufficient to generate the necessary real property tax revenues for larger projects and associated debt. The Council could evaluate the District's boundaries and consider adding other nearby properties that would benefit from the transportation infrastructure improvements to strengthen the base.

This packet contains:

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Proposed resolution	5
Proposed CIP amendments	10
Resolution 16-1570	31
Proposed Exhibit A crosswalk to approved Exhibit A	37




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

February 3, 2021

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Recommended White Flint Redevelopment Financing and Repayment Plan and Related CIP Amendments and Resolutions

As required by Bill 50-10, I am submitting recommendations to implement a financing and repayment plan for the initial transportation infrastructure investments for the White Flint Development District. I would ask that the Council act on these items as soon as possible, so that we can take advantage of favorable financing conditions, avoid exceeding our authorized \$45 million cap on advances, and take advantage of the opportunity to use General Obligation Bond premium to minimize short-term tax rate increases.

Background

The White Flint Special Taxing District was created in 2010 to support a pedestrian-friendly transit-oriented urban redevelopment initiative. The legislation and resolutions approved to form the district included provisions that waived requirements for transportation impact taxes as well as payments that would have otherwise been required under local area transportation and policy area mobility reviews. Instead, these payments were to be replaced with an ad valorem tax on property located in the district. While the special district taxes were required to fully fund the desired District transportation infrastructure improvements, the County was authorized to advance up to \$45 million to begin transforming the district into a more walkable community. The County Code also envisioned the use of special taxing district-supported debt to reduce the annual tax burden on the district property owners. A repayment plan for advances and debt is required to be approved by Council.

While the district has doubled its assessable tax base since its inception, revenues have not grown as previously estimated. District-funded transportation project costs have also increased in ways that were unavoidable if the pedestrian friendly vision and maximum development potential were to be maintained. While it is not possible to maintain the 10% tax cap envisioned in Resolution 16-1570, my recommended repayment and financing plan delays and minimizes the necessary special taxing district rate increases as much as possible.

White Flint Special Taxing District Initial Financing and Repayment Plan

Total costs through FY26 for the four CIP projects funded by district taxes (White Flint Redevelopment Program, White Flint West Workaround, White Flint District West: Transportation, and White Flint District East: Transportation) are estimated to be approximately \$85.5 million, with nearly 99 percent of the costs spent by FY23. The recommended financing and repayment plan assumes:

- General fund cash advances through FY20 for the White Flint Redevelopment Program (\$1,000,000), the White Flint Development West: Transportation (\$600,000), and the White Flint West Workaround (\$16,800,000) project;
- An additional \$11.6 million in future General Fund cash advances;
- \$15 million in General Obligation Bond premium to be used in lieu of cash from the County;
- \$18.9 million in special taxing district bond proceeds to be issued in FY22;
- \$13.9 million in district tax revenues spent through FY20; and
- \$5.3 million in future district tax revenues and \$2.4 million in intergovernmental and other contributions.
- The County will not charge the District interest on advances to the district.

General Fund cash advances must be paid back within a reasonable period of time, which for these CIP project purposes has been identified as 10 years from the end of the fiscal year in which they were incurred. The financing estimates assume General Obligation Bond premium advances already deposited to the CIP will be repaid after all General Fund cash advances have been repaid. Bond premium will then be repaid over the next 10 years. This deferral of bond premium repayment will delay and minimize the impact on the district tax rate.

This initial plan does not include financing for the portions of the White Flint District East and West Transportation projects that are currently planned to begin after FY26. These projects can be accelerated as district revenues increase.

While no changes in the special district tax are required at this time, the Finance Department and its Financial Advisors have conducted an analysis that, under conservative assumptions with limited new development, shows that the current district tax rate might have to increase to \$0.1720 in FY24, \$0.1780 in FY25, \$0.1840 in FY26, and \$0.1910 between FY28 and FY33 with taxes decreasing to \$0.1000 from FY34 through FY43. Once all transportation infrastructure in the district is paid for, the special tax rate

will be zero. The actual future tax rates required may be lower if further development or other assessable base growth occurs, interest rates are lower than the assumed 4 percent, or project costs decrease. If additional transportation infrastructure costs are added for the district, the tax rates could be higher. As noted in the attached replacement resolution, district tax rates will be set annually by the County Council to cover the costs of the transportation improvements.

Required Actions

To implement the recommended financing and repayment plan, the Council will need to:

- Approve CIP amendments for the White Flint Redevelopment Program, White Flint West Workaround, White Flint District West: Transportation, and White Flint District East: Transportation projects. These amendments have language specifying expected repayment time periods and updated funding source assumptions.
- Adoption of a resolution to repeal and replace Resolution 16-1570. A recommended replacement resolution is attached.

The recommended replacement of White Flint Council Resolution will accomplish three objectives. First, they will acknowledge the need for a special tax district to repay approximately \$45 million of advances.¹ Second, they will guarantee the special tax district the ability to set its tax rate yearly at a level sufficient to pay district expenses.² Third, they will allow the White Flint projects to be updated and modified via the CIP process for future changes in project cost and/or scope.

Should the pace of redevelopment of the area accelerate, it will mitigate the need for tax rate increases. With ready public transportation, significant undeveloped land, a highly educated workforce, and proximity to the National Institutes of Health, the Walter Reed National Military Medical Center, and numerous biotechnology companies, the properties around the White Flint Metro Station represent a unique development opportunity for the County as a research and innovation center. That is why the County is devoting significant time under an MOU with the Washington Metropolitan Area Transportation Authority (WMATA) to redevelop the White Flint metro station property; work with the community on marketing and placemaking; and recruit potential institutions and companies to locate in the district.

¹ . This is comprised of current (\$18.4 million) and future estimated (\$11.6 million) General Fund cash and \$15 million of bond sale premium to be provided in lieu of General Fund cash.

² District expenses include: debt service and repayment of County General Fund cash contributions within a rolling ten-year period and within the ten-year window based on the initial year of advance expense and to repay the bond premium following the General Fund cash advance repayment period.

Tom Hucker, President, County Council
February 3, 2021
Page 4

As previously mentioned, I have attached a revised resolution to replace Resolution 16-1570. Under separate cover, I am transmitting the necessary capital improvement program amendments.

ME:mb

Attachment: Revised resolution to repeal and replace Resolution No. 16-5170 - White Flint Sector Plan Implementation Strategy and Infrastructure Improvement List

c: Michael Coveyou, Director, Finance Department
Jennifer Bryant, Director, Office of Management and Budget
Marc Hansen, County Attorney
Chris Conklin, Director, Department of Transportation

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: To repeal and replace Resolution No. 16-1570 with respect to the White Flint Sector Plan Implementation Strategy and Infrastructure Improvement List

Background

1. On March 23, 2010, the Montgomery County Council (the “County Council”), sitting as the District Council, adopted the White Flint Sector Plan (the “Plan”), which approved a long-range vision of transforming the Plan area into a pedestrian-friendly transit-oriented urban setting.
2. The County Council enacted Bill 50-10, codified as Chapter 68C of the Montgomery County Code (the “Act”), which (among other things) established the White Flint Special Taxing District (the “District”), authorized the levy of an ad valorem tax on property located in the District (“Special Tax”) to fund transportation infrastructure improvements in the District and set forth the circumstances under which the County may advance funds to the District which the District is required to repay.
3. Section 68C-4 of the Act requires that the County Council approve a resolution that lists each transportation infrastructure improvement that is to be paid for by the Special Tax imposed in the District and the estimated costs of each such improvement (which must include a contingency amount); and provides that the County Council may amend such resolution after holding a public hearing.
4. Section 68C-4(f) of the Act further provides that before the County may advance any funds to the District that the District is required to repay to the County, the County Council must adopt a repayment plan in a resolution adopted under Section 68C-4 of the Act or as part of an approved Capital Improvements Program resolution, that specifies: (i) each transportation infrastructure improvement for which funds would be advanced; (ii) the amount of funds advanced which the District must repay; (iii) the expected rate of interest, if any, the District must repay; (iv) the time period during which the District is expected to repay the amount due; and (v) any other principal term of repayment; and that such repayment plan is binding on the District and the County, except as later modified in a Council resolution.

