

## MEMORANDUM

March 8, 2022

TO: Government Operations and Fiscal Policy (GO) Committee

FROM: Naeem M. Mia, Legislative Analyst

SUBJECT: **FY23-28 Recommended Capital Improvements Program (CIP) – General Government – Other General Government Projects**

### **Expected Attendees:**

- David Dise, Director, Department of General Services (DGS)
- Greg Ossont, Deputy Director, Department of General Services (DGS)
- Mary Beck, Capital Budget Manager, Office of Management and Budget (OMB)
- Anita Aryeetey, Lead Fiscal and Policy Analyst, Office of Management and Budget (OMB)

### **Staff Recommendation(s)**

**1. Staff concurs with all of the Executive’s proposed amendments in the Other General Government Projects CIP subcategory.**

- a. Note: The ABS Retail Refresh project will be reviewed by the Public Safety Committee alongside the Alcohol and Beverage Services operating budget at a later date.*

### **Summary**

The Executive's total six-year funding level (covering FY23-28) for the General Government – Other General Government Projects subcategory is \$0 million, which is the same as the \$0 million in the Amended FY21-26 CIP. There are no new or amended projects in the FY23-28 period.

### **Public Testimony**

Public Hearing was held on February 8 and 9, 2022. No public testimony was provided regarding the General Government – Other General Government projects subcategory.

### **A. Projects Approved in FY22 via Supplemental/Special Appropriation**

1) 260 East Jefferson Street Acquisition

	6-Year	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
FY23-28, Recommended	-	-	-	-	-	-	-	-	-
FY21-26, Approved	-	-	-	-	-	-	-	-	-
Difference:	-	-	-	-	-	-	-	-	-

**Source of Funds:** G.O. Bonds

Background: This project provides \$3.6 million for the strategic acquisition of the property located at 260 East Jefferson Street as the County continues to evaluate the Rockville Core and future space needs in leased spaces throughout the Rockville Core. In the short-term, the Department of Transportation (DOT) intends to locate public customer service functions at the facility including Lost and Found, Taxi Services, Commuter Services, Ride On pass and customer service and other outward facing transit operations.

Location: Rockville Town Center.

Staff Recommendation: No action needed. This project was approved by the Council in December 2021.

**B. Projects with No Changes**

1) ALARF: MCG

	6-Year	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
FY23-28, Recommended	-	-	-	-	-	-	-	-	-
FY21-26, Approved	-	-	-	-	-	-	-	-	-
Difference:	-	-	-	-	-	-	-	-	-

**Source of Funds:** G.O. Bonds

Background: The Advance Land Acquisition Revolving Fund (ALARF) was established to support the implementation of capital project and facility programs in the County. Acquisition of land in advance of actual construction saves money in the face of rising land prices and enables suitable locations for libraries, fire stations, and similar facilities to be secured before development eliminates choice and forces acceptance of a less accessible or desirable site.

Location: Countywide.

Staff Recommendation: No action needed.

This packet contains:

1. Executive’s Recommended Project Description Forms (PDF)

Circle Page #

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## Other General Government

### **ADVANCE LAND ACQUISITION REVOLVING FUND**

The Advance Land Acquisition Revolving Fund (ALARF) was established to support the implementation of capital project and facility programs in the County. Acquisition of land in advance of actual construction saves money in the face of rising land prices and enables suitable locations for facilities to be secured before development eliminates choice and forces acceptance of a less accessible or desirable site. ALARF-MCG is used to purchase land for various public facilities which are either approved in the capital program or which appear in adopted area master plans.

### **DEPARTMENT OF GENERAL SERVICES - 260 EAST JEFFERSON STREET ACQUISITION**

This project provides for the strategic acquisition of the property located at 260 East Jefferson Street as the County continues to evaluate the Rockville Core and future space needs in leased spaces throughout the Rockville Core. In the short-term, the Department of Transportation (DOT) intends to locate public customer service functions at the facility including Lost and Found, Taxi Services, Commuter Services, Ride On pass and customer service and other outward facing transit operations.

### **DEPARTMENT OF GENERAL SERVICES - ABS RETAIL STORE REFRESH**

The Alcohol Beverage Store (ABS) level of effort project is intended to provide a structured process to ensure that all retail store locations are modernized and updated to provide customers with a friendlier shopping experience in well merchandised stores that offer choice, convenience, and knowledgeable staff.

### **HIGHLIGHTS**

- Provides revolving funding for land purchases.
- Purchase property to provide for future space needs of currently leased space.
- Modernize and update Alcohol Beverage Services' (ABS) 26 retail store locations to provide customers with a friendlier and safer shopping experience.

### **CAPITAL PROGRAM REVIEW**

The ALARF project totals \$12.5 million. The ABS Retail Store Refresh project totals \$15.1 million. The 260 East Jefferson Street property was acquired for \$3.6 million and is expected to close in FY22.

