

**MEMORANDUM**

February 13, 2022

TO: Economic Development (ECON) Committee

FROM: Naeem M. Mia, Legislative Analyst

SUBJECT: Recommended FY23-28 Capital Improvements Program (CIP) Amendments for General Government – Economic Development Projects

PURPOSE: Review Executive’s recommendation and make recommendation to the Council

**Those expected for this worksession:**

Greg Ossont, Deputy Director, Department of General Services  
Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget

See the Executive’s recommended FY23-28 CIP Amendments for General Government – Economic Development projects on ©1-4. This Committee session will review and make recommendations for only one active project: White Oak Science Gateway Redevelopment CIP. It will receive an update (but not make recommendations) for the White Flint Redevelopment Program CIP.

The North Bethesda Metro Station Area Redevelopment Infrastructure CIP will be reviewed by the Transportation & Environment (T&E) Committee at a later date, as it was reviewed by T&E last year as well.

**I. Recommended FY23-28 CIP Amendments**

**White Oak Science Gateway Redevelopment Project**

This project provides for the planning and development coordination activities by the County necessary to implement redevelopment of the 110-acre previously County-owned parcel on Industrial Parkway (“Site II”). See ©1-2 for the recommended project description form (PDF) for this project in the FY23-28 CIP.

Table 1 below details the recommended FY23-28 CIP expenditure schedule for this project. **The recommended PDF retains a total of \$40 million for road construction (as in the previously approved CIP) but the CE is now recommending deferring funds, including \$11.5 million to the Beyond 6-Years, for fiscal capacity.**

The funding source for this project is general obligation bonds. No appropriation is necessary for this project in FY23 because the cumulative appropriation of \$47 million is sufficient.

**Table 1: Recommended/Amended FY23-28 Expenditure Schedule (\$000s) for White Oak Science Gateway Redevelopment Project**

Cost Elements	Total 6 Years	FY23	FY24	FY25	FY26	FY27	FY28	Beyond
Planning, Design and Supervision	400	200	200	0	0	0	0	
Construction	27,700	100	100	2,000	8,500	8,500	8,500	11,500
<b>Total</b>	<b>28,100</b>	<b>300</b>	<b>300</b>	<b>2,000</b>	<b>8,500</b>	<b>8,500</b>	<b>8,500</b>	<b>11,500</b>

**Table 2: Comparison of Funding (\$000s) between Recommended and Previously Approved PDFs**

	<u>Total</u>	<u>Total 6 years</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>Beyond</u>
Previously Approved	46,960	39,600	700	2,000	3,700	4,700	14,500	14,000	0
CE Recommended	46,960	28,100	300	300	2,000	8,500	8,500	8,500	11,500
<b>Delta</b>	<b>0</b>	<b>(11,500)</b>	<b>(400)</b>	<b>(1,700)</b>	<b>(1,700)</b>	<b>3,800</b>	<b>6,000</b>	<b>5,500</b>	<b>11,500</b>

Below are the descriptions and highlights for each of these cost elements for this project:

Planning, Design and Supervision. The recommended CIP retains the FY23 and FY24 expenditures from the previously approved CIP. These expenditures provide ongoing staff support for the County’s efforts as it relates to the General Development Agreement with Global LifeSci Development Corporation (GLDC).

Construction. The recommended FY23-28 Amended CIP shifts the funding for this cost element when compared to the previously approved FY23-28 CIP based on the anticipated construction schedule. This funding supports the County’s portion of the master plan roads which is governed by the County’s road participation agreement with GLDC.

The structure of the agreement is such that the private developer will construct the roads serving the development and the public and will then seek reimbursement (after review and approval by the County) for those costs. As such, the County has some flexibility in adjusting the funding schedule for this project, especially as the developer’s schedule is as-yet-undefined.

**Staff Recommendation: Council staff concurs with the Executive recommendation for this project but notes that adjustments between fiscal years may be considered during CIP reconciliation later in the budget development process.**

## II. Pending Closeout or Closeout Projects

The Executive did not recommended funding in the FY23-28 CIP for the projects below. These projects have their most recent expenditures in FY22; therefore, Council staff provides a brief update for each. **The committees do not need to make any recommendations for the Council since these projects do not include funding in the FY23-28 CIP.**

### A. White Flint Redevelopment Program (technical adjustment; pending closeout)

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. See ©12-13 for the updated PDF of this project. The project previously included expenditures related to the County’s administration of the White Flint Special Taxing District, including County staff and operating expenses for certain contracts.

The Executive did not recommend funding for this project in FY23-28. **Final expenditures from FY22 reflect \$434,400 in savings due to lower-than-anticipated consultant costs (funding source: White Flint Special Tax District).** Any ongoing expenditures will be migrated to the operating budget starting in FY23. This recommendation allows more of the special taxing district funds to be used for transportation improvement projects in the district.