5. The County Council approved Resolution No. 16-1570 (the “Original Resolution”) on November 20, 2010 to implement the Plan in compliance with the Act, which such Original Resolution: (i) identified specific transportation infrastructure improvements to be financed by the Special Tax along with an estimated cost for each improvement (including a contingency amount) and (ii) authorized the County to provide forward or advanced funding for certain infrastructure improvement costs identified therein.
6. While Section 68C-3(a) of the Act permits the Special Tax authorized under the Act to be an amount not to exceed the amount sufficient to cover the costs of transportation improvements that have been approved in a resolution under Section 68C-4 of the Act, the Original Resolution articulated a policy goal for the maximum Special Tax rate for the District (no more than 10% of the total tax rate of the District) and limited the ability of the County to issue debt secured or intended to be paid by the District, should it be determined that repaying such debt would require a District Special Tax rate in excess of the policy goal.
7. The County Council has determined that it is necessary to repeal and replace the Original Resolution in order to (i) update the list of transportation infrastructure improvements to be paid for by the Special Tax, (ii) modify the previously adopted repayment plan with respect to forward advances of funding for the District, (iii) eliminate limitations created by the Original Resolution as to the maximum Special Tax rate which are more restrictive than the parameters established by the Act, and (iv) state its intent to use the proceeds of general obligation bonds as one of the sources to provide advances to the District for all or a portion of the advanced funds used for the design, construction, improvement and equipping of the transportation project identified herein.

Action

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

1. The Original Resolution is repealed in its entirety and is of no further force or effect.
2. Pursuant to Section 68C-3(a) of the Act, in each tax year the County Council may levy against all the assessable real and personal property in the District a sum on each \$100 of assessable property in an amount that does not exceed an amount to cover the costs of the transportation infrastructure improvements identified in Exhibit A hereto as such transportation infrastructure improvements may be amended and modified from time to time by the County Council through the adoption of the County Capital Improvements Program, including (without limitation) costs of planning, designing, constructing, improving, acquiring, equipping and financing such transportation infrastructure improvements and administrative costs relating thereto.
3. The specific transportation infrastructure improvements that will be financed by the District are listed in Exhibit A, along with the estimated cost for such improvements,

including a contingency amount. The District will remain responsible for the actual cost of each designated transportation infrastructure improvement, including any future cost increase.

4. In accordance with the County's policy to promptly implement the Plan, the inclusion in the Capital Improvements Program of forward funding or advance funds for the following projects in the following amounts through fiscal year 2020 is hereby approved:
 - (a) White Flint Redevelopment Program (\$1,000,000);
 - (b) White Flint District West: Transportation (\$600,000); and
 - (c) White Flint West Workaround (\$16,800,000).

The County may provide additional forward funding or advance funds for transportation infrastructure improvement projects among those identified in Exhibit A, provided that the aggregate amount of such funds provided for such additional improvements, together with any funds forward or advanced funded for the improvements enumerated in (a), (b) and (c) above, does not exceed \$45 million.

5. As used in the preceding paragraph, forward funds or advance funds means the County would include these items in the County Capital Improvements Program and fund them accordingly, and the District, subject to applicable provisions of Chapter 68C, would, on a dollar-for-dollar basis, without any interest accruing, repay the County commencing on the date 10 years from the end of the fiscal year in which each such advance was made (except as expressly provided otherwise in paragraph 6 hereof with respect to advances from general obligation bond premium proceeds), or such other repayment period as the County Council may determine in the adoption of the Capital Improvement Plan, *provided however*, that advances from the general fund made from the commencement of fiscal year 2016 through and including the end of fiscal year 2026 shall be repaid during the time period from and including fiscal year 2024 through and including fiscal year 2033.

However, the District may repay the County earlier for any item to the extent that revenue generation exceeds the funds needed to pay for other improvements assigned to the District and no stage of development under the Plan would be delayed.

6. The County Executive should include the projects comprising the advanced or forward funding in the Executive's Capital Improvements Program Amendments. The Capital Improvements Program Amendments should identify the source of such advanced forward funding, which may include proceeds of the County's general obligation bonds, including \$15,000,000 of the premium portion of the bond proceeds of the Consolidated Public Improvement Bonds of 2019, Series A for the transportation infrastructure projects listed in Exhibit A. Advances from such bond premium proceeds shall be repaid by the District during the time period from and including fiscal year 2033 through and including fiscal year 2043.

For the avoidance of doubt, the District may repay the County earlier for any such advance of bond premium proceeds to the extent that revenue generation exceeds the funds needed to pay for other improvements assigned to the District and no stage of development under the Plan would be delayed.

7. The Council intends to fund in the White Flint Special Taxing District Capital Improvements Program referred to in paragraph 6, to the extent legally allowable, personnel costs and other staffing expenses including the development coordinator for the White Flint planning area that the Executive is required to designate under County Code Section 2-25(c) enacted in Council Bill 1-10, and related expenses incurred by the County, including (without limitation) fees of counsel and financial advisors engaged by the County.
8. This Resolution is effective as of July 1, 2015.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

Approved:

Marc Elrich
County Executive

Exhibit A

White Flint West Workaround (See attached CIP# P501506 for the description of the specific infrastructure improvements, as such may be amended) (Estimated cost: \$74,200,000)

White Flint Redevelopment Program (See attached CIP# P151200 for the description of the specific infrastructure improvements, as such may be amended) (Estimated cost: \$4,700,000)

White Flint District West: Transportation (See attached CIP# P501116 for the description of the specific infrastructure improvements, as such may be amended) (Estimated cost: \$71,100,000)

White Flint District East: Transportation (See attached CIP# P501204 for the description of the specific infrastructure improvements, as such may be amended) (Estimated Cost \$29,700,000)



White Flint West Workaround (P501506)

Category	Transportation	Date Last Modified	02/01/21
SubCategory	Roads	Administering Agency	Transportation
Planning Area	North Bethesda-Garrett Park	Status	Final Design Stage

	Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	6,480	4,551	-	1,929	856	673	400	-	-	-	-
Land	3,245	1,150	-	2,095	1,055	670	370	-	-	-	-
Site Improvements and Utilities	9,128	698	-	8,430	880	3,850	3,700	-	-	-	-
Construction	55,261	18,311	-	36,950	18,907	14,800	3,243	-	-	-	-
TOTAL EXPENDITURES	74,114	24,710	-	49,404	21,698	19,993	7,713	-	-	-	-

FUNDING SCHEDULE (\$000s)

Contributions	261	258	-	3	-	-	3	-	-	-	-
G.O. Bond Premium	15,000	-	-	15,000	15,000	-	-	-	-	-	-
Intergovernmental	2,500	2,175	-	325	-	-	325	-	-	-	-
Long-Term Financing - White Flint	18,863	-	-	18,863	-	18,863	-	-	-	-	-
White Flint Special Tax District	37,490	22,277	-	15,213	6,698	1,130	7,385	-	-	-	-
TOTAL FUNDING SOURCES	74,114	24,710	-	49,404	21,698	19,993	7,713	-	-	-	-

OPERATING BUDGET IMPACT (\$000s)

Maintenance				28	-	-	7	7	7	7	
Energy				4	-	-	1	1	1	1	
NET IMPACT				32	-	-	8	8	8	8	

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Approp. Request	-	Year First Appropriation	FY15
Cumulative Appropriation	74,114	Last FY's Cost Estimate	74,114
Expenditure / Encumbrances	62,408		
Unencumbered Balance	11,706		

PROJECT DESCRIPTION

This project provides for land acquisition, site improvements and utility (SI&U) relocations, construction management and construction for one new road, one new bikeway, one relocated road, and an intersection realignment improvement, and the reconstruction of an existing roadway in the White Flint District area for Stage 1. Various improvements to the roads will include new traffic lanes, shared-use paths, undergrounding of overhead utility lines where required, other utility relocations and streetscaping. Preliminary and final engineering were funded through FY 14 by White Flint District West: Transportation (CIP #501116). The proposed projects for construction are: 1. Main Street/Market Street (B-10) - Old Georgetown Road (MD187) to Woodglen Drive- new two-lane 1,200-foot roadway. 2. Main Street/Market Street (LB-1) - Old Georgetown Road (MD187) to Woodglen Drive- new 1,200-foot bikeway. 3. Executive Boulevard Extended (B-15) - Marinelli Road to Old Georgetown Road (MD187)- 900 feet of relocated four-lane roadway. 4. Intersection of Towne Road (formerly Hoya Street) (M-4A), Old Georgetown Road, and Executive Boulevard, including the approaches to Old Georgetown Road and the portion of Towne Road from the intersection realignment of Towne Road/Old Georgetown Road/Executive Boulevard to a point just north of the intersection to provide access to new development. 5. Towne Road (M-4A)- Montrose Parkway to the intersection of Old Georgetown Road-I, 100 feet of reconstructed 4-lane roadway. Note: The following street names have been changed. Main/Market Street is now Banneker Avenue. Hoya Street is now Towne Road. Executive Boulevard Extended is now Grand Park Avenue.