### **PROGRAM CONTACTS**

Contact Anita Aryeetey of the Office of Management and Budget at 240.777.2784 for this department's capital budget, Estela Boronat

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de Gomes of the Office of Management and Budget at 240.777.2785 for more information regarding the Alcohol Beverage Service Retail Store Refresh project, and Veronica Jaua of the Office of Management and Budget at 240.777.2782 for more information regarding the ALARF project.



# 260 East Jefferson Street Acquisition

## (P362201)

<b>Category</b>	General Government	<b>Date Last Modified</b>	01/15/22
<b>SubCategory</b>	Other General Government	<b>Administering Agency</b>	General Services
<b>Planning Area</b>	Rockville	<b>Status</b>	Planning Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Land	3,600	-	3,600	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,600</b>	<b>-</b>	<b>3,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
G.O. Bonds	3,600	-	3,600	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>3,600</b>	<b>-</b>	<b>3,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	-	Year First Appropriation	FY22
Appropriation FY 24 Request	-	Last FY's Cost Estimate	-
Cumulative Appropriation	3,600		
Expenditure / Encumbrances	-		
Unencumbered Balance	3,600		

## PROJECT DESCRIPTION

This project provides for the strategic acquisition of the property located at 260 East Jefferson Street as the County continues to evaluate the Rockville Core and future space needs in leased spaces throughout the Rockville Core. In the short-term, the Department of Transportation (DOT) intends to locate public customer service functions at the facility including Lost and Found, Taxi Services, Commuter Services, Ride On pass and customer service and other outward facing transit operations.

## LOCATION

260 East Jefferson St, Rockville, Maryland.

## PROJECT JUSTIFICATION

As noted in the related Rockville Core project, the Countywide Strategic Facilities Plan for the Council Office Building was completed in 2003. A portion of this report assessed the space needs of all County Administration functions located in the Rockville Core and developed broad recommendations for addressing the identified needs. The Government Core Facilities Master Plan Study was

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completed in February 2008 and was focused on four (4) specific blocks of the downtown core, including the 260 East Jefferson block. This report recommended that a new facility on this site provides opportunity for the consolidation of some of the County's extensive downtown leases.

## **OTHER**

Appropriation from the Advance Land Acquisition Revolving Fund (ALARF), P316222 may be used to fund portions of the land acquisition. The Fund will be reimbursed when the associated expenditures are transferred from the ALARF project back to the project.

## **FISCAL NOTE**

FY22 supplemental appropriation in G.O. Bonds for the amount of \$3,600,000.

## **COORDINATION**

Department of General Services, Department of Transportation



# ABS Retail Store Refresh

## (P852101)

<b>Category</b>	General Government	<b>Date Last Modified</b>	01/15/22
<b>SubCategory</b>	Other General Government	<b>Administering Agency</b>	Alcohol Beverage Services
<b>Planning Area</b>	Countywide	<b>Status</b>	Preliminary Design Stage

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Construction	15,143	-	3,052	11,420	1,000	3,080	1,783	1,213	2,144	2,200	671
<b>TOTAL EXPENDITURES</b>	<b>15,143</b>	<b>-</b>	<b>3,052</b>	<b>11,420</b>	<b>1,000</b>	<b>3,080</b>	<b>1,783</b>	<b>1,213</b>	<b>2,144</b>	<b>2,200</b>	<b>671</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Contributions	838	-	-	838	478	360	-	-	-	-	-
Current Revenue: Liquor	14,305	-	3,052	10,582	522	2,720	1,783	1,213	2,144	2,200	671
<b>TOTAL FUNDING SOURCES</b>	<b>15,143</b>	<b>-</b>	<b>3,052</b>	<b>11,420</b>	<b>1,000</b>	<b>3,080</b>	<b>1,783</b>	<b>1,213</b>	<b>2,144</b>	<b>2,200</b>	<b>671</b>

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	1,000	Year First Appropriation	FY21
Appropriation FY 24 Request	3,080	Last FY's Cost Estimate	8,324
Cumulative Appropriation	3,052		
Expenditure / Encumbrances	-		
Unencumbered Balance	3,052		

## PROJECT DESCRIPTION

This level of effort project is intended to provide a structured process to ensure that all Alcohol Beverage Services (ABS) retail store locations are modernized and updated to provide customers with a friendlier shopping experience in well merchandised stores that offer choice, convenience, and knowledgeable staff. Once a retail store has been refreshed, it could offer tasting rooms, growler stations, wider shopping aisles, pairing dinners, other special events and a more aesthetically pleasing and safer shopping experience. Flooring, painting, shelving, updating restrooms, and work identified for major building systems (including the roof, mechanical/heating, ventilation, and air conditioning (HVAC), and windows) will be included to "freshen up" the retail stores and ensure working and efficient operating systems.

