



AGENDA ITEM # 3(R)
March 31, 2009

INTRODUCTION

(Public Hearing will be held April 21, 2009 at 7:30 p.m.)

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 30, 2009

TO: Phil Andrews, President, County Council

FROM: Isiah Leggett, County Executive *Isiah Leggett*

SUBJECT: #31-S09-CMCG-6 Amendment to the FY09-14 Capital Improvements Program (\$107,440,000) and Supplemental Appropriation to the FY09 Capital Budget (\$12,893,000)
Department of Police,
Montgomery County Fire and Rescue Service,
Department of General Services,
Department of Transportation,
Office of Emergency Management and Homeland Security
Smart Growth Initiative - Public Safety Headquarters, PDF #470906

Last November 17, 2008, I submitted for the County Council's consideration a series of supplemental appropriation requests for the Smart Growth Initiative. One of those requests was for planning and design relating to the acquisition of a 52-acre site at 100 Edison Park Drive, known as the GE Building/GE Technology Park. The GE Building and surrounding lands will serve as a Public Safety Headquarters and provide a home for the public safety memorial.

When I initially sent my request, only preliminary design costs were included because the County had not reached agreement on the terms of purchase for the GE Building. We have now reached agreement on the substantive terms of a lease and purchase contract. Under this arrangement, the County will initially lease the GE Tech Building from GXS for two to five years. We will purchase the building from the owner within the two to five year window, at a time that is suitable to the County.

This structure offers a number of benefits to the County. GXS, the long-term tenant of the building, will sublet the building to us on very favorable terms and move out to enable us to expeditiously create our Public Safety Administrative headquarters, including a new crime lab on the top floor of the new building. We will move out of several leased spaces into the consolidated space. The purchase price is based upon the County's appraised value for the building, and the owner of the building has agreed to hold that price firm, without escalation, until May 2014.

Once we have possession of the site, we will also move forward with the creation of the long-awaited public safety memorial. A further benefit of this deal is that it enables the County to get out of Orchard Ridge Drive to enable MedImmune to expand its operations.

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In order to complete the required building system replacements and upgrades (tenant improvements) and planning and design for build out, a FY09 supplemental of \$12,893,000 is requested. The purchase price for the building and land is \$76,340,000. There is an additional \$18,207,000 to construct specialized tenant improvements, including a new crime lab with expansion capabilities. The entire cost of the proposal including land, build out, and acquisition is estimated at \$107.4 million. Of this amount, we estimate that approximately \$5,000,000 will go to local area businesses under the County's Local Small Business Reserve Program.

The FY09 supplemental appropriation is required to enable us to move forward with a lease with GXS. Timing is significant both to GXS's commitment to beneficial lease terms and to our ability to satisfy the needs of MedImmune, an important economic asset, for expanded space. MedImmune recently purchased the Orchard Ridge building and would like us to vacate before our August 2013 lease termination. It is offering the County \$300,000 in relocation assistance, but only if we can vacate by July 2009.

I am recommending an amendment to the FY09-14 Capital Improvements Program (\$107,440,000) and supplemental appropriation to the FY09 Capital Budget (\$12,893,000) for the Public Safety Headquarters (Project #470906). This recommendation replaces my previous request on November 17, 2008 for preliminary project funding of \$1,674,000.

As described above, the supplemental appropriation will provide for land and building acquisition, planning, design, and construction for the relocation of public safety facilities (along with other miscellaneous lease consolidation opportunities) to 100 Edison Park Drive in Gaithersburg, known as the GE Building/GE Technology Park. Specifically, facilities and programs to be relocated from their current location as part of this project include: the Montgomery County Police Headquarters from Research Boulevard; the Montgomery County Fire and Rescue Service from the Executive Office Building; the Office of Emergency Management and Homeland Security; some divisions of the Department of Transportation and the Department of General Services; and the 1st District Police Station.

The recommended amendment is consistent with the criteria for amending the CIP because the project supports significant economic development initiatives which strengthen the fiscal capacity of the County government, and offers a significant opportunity which will be lost if not taken at this time.

I recommend that the County Council approve this supplemental appropriation and amendment to the FY09-14 Capital Improvements Program. I am also forwarding Special Capital Improvements Project Legislation under separate cover.

I appreciate your prompt consideration of this action.