ESTIMATED SCHEDULE

1. Main Street/Market Street (B-10) - Design in FY14 through FY19, SI&U in FY17 through FY20, and construction in FY17 through FY20. 2. Main Street/Market Street (LB-1) - Design in FY14 through FY19, SI&U in FY17 through FY20, and construction in FY17 through FY20. 3. Executive Boulevard Extended (B-15) - Design in FY14 through FY19, SI&U and construction in FY17 through FY18 (Phase 1) and FY20 through FY21(Phase 2). 4. Intersection of Towne Road (formerly Hoya Street) (M-4A), Old Georgetown Road, and Executive Boulevard - Design in FY14 through FY19, land acquisition in FY19 and FY20, SI&U and construction in FY20 through FY23. 5. Towne Road (M-4A) - Design in FY14 through FY19, land acquisition in FY18 through FY20, SI&U and construction in FY19 through FY23. The schedule and cost estimates assume that all land needed for road construction will be dedicated by the major developers in a timely manner and that the construction of the conference center replacement parking will take place prior to the start of the road construction.

PROJECT JUSTIFICATION

The vision for the White Flint District is for a more urban core with a walkable street grid, sidewalks, bikeways, trails, paths, public use space, parks and recreational facilities, mixed-use development, and enhanced streetscape to improve the areas for pedestrian and bicycle circulation and transit oriented development around the Metro station. These road improvements, along with other District roads proposed to be constructed by developers will fulfill the strategic program plan

for a more effective and efficient transportation system. The proposed improvements are in conformance with the White Flint Sector Plan Resolution 16-1300 adopted March 23, 2010.

OTHER

The segments of Main Street/Market Street and Executive Boulevard Extended that are adjacent to the Conference Center site will be constructed by the contractor of the Conference Center Parking Garage. Expenditures for these segments are in FY17 and FY18 in order to coordinate with the construction of the parking garage and minimize impacts to the surrounding community.

FISCAL NOTE

The ultimate funding source for these projects will be White Flint Special Taxing District tax revenues and related special obligation bond issues. Debt service on the special obligation bond issues will be paid solely from White Flint Special Taxing District revenues. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and will be repaid within a specified period of time. As such, funding switches are made in the Biennial FY21-26 CIP to reflect a proposed project funding plan using \$15 million of G.O. bond premium and approximately \$18.9 million in White Flint Long-Term Financing to minimize increases to the district tax rate and to avoid negative impacts to the General Fund. This is part of an overall financing plan which assumes repayment of approximately \$28.4 million in County General Fund cash project advances from FY24 through FY33 and repayment of \$15 million of bond premium advances in FY33-FY43 following the repayment of General Fund. An FY20 supplemental was approved to increase the project total by \$11.425 million due to higher costs associated with storm drain and utility conflicts, land acquisition, utility relocation, and related construction costs, and to fully appropriate the project. The County is expected to receive \$261,000 in Contributions for the installation of a new traffic signal at the intersection of Towne Road and Rose Ave, and \$2.5 million in Intergovernmental funding for the WSSC Contribution for water main and sanitary sewer construction costs.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.

COORDINATION

Maryland-National Capital Park and Planning Commission, Washington Area Metropolitan Transit Authority, City of Rockville, State Highway Administration, Town of Garrett Park, Neighborhood Civic Associations, Developers, Maryland-National Capital Park and Planning Commission, Washington Area Metropolitan Transit Authority, City of Rockville, State Highway Administration, Town of Garrett Park, Neighborhood Civic Associations, Developers



White Flint Redevelopment Program (P151200)

Category	General Government	Date Last Modified	02/01/21
SubCategory	Economic Development	Administering Agency	County Executive
Planning Area	North Bethesda-Garrett Park	Status	Planning Stage

	Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	4,376	3,024	193	1,159	342	229	147	147	147	147	-
Land	204	204	-	-	-	-	-	-	-	-	-
Other	78	78	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,658	3,306	193	1,159	342	229	147	147	147	147	-

FUNDING SCHEDULE (\$000s)											
White Flint Special Tax District	4,658	3,306	193	1,159	342	229	147	147	147	147	-
TOTAL FUNDING SOURCES	4,658	3,306	193	1,159	342	229	147	147	147	147	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)				
Appropriation FY 22 Approp. Request		229	Year First Appropriation	FY09
Cumulative Appropriation		3,841	Last FY's Cost Estimate	4,658
Expenditure / Encumbrances		3,342		
Unencumbered Balance		499		

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 "Project 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 change reflects updated staff charges and the addition of FY25 and FY26 to this project.

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. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and will be repaid within a specified period of time. As such, General Fund cash advances of approximately \$1,000,000 will be repaid within 10 years from the end of the fiscal year in which the project advances were made.

COORDINATION

Office of the County Executive, Department of Finance, Department of Transportation, Revenue Authority, Maryland Department of Transportation (MDOT),



White Flint District West: Transportation (P501116)

Category	Transportation	Date Last Modified	02/01/21
SubCategory	Roads	Administering Agency	Transportation
Planning Area	North Bethesda-Garrett Park	Status	Preliminary Design Stage

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	15,177	5,416	-	-	-	-	-	-	-	9,761
Land	703	495	-	-	-	-	-	-	-	208
Construction	55,215	-	-	-	-	-	-	-	-	55,215
TOTAL EXPENDITURES	71,095	5,911	-	-	-	-	-	-	-	65,184

FUNDING SCHEDULE (\$000s)

White Flint Special Tax District	71,095	5,911	-	-	-	-	-	-	-	65,184
TOTAL FUNDING SOURCES	71,095	5,911	-	-	-	-	-	-	-	65,184

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Approp. Request	-	Year First Appropriation	FY11
Cumulative Appropriation	5,935	Last FY's Cost Estimate	71,095
Expenditure / Encumbrances	5,911		
Unencumbered Balance	24		

PROJECT DESCRIPTION

This project provides for engineering, utility design, and land acquisition for one new road, one relocated road, improvements to three existing roads, and one new bikeway in the White Flint District area for Stage 1. The project also includes both design and future construction expenditures for the reconstruction of Rockville Pike. Various improvements to the roads will include new traffic lanes, shared-use paths, the undergrounding of overhead utility lines, other utility relocations and streetscaping. The new White Flint West Workaround project (CIP #501506) continues funding for several western workaround road projects. The following projects are funded through FY18 for final design: 1. Main Street/Market Street (B-10)-Old Georgetown Road (MD 187) to Woodglen Drive: new two-lane 1,200 foot roadway. 2. Main Street/Market Street (LB-1)-Old Georgetown Rd (MD 187) to Woodglen Drive: new 1,200 foot bikeway. 3. Executive Blvd Extended (B-15)-Marinelli Road to Old Georgetown Road (MD 187): 900 feet of relocated four-lane roadway 4. Intersection of Towne Road (formerly Hoya Street) (M-4A), Old Georgetown Road, and Executive Boulevard, including the approaches to Old Georgetown Road The following project is proposed for both design and construction in the FY19-22 and Beyond 6-Years period: Rockville Pike (MD 355) (M-6)-Flanders Avenue to Hubbard Drive: 6,300 feet of reconstructed six-to-eight-lane roadway. This project also provides for consulting fees for the analysis and studies necessary to implement the district.

LOCATION

North Bethesda

ESTIMATED SCHEDULE

Design on all projects in the western workaround, with the exception of the Rockville Pike segment, and concluded in FY19. Design of the Rockville Pike section will begin in FY26 in order to coordinate with the implementation of the Rapid Transit System (RTS) (CIP#501318). The current expenditure/funding schedule assumes that land needed for road construction will be dedicated by the major developers in a timely manner.