## ESTIMATED SCHEDULE

ABS started remodeling stores in FY20 within the operating budget, with four refurbishment projects at the Darnestown, Cabin John, Montrose and Wheaton retail store locations. Beginning in FY21, and within this CIP project, the remodel schedule would align with the schedule of lease expirations with stores being remodeled in the year in which their lease is negotiated for renewal with the

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understanding that all 26 stores would be evaluated and refurbished prior to the end of the CIP project. Then the CIP cycle for refresh work would start over again. ABS identifies the stores to be refreshed approximately 18 months before planning and design work begins.

## **COST CHANGE**

The COVID pandemic significantly impacted project timelines - pushing almost all planned projects for FY21 back to FY22 and beyond. Supply chain issues across the country in every industry have also drastically increased construction costs and building material costs, and furniture and fixture costs. Landlord contributions have also been added to the project.

## **PROJECT JUSTIFICATION**

This project is a vital piece of ABS's 5 Year Financial Plan to increase its transfer to the County. Further, this project will give ABS the ability to be able to leverage external funding that will eliminate the need to use debt financing or tax dollars. Many of the retail stores have not been updated for 20 years. Ensuring that ABS is able to execute its multi-year plan to renovate/upgrade its 26 outdated retail stores is key to providing better service to its clientele. This project will also allow ABS to leverage contributions from landlords who will match, and in some cases exceed, the investment ABS will be able to make in each store remodel - an investment the landlords are not able to commit to without the County funding appropriation.





# ALARF: MCG

## (P316222)

<b>Category</b>	General Government	<b>Date Last Modified</b>	01/13/22
<b>SubCategory</b>	Other General Government	<b>Administering Agency</b>	Management and Budget
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

### EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Land	12,532	-	12,532	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,532</b>	<b>-</b>	<b>12,532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Revolving Fund: G.O. Bonds	12,532	-	12,532	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>12,532</b>	<b>-</b>	<b>12,532</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 23 Request	-	Year First Appropriation	FY62
Appropriation FY 24 Request	-	Last FY's Cost Estimate	12,532
Cumulative Appropriation	12,532		
Expenditure / Encumbrances	-		
Unencumbered Balance	12,532		

## PROJECT DESCRIPTION

The Advance Land Acquisition Revolving Fund (ALARF) was established to support the implementation of capital project and facility programs in the County. Acquisition of land in advance of actual construction saves money in the face of rising land prices and enables suitable locations for libraries, fire stations, and similar facilities to be secured before development eliminates choice and forces acceptance of a less accessible or desirable site. The revolving fund works in the following way: the unencumbered revolving appropriation balance in the fund is used to purchase land for various public facilities which are either approved in the capital program or which appear in adopted area master plans. Later, the revolving fund is reimbursed by appropriations to the specific facility project accounts; then, the associated expenditures are transferred from the ALARF project to the facility project, thereby freeing up the appropriation for future expenditures. The reimbursement is desirable for accounting purposes in order to make the cost of the site clearly a part of the total cost of a specific project. Reimbursement also maintains the balance in the revolving fund. As needed, reimbursements are scheduled in the capital program. Cost estimates are not given for possible acquisitions since any estimates would be speculative. Immediately prior to initiating acquisition proceedings on any site, independent professional appraisals are prepared. When projected land costs appear to be considerably greater than anticipated, consultation with the County Council is useful. Consultation with County Council is useful in the event the County Executive proceeds with advance land acquisition in years before those are shown on project description forms. The cumulative appropriation is the amount of the revolving fund, as well as certain

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special appropriations to this project as described below. Costs shown for prior years include the land acquisition reimbursable to the fund and other charges incurred in site selection, such as appraisal, legal costs, and other required actions. Also displayed, as appropriate, are expenditures associated with special appropriations, not to be reimbursed. The nonreimbursable amounts are considered sunk costs. ALARF acquisitions are typically reimbursed by appropriations from projects with various revenue sources.

## **OTHER**

Expenditures to buy land using ALARF appropriations made after October 5, 1998, must be reimbursed to the revolving fund. If the County does not intend to reimburse the fund, then the land cannot be purchased from the fund's appropriation and must be purchased in a separate project. This restriction does not apply to land already purchased. To ensure that the County does not lose the opportunity to acquire sites for future projects, the Council encourages the Executive to acquire more sites and to acquire sites earlier than previously assumed. The Council also urges the County Executive to work with Maryland-National Capital Park and Planning Commission staff to review future facility needs in master plans and department strategic plans to identify sites beyond those for projects in facility planning and the current CIP for acquisition. If more sites are acquired, the existing balance may not be sufficient, and the Council encourages the Executive to recommend a supplemental appropriation if necessary.

## **FISCAL NOTE**

Expenditures and resources for Silver Spring ALARF (as part of the Silver Spring Redevelopment Project) previously shown here have been closed out.

## **DISCLOSURES**

Expenditures will continue indefinitely.

## **COORDINATION**

Department of General Services, Other County Departments, Office of Management and Budget, Department of Finance