IL: aa

- c: Joseph F. Beach, Director, Office of Management and Budget
- Jennifer Barrett, Director, Finance
- David Dise, Director, Department of General Services
- Arthur Holmes, Director, Department of Transportation
- Thomas Manger, Chief, Department of Police
- Richard Bowers, Interim Chief, Montgomery County Fire and Rescue Service
- Diane Jones, Assistant Chief Administrative Officer
- Kathleen Boucher, Assistant Chief Administrative Officer

Resolution: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: #31-S09-CMCG-6 - Amendment to the FY09-14 Capital Improvements Program (\$107,440,000) and Supplemental Appropriation to the FY09 Capital Budget (\$12,893,000)
Department of Police,
Montgomery County Fire and Rescue Service,
Department of General Services,
Department of Transportation,
Office of Emergency Management and Homeland Security
Smart Growth Initiative - Public Safety Headquarters, PDF #470906

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State, or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. 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.
3. The County Executive recommends the following capital project appropriation increases:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Public Safety Headquarters	470906	Planning, Design Supervision and Construction	\$2,017,000 \$10,876,000	GO Bonds Interim Financing

4. The supplemental appropriation will provide for building and land acquisition, planning, design and construction for the relocation of public safety facilities (along with other miscellaneous lease consolidation opportunities) to 100 Edison Park Drive in Gaithersburg, known as the GE Building/GE Technology Park. Specifically, facilities and programs to be relocated from their current location as part of this project include: the Montgomery County Police Headquarters from Research Boulevard; the Montgomery County Fire and Rescue Service from the Executive Office Building; the Office of Emergency Management and Homeland Security; some divisions of the Department of Transportation and the Department of General Services; and the 1st District Police Station.
5. The recommended amendment is consistent with the criteria for amending the CIP because the project supports significant economic development initiatives which strengthen the fiscal capacity of the County government, and offers a significant opportunity which will be lost if not taken at this time.
6. The County Executive recommends an amendment to the FY09-14 Capital Improvements Program and a supplemental appropriation in the amount of \$12,893,000 and specifies the source of funds as G.O. Bonds and Interim Financing.
7. Notice of public hearing was given and a public hearing was held.

Action

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

The FY09-14 Capital Improvements Program of the Montgomery County Government is amended as reflected on the attached project description forms and a supplemental appropriation is approved as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Public Safety Headquarters	470906	Planning, Design Supervision and Construction	\$2,017,000 \$10,876,000	GO Bonds Interim Financing

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

CIP**SUPPLEMENTAL OR SPECIAL APPROPRIATION REQUEST SUMMARY****1. Please fill in the following table:**

Agency	Various
Department	Various
Fund (County Government only)	CIP
Fiscal year	FY09
Supplemental or Special	Supplemental

2. What is the amount and source of funding?

Source of funding (Please list sources)	Amount
G.O. Bonds	\$2,017,000
Interim Financing	\$10,876,000
Total request	\$12,893,000

3. Please explain why you did not request this during the annual budget process.

The Smart Growth Initiative program was not ready for inclusion in the Capital Improvement Program at the start of the budget process as planning was still in process.

Public Safety Headquarters -- No. 470906

Category
Subcategory
Administering Agency
Planning Area

Public Safety
Other Public Safety
General Services
North Central Transit Corridor

Date Last Modified
Required Adequate Public Facility
Relocation Impact
Status

March 26, 2009
No
None.
Planning Stage

EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY07	Est. FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning, Design, and Supervision	2,413	0	0	2,413	919	1,107	387	0	0	0	0
Land	76,340	0	0	76,340	0	0	0	0	0	76,340	0
Site Improvements and Utilities	234	0	0	234	0	88	146	0	0	0	0
Construction	24,630	0	0	24,630	0	15,442	9,188	0	0	0	0
Other	3,823	0	0	3,823	55	316	3,452	0	0	0	0
Total	107,440	0	0	107,440	974	16,953	13,173	0	0	76,340	0

FUNDING SCHEDULE (\$000)

G.O. Bonds	78,357	0	0	78,357	974	1,043	0	0	0	76,340	0
Short-Term Financing	29,083	0	0	29,083	0	15,910	13,173	0	0	0	0
Total	107,440	0	0	107,440	974	16,953	13,173	0	0	76,340	0

DESCRIPTION

This project is part of the Smart Growth Initiative Program and provides for acquisition, planning, design and construction for the relocation of a number of County facilities to 100 Edison Park Drive in Gaithersburg known as the GE Building/GE Technology Park. Facilities and programs to be relocated from their current location as part of this project include: the Montgomery County Police Headquarters from Research Blvd., the Montgomery County Fire and Rescue Service from the Executive Office Building; the Office of Emergency Management and Homeland Security; some divisions of the Department of Transportation and the Department of General Services; and the 1st District Police Station. The project will also provide for the relocation of other County functions currently in leased facilities. A public safety memorial will be constructed in coordination with the Public Arts Trust.