PROJECT JUSTIFICATION

The vision for the White Flint District is for a more urban core with a walkable street grid, sidewalks, bikeways, trails, paths, public use space, parks and recreational facilities, mixed-use development, and enhanced streetscape to improve the areas for pedestrian circulation and transit-oriented development around the Metro Station. These road improvements, along with other district roads proposed to be constructed by developers, will fulfill the strategic program plan for a more effective and efficient transportation system. The proposed improvements are in conformance with the White Flint Sector Plan Resolution 16-1300 adopted March 23, 2010.

FISCAL NOTE

Funding Sources: The ultimate funding source for these projects will be White Flint Special Taxing District tax revenues and related special obligation bond issues. Debt service on the special obligation bond issues will be paid solely from White Flint Special Taxing District revenues. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and will be repaid within a specified period of time. As such, General Fund cash advances of approximately \$600,000 will be repaid within 10 years from the end of the fiscal year in which the project advances were made.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.

COORDINATION

Washington Area Metropolitan Transit Authority, City of Rockville, State Highway Administration, Town of Garrett Park, Neighborhood Civic Associations, Developers



White Flint District East: Transportation (P501204)

Category	Transportation	Date Last Modified	02/01/21
SubCategory	Roads	Administering Agency	Transportation
Planning Area	North Bethesda-Garrett Park	Status	Preliminary Design Stage

	Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	5,894	755	19	-	-	-	-	-	-	-	5,120
Land	2	2	-	-	-	-	-	-	-	-	-
Site Improvements and Utilities	6,288	-	-	-	-	-	-	-	-	-	6,288
Construction	17,506	-	-	-	-	-	-	-	-	-	17,506
TOTAL EXPENDITURES	29,690	757	19	-	-	-	-	-	-	-	28,914

FUNDING SCHEDULE (\$000s)											
White Flint Special Tax District	29,690	757	19	-	-	-	-	-	-	-	28,914
TOTAL FUNDING SOURCES	29,690	757	19	-	-	-	-	-	-	-	28,914

APPROPRIATION AND EXPENDITURE DATA (\$000s)			
Appropriation FY 22 Approp. Request	-	Year First Appropriation	FY14
Cumulative Appropriation	2,477	Last FY's Cost Estimate	29,690
Expenditure / Encumbrances	940		
Unencumbered Balance	1,537		

PROJECT DESCRIPTION

This project provides for design, engineering plans, and construction for three new roads, one new bridge and master planned bikeways in the White Flint District East area as follows: 1. Executive Boulevard Extended East (B-7)-Rockville Pike/MD 355 to a New Private Street - construct 1,100 feet of four-lane roadway. 2. Executive Boulevard Extended East (B-7)-New Private Street to new Nebel Street Extended - construct 600 feet of four-lane roadway. 3. Nebel Street (B-5)-Nicholson Lane South to a Combined Property site - construct 1,200 feet of four-lane roadway. 4. Bridge across Washington Metropolitan Area Transit Authority (WMATA) tracks adjacent to White Flint Metro Station - on future MacGrath Boulevard between MD 355 and future Station Street - construct 80-foot-long three-lane bridge. Bikeway design and construction will be consistent with adopted master plan staging requirements. Various improvements to the roads will include new traffic lanes, shared-use paths, the undergrounding of overhead utility lines where required, other utility relocations, and streetscaping. These projects will become stand-alone projects once engineering is complete and final construction costs can be accurately determined. This project also assumes the developers will dedicate the land needed for these sub-projects in a timely manner.

LOCATION

North Bethesda

ESTIMATED SCHEDULE

Most design and all construction cost have been delayed to beyond to FY26 due to affordability and other factors. Design of all road projects began in FY12 and has been delayed due to coordination with stakeholders. Construction of Executive Boulevard Extended East from Rockville Pike/MD 355 to a New Private Street was delayed due to tax district affordability. Design of Executive Boulevard East Extended was delayed due to coordination between the stakeholders over the road alignment. Design for the bridge across the WMATA tracks adjacent to the White Flint Metro Station has been delayed due to negotiations between WMATA, State Highway Administration (SHA), the County, and the developers; bridge design will begin after a Memorandum of Understanding between the parties has been finalized.

PROJECT JUSTIFICATION

The vision for the White Flint District is for a more urban core with a walkable street grid, sidewalks, bikeways, trails, paths, public use space, parks and recreational facilities, mixed-use development, and enhanced streetscape to improve the areas for pedestrian circulation and transit-oriented development around the Metro station. These road improvements, along with other District roads proposed to be constructed by developers will fulfill the strategic program plan for a more effective and efficient transportation system. The proposed improvements are in conformance with the White Flint Sector Plan Resolution 16-1300 adopted March 23, 2010.

FISCAL NOTE

Funding Sources: The ultimate funding source for these projects will be White Flint Development District tax revenues and related special obligation bond issues. Debt service on the special obligation bond issues will be paid solely from White Flint Special Taxing District revenues. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and

will be repaid within a specified period of time. Advances are not anticipated for this project at this time.

Cost Estimation: Construction cost estimates are based on concepts, projected from unit length costs of similar prior projects and are not based on quantity estimates or engineering designs. Final construction costs will be determined after the preliminary engineering (35 percent) phase. The cost for the bridge is still unknown since engineering plans are not developed.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.

COORDINATION

Maryland-National Capital Park and Planning Commission, White Flint Sector Plan, Washington Metropolitan Area Transit Administration, Maryland State Highway Administration, Federal Agencies including the Nuclear Regulatory Commission, Developers, Department of Environmental Protection, Department of Permitting Services




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

February 3, 2021

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Amendment to the FY21-26 Capital Improvements Program #17-A21-CMCG-5
Montgomery County Government, Department of Transportation
White Flint West Workaround (No. P501506), White Flint District East: Transportation
(No. P501204), and White Flint District West: Transportation (No. P501116), and
Amendment to the FY21-26 Capital Improvements Program #17-A21-CMCG-6
Montgomery County Government, Office of the County Executive
White Flint Redevelopment Program (No. P151200)

I am recommending amendments to the FY21-26 Capital Improvements Program for the following four projects in the White Flint district: White Flint West Workaround (No. P501506), White Flint District East: Transportation (No. P501204), and White Flint District West: Transportation (No. P501116), and White Flint Redevelopment Program (No. P151200).

The attached amendments are needed because they will permit continuation of advanced project funding of transportation improvements in the White Flint area as well as provide the County with an executable repayment plan from White Flint Special Taxing District revenues. The White Flint real estate tax base growth has not been sufficient to date to pay for the planned improvements. These amendments will put in place a funding and repayment plan to pay for project costs through FY26.

The recommended amendments are consistent with the criteria for amending the CIP because the projects must be amended for technical reasons to meet Bill 50-10 requirements for a repayment plan of County General Fund cash advances and bond premium for district transportation improvements and other district costs through FY26.

I appreciate your prompt consideration of this action.

ME:ps

Attachment: Amendments to the FY21-26 Capital Improvements Program #17-A21-CMCG-5 and #17-A21-CMCG-6

c: Michael Coveyou, Director, Finance Department
Jennifer Bryant, Director, Office of Management and Budget
Marc Hansen, County Attorney
Chris Conklin, Director, Department of Transportation

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY21-26 Capital Improvements Program #17-A21-CMCG-5
Montgomery County Government
Department of Transportation
White Flint West Workaround (No. P501506), White Flint District East:
Transportation (No. P501204), and White Flint District West: Transportation (No.
P501116)

Background

1. Section 302 of the Montgomery County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of no fewer than six members of the Council.
2. The County Executive recommends this amendment to the FY21-26 Capital Improvements Program as shown on the attached project description form.
3. The attached amendments are needed because they will permit continuation of advanced project funding of transportation improvements in the White Flint area as well as provide the County with an executable repayment plan from White Flint Special Taxing District revenues. The White Flint real estate tax base growth has not been sufficient to date to pay for the planned improvements. These amendments will put in place a funding and repayment plan to pay for project costs through FY26.
4. The recommended amendment is consistent with the criteria for amending the CIP because the project must be amended for technical reasons to meet Bill 50-10 requirements for a repayment plan of County General Fund cash advances and bond premium for district transportation improvements and other district costs through FY26. In order to delay and minimize district tax rate increases, construction and other district costs will be funded in the following manner:
 - General fund cash advances through FY20 for the White Flint Redevelopment Program (\$1,000,000), the White Flint Development West: Transportation (\$600,000), and the White Flint West Workaround (\$16,800,000) project.
 - An additional \$11.6 million in future General Fund cash advances;
 - \$15 million in General Obligation Bond premium to be used as an advance from the County;

- \$18.9 million in special taxing district bond proceeds to be issued in FY22;
 - \$13.9 million in district tax revenues spent through FY20; and
 - \$5.3 million in future district tax revenues and \$2.4 million in intergovernmental and other contributions.
 - The County will not charge the District interest on advances to the district.
5. The County Executive recommends amendments to the White Flint West Workaround (No. P501506), White Flint District East: Transportation (No. P501204), and White Flint District West: Transportation (No. P501116) projects to specify expected repayment time periods and update funding source assumptions.

