

Subject: Amendments to FY19-24 Capital Improvements Program (CIP): White Oak Science Gateway Redevelopment Project	
Analyst: Gene Smith, Legislative Analyst	Committee: PHED
Keywords: #FY20Budget	

EXPECTED ATTENDEES

Greg Ossont, Deputy Director, Department of General Services (DGS)
Alison Dollar, Office of Management and Budget

COMMITTEE RECOMMENDED CHANGES

- 1) Recommended approval of the Executive's amendments to the project.

KEY CE CHANGES FROM FY19

- Executive recommended decreasing "Other" costs by \$80,000 in FY20 to reflect that the coordinator position will be divided 50/50 between White Flint and White Oak.
- Executive recommended a shifting "Construction" costs based on the current expectation for the project. The County's commitment of \$40.0 million for its portion of the master plan roads remains the same as previously approved.

OTHER ISSUES

None

This report contains:

Consolidated Staff Report to the Committee
Recommended FY19-24 CIP: White Oak project

Page 1-3
©1


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MEMORANDUM

May 7, 2019

TO: County Council

FROM: Gene Smith, Legislative Analyst 

SUBJECT: Amendments to the FY19-24 Capital Improvements Program (CIP): White Oak Science Gateway Redevelopment Project

PURPOSE: Discuss and vote on subject project

I. Introduction and Committee Recommendation

The Executive recommended amendments to the FY19-24 CIP, including the White Oak Science Gateway Redevelopment Project Description Form (“PDF”), in January 2019. The County Council announced on January 15, 2019 that the subject PDF, along with all amended PDFs submitted by the Executive in January, would have a public hearing the evening of February 5, 2019. The Planning, Housing, and Economic Development (PHED) Committee reviewed the subject PDF on April 11, 2019 and recommended approval of the Executive’s amendment. The County Council received no comments regarding the subject PDF from the date of announcement through the date of the PHED Committee review.

PHED Committee Recommendation. The Executive’s recommendation reduces total expenditures for the subject PDF to reflect changes in staffing charges for FY20 and beyond. **The PHED Committee recommends approval of the amended PDF.**

II. White Oak Science Gateway Redevelopment Project

Project Description. This project provides for the planning and development coordination activities by the County necessary to implement redevelopment of the 110-acre County-owned parcel on Industrial Parkway (“Site II”). This project includes expenditures for: 1) 0.5 full-time equivalent (FTE) for the coordinator position; 2) the demolition and preparation of Site II for redevelopment; and 3) \$40.0 million for the County’s portion of the master plan roads as stipulated in the General Development Agreement (GDA) between the County and Global LifeSci Development Corporation (GLDC).

Recommended Amendment. See the recommended PDF on ©1-2. The Executive recommends reducing expenditures in FY20 because the coordinator position will be split 50/50 between the White Flint and White Oak project. In addition, the Executive recommends shifting expenditures for road construction based on the project’s timeline. The table below summarizes the recommended changes to the expenditure schedule.

White Oak Project - Amended FY19-24 Expenditure Schedule (\$000s)

Cost Elements	Total 6 Years	FY19	FY20	FY21	FY22	FY23	FY24
PDS	0	-	-	-	-	-	-
Site Improvements	0	-	-	-	-	-	-
Construction	0	-	(8,000)	(3,000)	1,000	5,000	5,000
Other	(80)	-	(80)	-	-	-	-
Total	(80)	-	(8,080)	(3,000)	1,000	5,000	5,000

Recommended funding sources: \$45.8 million from General Obligation bonds and \$0.24 million from current revenue.

Update and Highlights. There are three expenditure items within this project: 1) personnel; 2) demolition; 3) County’s portion of the master plan roads. Below are highlights for each item.

Personnel. The County funded 1.0 FTE in this project through the “Other” Cost Element. The recommended \$80,000 reduction in FY20 is due to 50% of the expenditures shifting to the White Flint Redevelopment Program CIP project. The funding for this position is anticipated to end in FY20.