The property will be acquired under the lease purchase agreement described in the Fiscal Note below.

JUSTIFICATION

Montgomery County Police Headquarters

The Montgomery County Police Headquarters located at 2350 Research Boulevard is crowded and in need of major physical plant repairs and improvements. The building is in generally poor condition. The facility houses a mix of sworn and civilian units, but lacks the separation of law enforcement functions. The building also houses the Forensic unit and the crime laboratories. Because of the lack of space at the current site the Police Department has many of its functions dispersed to other locations in rented space.

Montgomery County Fire and Rescue Service Headquarters

The Montgomery County Fire and Rescue Service Headquarters is located at 101 Monroe Street on the 12th floor of the Executive Office Building (EOB). The space currently houses the Fire Chief, all five department division chiefs, and other key uniformed and administrative staff. However, due to facility and space limitations, other operational and administrative staff are located off-site. This creates inefficiencies for the day-to-day operations of the department. Also the EOB does not provide for needed 24/7 emergency response requirements and adequate parking accommodation.

1st District Police Station

The 1st District Police Station was constructed in 1963 and is about 15,752 square feet while the current needs are about 32,000 square feet. To help with the need for office space, the Police Department has placed a trailer on the site behind the main building. Twenty staff members use this trailer for office space. Based on a recent County study (Facility Condition Assessment, January 2005), the building is in need of major maintenance including new windows and a new roof. The planning and design for a new 1st District Station was approved under Project No. 470703 with the location and schedule to be determined. The GE Technology Park Site is a prime location for this facility.

These public safety facilities are in aging undersized buildings that are in need of extensive rehabilitation. Due to significant ongoing interaction between the Police Department, Fire and Rescue Service, and Homeland Security, these agencies would benefit from co-locating their administrative functions to facilitate their ongoing interaction and to enable the sharing of resources and support services. This co-location will be efficient operationally and will eliminate regular travel between agencies.

Other leased facilities

There are number of County operations that are currently located in various leased facilities. This project will also provide for the relocation of a number of leased facilities which will reduce the County's long term lease costs.

APPROPRIATION AND EXPENDITURE DATA			COORDINATION		MAP
Date First Appropriation	FY09	(\$000)	Department of General Services Department of Transportation Department of Police Montgomery County Fire and Rescue Service Department of Permitting Services Department of Finance Department of Technology Services Office of Management and Budget Washington Suburban Sanitary Commission		
First Cost Estimate					
Current Scope	FY09	107,440			
Last FY's Cost Estimate		0			
Appropriation Request	FY09	12,893	Special Capital Projects Legislation will be proposed by the County Executive		
Appropriation Request Est.	FY10	18,207			
Supplemental Appropriation Request		0			
Transfer		0			
Cumulative Appropriation		0			
Expenditures / Encumbrances		0			
Unencumbered Balance		0			
Partial Closeout Thru	FY06	0			
New Partial Closeout	FY07	0			
Total Partial Closeout		0			

Public Safety Headquarters -- No. 470906 (continued)

Plans and studies for this project include: "Program of Requirements for The Police-Fire-Rescue Service-Homeland Security Department's Headquarters Facility and Police First District Station", September 2006; M-NCPPC Shady Grove Sector Plan, approved by the Montgomery County Council, January 2006, adopted by the M-NCPPC, March 15, 2006; "Montgomery County Property Use Study Updated Briefing to County Council", April 29, 2008 (based on Staubach Reports); "Montgomery County Smart Growth Initiative Update to County Council", September 23, 2008.

OTHER

The FY09 appropriation includes \$2.4 million for Planning and Design and \$10.5 million for building system replacements and upgrades.

-A pedestrian impact analysis will be completed for this project during the design phase.

FISCAL NOTE

The County intends to enter into a triple net sublease-purchase agreement which will allow it to exercise its' purchase option at any time before April 30, 2014. Ongoing financial analysis will determine when it is in the best interest of the County to acquire the property.

Interim financing will be used for land acquisition in the short term, with permanent funding sources to include G.O. Bonds and Land Sale Proceeds.

The approved 1st District Police Station project (No. 470703) will be closed out.