Action

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

The FY21-26 Capital Improvements Program of the Montgomery County Government is amended as described above and as reflected on the attached project description form.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council



White Flint West Workaround (P501506)

Category	Transportation	Date Last Modified	02/01/21
SubCategory	Roads	Administering Agency	Transportation
Planning Area	North Bethesda-Garrett Park	Status	Final Design Stage

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	6,480	4,551	-	1,929	856	673	400	-	-	-
Land	3,245	1,150	-	2,095	1,055	670	370	-	-	-
Site Improvements and Utilities	9,128	698	-	8,430	880	3,850	3,700	-	-	-
Construction	55,261	18,311	-	36,950	18,907	14,800	3,243	-	-	-
TOTAL EXPENDITURES	74,114	24,710	-	49,404	21,698	19,993	7,713	-	-	-

FUNDING SCHEDULE (\$000s)

Contributions	261	258	-	3	-	-	3	-	-	-
G.O. Bond Premium	15,000	-	-	15,000	15,000	-	-	-	-	-
Intergovernmental	2,500	2,175	-	325	-	-	325	-	-	-
Long-Term Financing - White Flint	18,863	-	-	18,863	-	18,863	-	-	-	-
White Flint Special Tax District	37,490	22,277	-	15,213	6,698	1,130	7,385	-	-	-
TOTAL FUNDING SOURCES	74,114	24,710	-	49,404	21,698	19,993	7,713	-	-	-

OPERATING BUDGET IMPACT (\$000s)

Maintenance				28	-	-	7	7	7	7
Energy				4	-	-	1	1	1	1
NET IMPACT				32	-	-	8	8	8	8

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Approp. Request	-	Year First Appropriation	FY15
Cumulative Appropriation	74,114	Last FY's Cost Estimate	74,114
Expenditure / Encumbrances	62,408		
Unencumbered Balance	11,706		

PROJECT DESCRIPTION

This project provides for land acquisition, site improvements and utility (SI&U) relocations, construction management and construction for one new road, one new bikeway, one relocated road, and an intersection realignment improvement, and the reconstruction of an existing roadway in the White Flint District area for Stage 1. Various improvements to the roads will include new traffic lanes, shared-use paths, undergrounding of overhead utility lines where required, other utility relocations and streetscaping. Preliminary and final engineering were funded through FY14 by White Flint District West: Transportation (CIP #501116). The proposed projects for construction are: 1. Main Street/Market Street (B-10) - Old Georgetown Road (MD187) to Woodglen Drive- new two-lane 1,200-foot roadway. 2. Main Street/Market Street (LB-1) - Old Georgetown Road (MD187) to Woodglen Drive- new 1,200-foot bikeway. 3. Executive Boulevard Extended (B-15) - Marinelli Road to Old Georgetown Road (MD187)- 900 feet of relocated four-lane roadway. 4. Intersection of Towne Road (formerly Hoya Street) (M-4A), Old Georgetown Road, and Executive Boulevard, including the approaches to Old Georgetown Road and the portion of Towne Road from the intersection realignment of Towne Road/Old Georgetown Road/Executive Boulevard to a point just north of the intersection to provide access to new development. 5. Towne Road (M-4A)- Montrose Parkway to the intersection of Old Georgetown Road-1,100 feet of reconstructed 4-lane roadway. Note: The following street names have been changed. Main/Market Street is now Banneker Avenue. Hoya Street is now Towne Road. Executive Boulevard Extended is now Grand Park Avenue.

ESTIMATED SCHEDULE

1. Main Street/Market Street (B-10) - Design in FY14 through FY19, SI&U in FY17 through FY20, and construction in FY17 through FY20. 2. Main Street/Market Street (LB-1) - Design in FY14 through FY19, SI&U in FY17 through FY20, and construction in FY17 through FY20. 3. Executive Boulevard Extended (B-15) - Design in FY14 through FY19, SI&U and construction in FY17 through FY18 (Phase 1) and FY20 through FY21(Phase 2). 4. Intersection of Towne Road (formerly Hoya Street) (M-4A), Old Georgetown Road, and Executive Boulevard - Design in FY14 through FY19, land acquisition in FY19 and FY20, SI&U and construction in FY20 through FY23. 5. Towne Road (M-4A) - Design in FY14 through FY19, land acquisition in FY18 through FY20, SI&U and construction in FY19 through FY23. The schedule and cost estimates assume that all land needed for road construction will be dedicated by the major developers in a timely manner and that the construction of the conference center replacement parking will take place prior to the start of the road construction.

PROJECT JUSTIFICATION

The vision for the White Flint District is for a more urban core with a walkable street grid, sidewalks, bikeways, trails, paths, public use space, parks and recreational facilities, mixed-use development, and enhanced streetscape to improve the areas for pedestrian and bicycle circulation and transit oriented development around the Metro station. These road improvements, along with other District roads proposed to be constructed by developers will fulfill the strategic program plan

for a more effective and efficient transportation system. The proposed improvements are in conformance with the White Flint Sector Plan Resolution 16-1300 adopted March 23, 2010.

OTHER

The segments of Main Street/Market Street and Executive Boulevard Extended that are adjacent to the Conference Center site will be constructed by the contractor of the Conference Center Parking Garage. Expenditures for these segments are in FY17 and FY18 in order to coordinate with the construction of the parking garage and minimize impacts to the surrounding community.

FISCAL NOTE

The ultimate funding source for these projects will be White Flint Special Taxing District tax revenues and related special obligation bond issues. Debt service on the special obligation bond issues will be paid solely from White Flint Special Taxing District revenues. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and will be repaid within a specified period of time. As such, funding switches are made in the Biennial FY21-26 CIP to reflect a proposed project funding plan using \$15 million of G.O. bond premium and approximately \$18.9 million in White Flint Long-Term Financing to minimize increases to the district tax rate and to avoid negative impacts to the General Fund. This is part of an overall financing plan which assumes repayment of approximately \$28.4 million in County General Fund cash project advances from FY24 through FY33 and repayment of \$15 million of bond premium advances in FY33-FY43 following the repayment of General Fund. An FY20 supplemental was approved to increase the project total by \$11.425 million due to higher costs associated with storm drain and utility conflicts, land acquisition, utility relocation, and related construction costs, and to fully appropriate the project. The County is expected to receive \$261,000 in Contributions for the installation of a new traffic signal at the intersection of Towne Road and Rose Ave, and \$2.5 million in Intergovernmental funding for the WSSC Contribution for water main and sanitary sewer construction costs.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.

COORDINATION

Maryland-National Capital Park and Planning Commission, Washington Area Metropolitan Transit Authority, City of Rockville, State Highway Administration, Town of Garrett Park, Neighborhood Civic Associations, Developers, Maryland-National Capital Park and Planning Commission, Washington Area Metropolitan Transit Authority, City of Rockville, State Highway Administration, Town of Garrett Park, Neighborhood Civic Associations, Developers



White Flint District West: Transportation (P501116)

Category	Transportation	Date Last Modified	02/01/21
SubCategory	Roads	Administering Agency	Transportation
Planning Area	North Bethesda-Garrett Park	Status	Preliminary Design Stage

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	15,177	5,416	-	-	-	-	-	-	-	9,761
Land	703	495	-	-	-	-	-	-	-	208
Construction	55,215	-	-	-	-	-	-	-	-	55,215
TOTAL EXPENDITURES	71,095	5,911	-	-	-	-	-	-	-	65,184

FUNDING SCHEDULE (\$000s)

White Flint Special Tax District	71,095	5,911	-	-	-	-	-	-	-	65,184
TOTAL FUNDING SOURCES	71,095	5,911	-	-	-	-	-	-	-	65,184

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Approp. Request	-	Year First Appropriation	FY11
Cumulative Appropriation	5,935	Last FY's Cost Estimate	71,095
Expenditure / Encumbrances	5,911		
Unencumbered Balance	24		