Demolition. The County is responsible for demolition and cleanup of Site II. This funding is included in Site Improvements Cost Element. The County’s work is in progress and is anticipated to end in summer-2019. Some of these expenditures may carry-over into FY20, but actual costs are within budget.

County’s Portion of the Master Plan Roads. The GDA between the County and GLDC required that the County appropriate \$40.0 million to “assist with the funding needed to construct the planned master plan roads (A-106 and B-5) and needed improvements to the existing FDA Boulevard.” The GDA also clearly stipulates that preparation and funding for entitlements, design, and construction of these roads is the responsibility of GLDC as the Master Developer. **The Council’s commitment remains the same when it previously approved this project – appropriation of \$40.0 million for the County’s portion of the master plan roads.**

The County executed a participation agreement with GLDC to define the terms and conditions for GLDC to receive reimbursement costs related to the construction of the master plan roads from the \$40.0 million appropriation. This agreement is separate from the GDA. Before the County reimburses GLDC for road construction costs, GLDC must meet certain obligations that include submitting to the County a project schedule for the road(s), completing the design of the road(s), receiving approval for the site plan for the road(s), and receiving approval for the permits to construct the road(s).

GLDC will build the roads based on development of the site; therefore, it is likely that GLDC will build the three roads in different phases. Road A-106 will be the first road that is constructed. The County's \$40.0 million portion is allotted to each of the three roads at pro rata amount, and it is possible that this project's expenditure schedule will slip for roads that are built after A-106 since a certain level of development is needed to offset the cost of these roads. Regardless of the CIP expenditure schedule, the County will reimburse GLDC for the road construction per the participation agreement.

The Executive's recommended shifts for the road construction expenditures are aligned with the current expectations of the project. With the need to complete design and receive site plan and permitting approval, the amended PDF balances the needs for this project and the needs of the CIP in FY20 and FY21.

Committee Recommendation. **The PHED Committee recommends approval of the amended PDF.**

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White Oak Science Gateway Redevelopment Project

(P361701)

Category General Government **Date Last Modified** 03/08/19
SubCategory Economic Development **Administering Agency** General Services
Planning Area Colesville-White Oak and Vicinity **Status** Ongoing

	Total	FY 16	Pre-FY 15	FY 14	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Project Balance
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	1,295	485	-	800	200	200	200	200	-	-	-
Site Improvements and Utilities	7,005	164	1,841	5,000	5,000	-	-	-	-	-	-
Construction	40,000	-	-	40,000	1,000	2,000	11,000	10,000	11,000	5,000	-
Other	660	11	409	240	160	80	-	-	-	-	-
TOTAL EXPENDITURES	48,960	670	2,250	46,040	6,360	2,280	11,200	10,200	11,000	5,000	-

FUNDING SCHEDULE (\$000s)											
Current Revenue: General	560	-	320	240	160	80	-	-	-	-	-
G.O. Bonds	48,274	544	1,930	45,800	6,200	2,200	11,200	10,200	11,000	5,000	-
PAYGO	126	126	-	-	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	48,960	670	2,250	46,040	6,360	2,280	11,200	10,200	11,000	5,000	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)				
Appropriation FY 20 Approp. Request		280	Year First Appropriation	FY17
Cumulative Appropriation		48,280	Last FY's Cost Estimate	49,040
Expenditure / Encumbrances		768		
Unencumbered Balance		47,512		

PROJECT DESCRIPTION

This program provides for the planning and development coordination activities by the County necessary to implement the redevelopment of the 110-acre 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.

LOCATION

Silver Spring, Maryland

ESTIMATED SCHEDULE

The County's development partner has commenced development entitlements for the entire 280-acre project.

COST CHANGE

Reflects changes in County staff charges.

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 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.

(1)

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, M-NCPPC