### B. Life Sciences and Technology Centers (closeout)

This project originally provided funds for the development and land use plans for the Germantown Life Sciences Park and the Site II development, also referred to as LifeSci Village. The project’s first appropriation was in FY90, and during the years, the scope was changed to include the County’s Business Innovation Network.

The Council approved the project to utilize the remaining funds to renovate the Silver Spring Innovation Center (SSIC) in December 2016. The SSIC project was completed in 2020, but the project was not closed out because of potential need for a renovation project at the Germantown Innovation Center (GIC). The Council did approve an amendment and supplemental appropriation to support the conversion of offices to wet lab space at the Germantown Innovation Center in March 2022. The GIC project is expected to finish in 2022. This project will close out upon completion of that project.

### C. Wheaton Redevelopment Program (closeout)

This program provides for the planning, studies, design, and construction of an office building, public parking garage, and a town square on the site of Parking Long 13 and the Mid-County Regional Services Center in Wheaton. The project was substantially completed in 2020.

This packet contains:

Recommended FY23-28 Amended CIP – White Oak  
Recommended FY23-28 Amended CIP – White Flint

Circle #

1-2  
3-4



# White Oak Science Gateway Redevelopment Project

(P361701)

Category	General Government	Date Last Modified	12/26/22
SubCategory	Economic Development	Administering Agency	General Services
Planning Area	Colesville-White Oak and Vicinity	Status	Ongoing

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Planning, Design and Supervision	2,021	1,216	405	400	200	200	-	-	-	-	-
Site Improvements and Utilities	4,779	4,054	725	-	-	-	-	-	-	-	-
Construction	40,000	-	800	27,700	100	100	2,000	8,500	8,500	8,500	11,500
Other	160	11	149	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>46,960</b>	<b>5,281</b>	<b>2,079</b>	<b>28,100</b>	<b>300</b>	<b>300</b>	<b>2,000</b>	<b>8,500</b>	<b>8,500</b>	<b>8,500</b>	<b>11,500</b>

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Current Revenue: General	160	50	110	-	-	-	-	-	-	-	-
G.O. Bonds	42,640	1,071	1,969	28,100	300	300	2,000	8,500	8,500	8,500	11,500
PAYGO	4,147	4,147	-	-	-	-	-	-	-	-	-
Recordation Tax Premium (MCG)	13	13	-	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>46,960</b>	<b>5,281</b>	<b>2,079</b>	<b>28,100</b>	<b>300</b>	<b>300</b>	<b>2,000</b>	<b>8,500</b>	<b>8,500</b>	<b>8,500</b>	<b>11,500</b>

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

Appropriation FY 24 Request	-	Year First Appropriation	FY17
Cumulative Appropriation	46,960	Last FY's Cost Estimate	46,960
Expenditure / Encumbrances	5,324		
Unencumbered Balance	41,636		

## PROJECT DESCRIPTION

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

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## LOCATION

Silver Spring, Maryland

## ESTIMATED SCHEDULE

The County completed demolition of the existing structures and site clearing activities. The County's development partner presented a development schedule to Council in July 2019. Construction schedule is delayed based on project progress to date.

## PROJECT JUSTIFICATION

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

## FISCAL NOTE

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

## COORDINATION

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



# White Flint Redevelopment Program

(P151200)

Category	General Government	Date Last Modified	01/03/23
SubCategory	Economic Development	Administering Agency	County Executive
Planning Area	North Bethesda-Garrett Park	Status	Planning Stage

## EXPENDITURE SCHEDULE (\$000s)

Cost Elements	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
Planning, Design and Supervision	3,354	3,276	78	-	-	-	-	-	-	-	-
Land	204	204	-	-	-	-	-	-	-	-	-
Other	78	78	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,636</b>	<b>3,558</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FUNDING SCHEDULE (\$000s)

Funding Source	Total	Thru FY22	Rem FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
White Flint Special Tax District	3,636	3,558	78	-	-	-	-	-	-	-	-
<b>TOTAL FUNDING SOURCES</b>	<b>3,636</b>	<b>3,558</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Appropriation FY 24 Request	(434)	Year First Appropriation	FY09
Cumulative Appropriation	4,070	Last FY's Cost Estimate	4,070
Expenditure / Encumbrances	3,586		
Unencumbered Balance	484		

## 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

Project savings due to lower than anticipated consultant services costs.

## PROJECT JUSTIFICATION

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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, and includes shops as well as 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. The County is consulting with the District stakeholders as we develop a long-term financing plan for the District's costs.

## COORDINATION

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