PROJECT DESCRIPTION

This project provides for engineering, utility design, and land acquisition for one new road, one relocated road, improvements to three existing roads, and one new bikeway in the White Flint District area for Stage 1. The project also includes both design and future construction expenditures for the reconstruction of Rockville Pike. Various improvements to the roads will include new traffic lanes, shared-use paths, the undergrounding of overhead utility lines, other utility relocations and streetscaping. The new White Flint West Workaround project (CIP #501506) continues funding for several western workaround road projects. The following projects are funded through FY18 for final design: 1. Main Street/Market Street (B-10)-Old Georgetown Road (MD 187) to Woodglan Drive: new two-lane 1,200 foot roadway. 2. Main Street/Market Street (LB-1)-Old Georgetown Rd (MD 187) to Woodglan Drive: new 1,200 foot bikeway. 3. Executive Blvd Extended (B-15)-Marinelli Road to Old Georgetown Road (MD 187): 900 feet of relocated four-lane roadway 4. Intersection of Towne Road (formerly Hoya Street) (M-4A), Old Georgetown Road, and Executive Boulevard, including the approaches to Old Georgetown Road The following project is proposed for both design and construction in the FY19-22 and Beyond 6-Years period: Rockville Pike (MD 355) (M-6)-Flanders Avenue to Hubbard Drive: 6,300 feet of reconstructed six-to-eight-lane roadway. This project also provides for consulting fees for the analysis and studies necessary to implement the district.

LOCATION

North Bethesda

ESTIMATED SCHEDULE

Design on all projects in the western workaround, with the exception of the Rockville Pike segment, and concluded in FY19. Design of the Rockville Pike section will begin in FY26 in order to coordinate with the implementation of the Rapid Transit System (RTS) (CIP#501318). The current expenditure/funding schedule assumes that land needed for road construction will be dedicated by the major developers in a timely manner.

PROJECT JUSTIFICATION

The vision for the White Flint District is for a more urban core with a walkable street grid, sidewalks, bikeways, trails, paths, public use space, parks and recreational facilities, mixed-use development, and enhanced streetscape to improve the areas for pedestrian circulation and transit-oriented development around the Metro Station. These road improvements, along with other District roads proposed to be constructed by developers, will fulfill the strategic program plan for a more effective and efficient transportation system. The proposed improvements are in conformance with the White Flint Sector Plan Resolution 16-1300 adopted March 23, 2010.

FISCAL NOTE

Funding Sources: The ultimate funding source for these projects will be White Flint Special Taxing District tax revenues and related special obligation bond issues. Debt service on the special obligation bond issues will be paid solely from White Flint Special Taxing District revenues. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and will be repaid within a specified period of time. As such, General Fund cash advances of approximately \$600,000 will be repaid within 10 years from the end of the fiscal year in which the project advances were made.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.

COORDINATION

Washington Area Metropolitan Transit Authority, City of Rockville, State Highway Administration, Town of Garrett Park, Neighborhood Civic Associations, Developers



White Flint District East: Transportation

(P501204)

Category	Transportation	Date Last Modified	02/01/21
SubCategory	Roads	Administering Agency	Transportation
Planning Area	North Bethesda-Garrett Park	Status	Preliminary Design Stage

	Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	5,894	755	19	-	-	-	-	-	-	-	5,120
Land	2	2	-	-	-	-	-	-	-	-	-
Site Improvements and Utilities	6,288	-	-	-	-	-	-	-	-	-	6,288
Construction	17,506	-	-	-	-	-	-	-	-	-	17,506
TOTAL EXPENDITURES	29,690	757	19	-	-	-	-	-	-	-	28,914

FUNDING SCHEDULE (\$000s)											
White Flint Special Tax District	29,690	757	19	-	-	-	-	-	-	-	28,914
TOTAL FUNDING SOURCES	29,690	757	19	-	-	-	-	-	-	-	28,914

APPROPRIATION AND EXPENDITURE DATA (\$000s)				
Appropriation FY 22 Approp. Request		-	Year First Appropriation	FY14
Cumulative Appropriation		2,477	Last FY's Cost Estimate	29,690
Expenditure / Encumbrances		940		
Unencumbered Balance		1,537		

PROJECT DESCRIPTION

This project provides for design, engineering plans, and construction for three new roads, one new bridge and master planned bikeways in the White Flint District East area as follows: 1. Executive Boulevard Extended East (B-7)-Rockville Pike/MD 355 to a New Private Street - construct 1,100 feet of four-lane roadway. 2. Executive Boulevard Extended East (B-7)-New Private Street to new Nebel Street Extended - construct 600 feet of four-lane roadway. 3. Nebel Street (B-5)-Nicholson Lane South to a Combined Property site - construct 1,200 feet of four-lane roadway. 4. Bridge across Washington Metropolitan Area Transit Authority (WMATA) tracks adjacent to White Flint Metro Station - on future MacGrath Boulevard between MD 355 and future Station Street - construct 80-foot-long three-lane bridge. Bikeway design and construction will be consistent with adopted master plan staging requirements. Various improvements to the roads will include new traffic lanes, shared-use paths, the undergrounding of overhead utility lines where required, other utility relocations, and streetscaping. These projects will become stand-alone projects once engineering is complete and final construction costs can be accurately determined. This project also assumes the developers will dedicate the land needed for these sub-projects in a timely manner.

LOCATION

North Bethesda

ESTIMATED SCHEDULE

Most design and all construction cost have been delayed to beyond to FY26 due to affordability and other factors. Design of all road projects began in FY12 and has been delayed due to coordination with stakeholders. Construction of Executive Boulevard Extended East from Rockville Pike/MD 355 to a New Private Street was delayed due to tax district affordability. Design of Executive Boulevard East Extended was delayed due to coordination between the stakeholders over the road alignment. Design for the bridge across the WMATA tracks adjacent to the White Flint Metro Station has been delayed due to negotiations between WMATA, State Highway Administration (SHA), the County, and the developers; bridge design will begin after a Memorandum of Understanding between the parties has been finalized.

PROJECT JUSTIFICATION

The vision for the White Flint District is for a more urban core with a walkable street grid, sidewalks, bikeways, trails, paths, public use space, parks and recreational facilities, mixed-use development, and enhanced streetscape to improve the areas for pedestrian circulation and transit-oriented development around the Metro station. These road improvements, along with other District roads proposed to be constructed by developers will fulfill the strategic program plan for a more effective and efficient transportation system. The proposed improvements are in conformance with the White Flint Sector Plan Resolution 16-1300 adopted March 23, 2010.

FISCAL NOTE

Funding Sources: The ultimate funding source for these projects will be White Flint Development District tax revenues and related special obligation bond issues. Debt service on the special obligation bond issues will be paid solely from White Flint Special Taxing District revenues. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent Council Capital Improvement Program amendments; and 2) Advances will be identified by funding source and

will be repaid within a specified period of time. Advances are not anticipated for this project at this time.

Cost Estimation: Construction cost estimates are based on concepts, projected from unit length costs of similar prior projects and are not based on quantity estimates or engineering designs. Final construction costs will be determined after the preliminary engineering (35 percent) phase. The cost for the bridge is still unknown since engineering plans are not developed.

DISCLOSURES

A pedestrian impact analysis has been completed for this project.

COORDINATION

Maryland-National Capital Park and Planning Commission, White Flint Sector Plan, Washington Metropolitan Area Transit Administration, Maryland State Highway Administration, Federal Agencies including the Nuclear Regulatory Commission, Developers, Department of Environmental Protection, Department of Permitting Services

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY21-26 Capital Improvements Program #17-A21-CMCG-6
Montgomery County Government
Office of the County Executive
White Flint Redevelopment Program (No. P151200)

Background

1. Section 302 of the Montgomery County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of no fewer than six members of the Council.
2. The County Executive recommends this amendment to the FY21-26 Capital Improvements Program as shown on the attached project description form.
3. The attached amendments are needed because they will permit continuation of advanced project funding of transportation improvements in the White Flint area as well as provide the County with an executable repayment plan from White Flint Special Taxing District revenues. The White Flint real estate tax base growth has not been sufficient to date to pay for the planned improvements. These amendments will put in place a funding and repayment plan to pay for project costs through FY26.
4. The recommended amendment is consistent with the criteria for amending the CIP because the project must be amended for technical reasons to meet Bill 50-10 requirements for a repayment plan of County General Fund cash advances and bond premium for district transportation improvements and other district costs through FY26. In order to delay and minimize district tax rate increases, construction and other district costs will be funded in the following manner:
 - General fund cash advances through FY20 for the White Flint Redevelopment Program (\$1,000,000), the White Flint Development West: Transportation (\$600,000), and the White Flint West Workaround (\$16,800,000) project.
 - An additional \$11.6 million in future General Fund cash advances;
 - \$15 million in General Obligation Bond premium to be used as an advance from the County;
 - \$18.9 million in special taxing district bond proceeds to be issued in FY22;

- \$13.9 million in district tax revenues spent through FY20; and
 - \$5.3 million in future district tax revenues and \$2.4 million in intergovernmental and other contributions.
 - The County will not charge the District interest on advances to the district.
5. The County Executive recommends this amendment to the White Flint Redevelopment Program (No. P151200) project to specify expected repayment time periods and update funding source assumptions.

Action

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

The FY21-26 Capital Improvements Program of the Montgomery County Government is amended as described above and as reflected on the attached project description form.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council



White Flint Redevelopment Program (P151200)

Category	General Government	Date Last Modified	02/01/21
SubCategory	Economic Development	Administering Agency	County Executive
Planning Area	North Bethesda-Garrett Park	Status	Planning Stage

Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

	Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
Planning, Design and Supervision	4,376	3,024	193	1,159	342	229	147	147	147	147	-
Land	204	204	-	-	-	-	-	-	-	-	-
Other	78	78	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,658	3,306	193	1,159	342	229	147	147	147	147	-

FUNDING SCHEDULE (\$000s)

	Total	Thru FY20	Rem FY20	Total 6 Years	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Beyond 6 Years
White Flint Special Tax District	4,658	3,306	193	1,159	342	229	147	147	147	147	-
TOTAL FUNDING SOURCES	4,658	3,306	193	1,159	342	229	147	147	147	147	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 22 Approp. Request	229	Year First Appropriation	FY09
Cumulative Appropriation	3,841	Last FY's Cost Estimate	4,658
Expenditure / Encumbrances	3,342		
Unencumbered Balance	499		

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 "Project 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 change reflects updated staff charges and the addition of FY25 and FY26 to this project.

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. As noted in the resolution which repealed and replaced Resolution No. 16-1570, 1) the County Council will levy a tax sufficient to cover the cost of district transportation improvements and district personnel costs as adopted or revised in subsequent County Capital Improvement Program amendments; and 2) Advances will be identified by funding source and will be repaid within a specified period of time. As such, General Fund cash advances of approximately \$1,000,000 will be repaid within 10 years from the end of the fiscal year in which the project advances were made.

COORDINATION

Office of the County Executive, Department of Finance, Department of Transportation, Revenue Authority, Maryland Department of Transportation (MDOT),

Resolution No.: 16-1570
Introduced: October 5, 2010
Adopted: November 30, 2010

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the Request of the County Executive

SUBJECT: White Flint Sector Plan Implementation Strategy and Infrastructure
Improvement List

Background

1. On March 23, 2010, the County Council, sitting as the District Council, adopted the White Flint Sector Plan, which approved a long range vision of transforming the Sector Plan area into a pedestrian-friendly transit-oriented urban setting.
2. The White Flint Sector Plan envisions conversion of Rockville Pike (MD Route 355) into a walkable boulevard with bus rapid transit along with road networks to the west and east of Rockville Pike that will provide effective alternatives to the highly congested Rockville Pike and connected blocks for development and connectivity.
3. The Plan's focus on access to Metro transit and redevelopment of the extensively built environment make White Flint a priority smart growth area.
4. The White Flint Sector Plan Area is expected to be a leading economic engine for the County.
5. To provide greater assurance of achieving this vision, the Plan identified a need for a public financing mechanism to fund a portion of the transportation infrastructure. This public financing mechanism anticipates assessments against property or other means of revenue generation and is intended to replace payments that projects redeveloping in the plan area would have to pay under current adequate public facilities requirements for local area transportation and policy area mobility reviews (LATR and PAMR).
6. The Council enacted Bill 50-10, creating the White Flint Special Taxing District to raise revenues to fund certain transportation improvements. The White Flint Special Taxing District will provide greater assurances of reliable and consistent revenue generation and materially greater funds for transportation improvements than would be anticipated from combined payments under otherwise applicable transportation development impositions, including LATR, PAMR, and transportation impact taxes.

7. The Council pursued certain goals in enacting Bill 50-10, including (a) creating a mechanism that will produce a reliable and consistent source of funds to secure debt service and pay for specific transportation infrastructure items; (b) imposing a manageable and sustainable payment for transportation infrastructure associated with new development in the White Flint Sector Plan area without unduly burdening property owners; and (c) setting and maintaining a tax rate that will allow development and businesses in White Flint to be competitive in attracting businesses to the area.
8. County Code Chapter 68C, enacted in Bill 50-10, establishes the White Flint Special Taxing District, authorizes the levy of an ad valorem tax to fund transportation infrastructure improvements in the District, and authorizes the issuance of bonds to finance the transportation infrastructure improvements.
9. Chapter 68C-4 requires a resolution that lists each transportation infrastructure improvement that is to be paid for by the District special tax, and the estimated costs of each improvement, which must include a contingency amount.

Action

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

To comply with the requirements of Chapter 68C and to successfully implement the White Flint Sector Plan, the Council takes the following steps and adopts the following implementation strategy to maximize acceptable growth in the Plan area and to move from Stage 1 to Stages 2 and 3 of development envisioned in the Plan.

1. The County's goal is that the White Flint Special Taxing District special tax rate must not exceed 10% of the total tax rate for the District, except that the rate must be sufficient to pay debt service on any bonds that are already outstanding.
2. If the revenues from the special tax at the level in the preceding paragraph are not sufficient to afford additional infrastructure improvements as are necessary and ready for implementation to execute the White Flint Sector Plan, the County Executive, before recommending any increase to the tax rate above the level in the preceding paragraph, must consider alternative approaches, including the timing and scope of each infrastructure item and the structure of the financing plan to pay for it, and alternative revenue sources.
3. Without limiting the specificity of the preceding paragraph, before issuing debt secured by or intended to be paid by the White Flint Special Taxing District, the County Executive must carry out a feasibility or other study to assess whether repaying the debt will require a district tax rate that will exceed the 10% policy goal. If this analysis concludes that a rate higher than the 10% policy goal would be

required, the Council intends that either (a) the debt will not be issued at that time; or (b) the County will manage the debt issuance or repayment in a manner that will have the White Flint Special Taxing District rate stay within the 10% policy goal.

4. For the tax year that began on July 1, 2010, the total base real property tax rate in the White Flint Special Taxing District is \$1.027 per \$100 of assessed value.
5. For the tax year that begins on July 1, 2011, the rate of the White Flint Special Taxing District special tax is estimated to be \$0.103 per \$100 of assessed value. The Council will set the actual Special Taxing District tax rate when it sets other property tax rates in May 2011.
6. The specific transportation infrastructure improvements that will be financed by the White Flint Special Taxing District are listed in Exhibit A, along with an estimated cost for each improvement, including a contingency amount. The District will remain responsible for the actual cost of each designated infrastructure improvement, including any future cost increase.
7. If a gap results between the White Flint Special Taxing District revenue generation and the aggregate cost of those transportation projects to be funded by District revenues, and to assure adherence to the 10% policy rate goal and the prompt building of necessary infrastructure in the Sector Plan area, the Council policy is that, to promptly implement the Sector Plan, the Capital Improvements Program for this area will include forward funding or advance funds to design and build the following:
 - (a) that portion of Market Street from Old Georgetown Road to Woodglenn Road, including a bike lane;
 - (b) realignment of Executive Boulevard from Marinelli Road to MD Route 187;
 - (c) the redesign of Rockville Pike (these 3 items collectively may be referred to as “forward-funded items”); and
 - (d) up to \$15 million for other items assigned to the District in Plan stages 1 and 2.

Any forward funding or advance payment must be structured so that it does not count under applicable spending affordability guidelines.

8. As used in the preceding paragraph, forward fund or advance funds means
 - (a) For items 7(a), (b), and (c), the County would include these items in the County Capital Improvements Program and fund them accordingly, and the District, subject to applicable provisions of Chapter 68C, would, on a dollar for dollar basis, without any interest accruing during the first 10 years after that Capital Improvements Program is approved, repay the County when every District improvement listed in Exhibit A has been


funded either directly or through debt secured by the District. However, the District may repay the County earlier for any item to the extent that revenue generation exceeds the funds needed to pay for other improvements assigned to the District and no stage of development under the Sector Plan would be delayed; and

- (b) For item 7(d), the County would coordinate with planned private development and include infrastructure items necessary for that development to proceed in a timely fashion in the County Capital Improvements Program, and the District would reimburse the County for all costs incurred in connection with any advance, including interest costs.
9. The specified items subject to forward or advance funding have estimated costs shown in Exhibit A as follows:
 - (a) The realignment of Executive Boulevard and Market Street from Old Georgetown Road to Woodglen Road is estimated to cost \$24.8 million, not including right-of-way which is assumed to be dedicated by affected property owners.
 - (b) The redesign of Rockville Pike is estimated to cost \$7.7 million.
 10. The County Executive will include the projects comprising the forward funding in his January 2011 Capital Improvements Program Amendments, with initial expenditures in fiscal years 2015, 2016, and beyond until completed.
 11. Two items have been removed from District funding and must instead be paid for by County or other sources of public funds. These items are:
 - (a) the second entrance to the White Flint Metro Station, which is estimated to cost \$35 million; and
 - (b) the Nebel Street bike lane, which is estimated to cost \$9.2 million.
 12. One item has been modified for District funding: Market Street between MD Route 355 and Station Street (bridge across White Flint Metro station), at an estimated added cost of \$5.2 million and a total cost of \$7.2 million.
 13. The County Council intends that the annual joint State-County transportation priority letter would include a request to the Maryland Department of Transportation that the White Flint Sector Plan Area should receive a Transit Oriented Development designation, but also note that granting this status to the White Flint area does not mean that transportation infrastructure items in that area would supersede any other items in the priority letter.

14. The Council intends to amend the law authorizing the County transportation impact tax to create a White Flint impact tax district and to set the tax rate in that district at \$0. The Executive intends to submit a Bill to the Council to do this. The Council also intends that the transportation impact tax rate for the remaining buildings in LCOR Inc.'s North Bethesda Center development be set at \$0. This development had been approved under the former County Growth Policy's Alternative Review Procedure for Metro Station Policy Areas, under which its transportation impact tax rate is 75% of the applicable County-wide rate. This action would also be included in the transportation impact tax amendments bill.

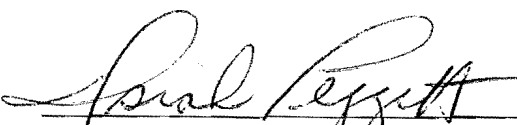
15. The Council intends to fund, in the White Flint Special Taxing District Capital Improvements Program referred to in paragraph 10, to the extent legally allowable, personnel costs and other expenses of the development coordinator for the White Flint planning area that the Executive is required to designate under County Code §2-25(c), enacted in Council Bill 1-10. State law (including Maryland Code Article 24, §9-1302(a)(2), incorporating §9-1301(a)(3)(viii), and §9-1303(a)(2) and §9-1303(e)) authorizes funding of these costs by the District.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

Approved:



Isiah Leggett, County Executive

EXHIBIT A

WHITE FLINT SPECIAL TAXING DISTRICT
DISTRICT-FUNDED IMPROVEMENTS

Improvement Description	Estimated Cost
Old Georgetown Road (MD 187): Nicholson La./Tilden La. to Executive Blvd.	\$17,774,000
Old Georgetown Road (MD 187): Hoya St. to Rockville Pike (MD 355)	1,789,000
Hoya Street (formerly Old Old Georgetown Rd.): Executive Blvd. to Montrose Pkwy.	15,344,000
Rockville Pike (MD 355): Flanders Ave. to Hubbard Drive	66,961,000
Nicholson Lane: Old Georgetown Rd. (MD 187) to CSX tracks	12,942,000
Executive Blvd. Ext.: Marinelli Rd. to Old Georgetown Rd (MD 187)	23,500,000
Main St./Market St.: Old Georgetown Rd. (MD 187) to Executive Blvd. Extended (Bikeway)	1,713,000
Main St./Market St.: Old Georgetown Rd. (MD 187) to Executive Blvd. Ext.	4,933,000
Main St./Market St.: Executive Blvd. to Rockville Pike (MD 355)	4,661,000
Market Street from Maryland Route 355 to Station Street	7,200,000
Executive Blvd. Ext. (East): Rockville Pike (MD 355) to Nebel St. Ext. (South)	16,700,000
Nebel St. Ext. (South): Nicholson La. to Executive Blvd. Ext. (East)	8,200,000
TOTAL	181,717,000

White Flint Transportation Improvements - Crosswalk from Resolution 16-1570
(Cost in thousands)

Resolution 16-1570	Resolution Cost	White Flint CIP Project Status	Cost	Explanation of Cost Change
White Flint West Workaround		White Flint West Workaround - Phase 1 and 2		
Old Georgetown Rd (MD 187): Nicholson La/Tilden La to Executive Blvd	\$ 17,774.0	Old Georgetown Rd (300' north of Nicholson Lane to Executive Blvd)	\$ 16,563.9	Scope reduced by 300 LF and power lines remain above ground on west side of Old Georgetown Road. Cost increase related to higher cost of storm drain relocation and underground of power and telecommunications. Also resolution cost did not account for signal relocation and higher maintenance of traffic costs. See Grand Park Ave cost explanation below.
Old Georgetown Rd (MD 187): Hoya St to Rockville Pike (MD 355)	\$ 1,789.0	Old Georgetown Rd (450' west of Hoya St to 250' east of Grand Park Avenue)	\$ 18,908.2	
Hoya Street (formerly Old Old Georgetown Rd): Executive Blvd to Montrose Parkway	\$ 15,344.0	Hoya Street (Towne Rd from Executive Blvd to Montrose Pkwy)	\$ 15,792.2	Cost for both phases of Grant Park Ave Extend. is less than the Resolution estimate by \$7,646. Difference in cost included in Old Georgetown Rd above.
Executive Blvd. Ext.: Marinelli Rd to Old Georgetown Rd (MD 187)	\$ 23,500.0	Grand Park Ave Extend. (Executive Blvd Ext.) - Phase 1	\$ 4,675.5	
		Grand Park Ave Extend. (Executive Blvd Ext.) - Phase 2	\$ 11,178.8	
Main St./Market St: Old Georgetown Rd (MD 187) to Executive Blvd.Extended (Bikeway)	\$ 1,713.0	Banneker (Main/Market St)(includes bikeway)- Phase 1	\$ 5,495.7	Cost reduced due to limited maintenance of traffic cost and combined construction with conference center garage project.
Main St./Market St: Old Georgetown Rd (MD 187) to Executive Blvd.Extended	\$ 4,933.0	Banneker (Main/Market St) (includes bikeway) - Phase 2	\$ 1,500.0	
Main St./Market St.: Executive Blvd. to Rockville Pike (MD 355)	\$ 4,661.0	300' east of Grand Park constructed in Phase 1 (cost included above)		Scope reduced due to Right of Way not provided for entire length of segment.
Subtotal	\$ 69,714.0		\$ 74,114.3	Total project cost for White Flint West Workaround CIP is \$74.114M.
White Flint District West Transportation				
Rockville Pike (MD 355): Flanders Ave to Hubbard Drive	\$ 66,961.0	See White Flint District: West CIP 501116 Beyond 6 years= \$65,184		
Nicholson Lane: Old Georgetown Rd (MD 187) to CSX tracks	\$ 12,942.0	Not in any CIP budget.		
Subtotal	\$ 79,903.0			
White Flint District East Transportation				
Market Street from Maryland Route 355 to Station Street	\$ 7,200.0	Includes bridge over Metro tracks to new Station St.		
Executive Blvd. Ext. (East): Rockville Pike (MD 355)to Nebel St. Extended (south)	\$ 16,700.0	1,500 LF from MD 355 east to White Flint Lane		
Nebel St. Ext. (South): Nicholson La to Executive Blvd. Ext. (East)	\$ 8,200.0	1,350 LF from White Flint Lane to Nebel St at Nicholson Lane		
Subtotal	\$ 32,100.0			
Total	\$ 181,717.0		\$ 74,114.3	