

Committee: Joint Committee Review: At a future date Staff: Naeem M. Mia, Legislative Analyst Purpose: To receive testimony – no vote expected Keywords: Property Disposition, White Flint

SUBJECT

Declaration of No Further Need – Disposition via Transfer of certain properties in the White Flint area, located in North Bethesda, Maryland, to Stonebridge

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- Introduction on November 15, 2022.
- Public Hearing on November 29, 2022.
- A joint GO/PHED Committee worksession will be scheduled at a future date.
- Action will be scheduled at a future date.

DESCRIPTION/ISSUE

The County Executive requests Council approval of a Declaration of No Further Need (DNFN) to transfer a total of 1.27 acres of County-owned property located in the White Flint area (North Bethesda, Maryland) to the developer Stonebridge.

The properties include:

- a portion of County right of way located on Executive Boulevard, which was abandoned in 2015 under Section 49-62 of the County Code; and
- a portion of the Bethesda North Marriott and Conference Center ("Conference Center") parking lot property.

The Conference Center, including a portion of the parking lot at issue, is currently owned in fee simple by the Revenue Authority and under lease to the County. Under the lease agreement, the County may require that the Conference Center property be deeded back to the County upon repayment of outstanding bonds in April 2023. It is expected that the County will request the Conference Center property be deeded to the County immediately upon repayment of the bonds and, in any event, by no later than April 2023. At that time, the portion of the Parking Lot at issue will no longer be needed for public use, as a structured parking garage was built at the Conference Center to replace a significant amount of the surface parking. The specific portion of the Parking Lot included in this disposition has not been used for parking for some years, as it was used for staging during the construction of the parking garage.

The disposition of these Properties supports the recommendations of the 2010 White Flint Sector Plan to create a more rectangular block at the intersection of Old Georgetown Road and Executive Boulevard and to support redevelopment.

Stonebridge plans to develop approximately 675,000 square feet in three commercial buildings, plus a parking garage. The parking garage will include spaces reserved for public use, including the Kennedy Shriver Aquatic Center and Wall Local Park, the exact number of which will be negotiated in a General Development Agreement.

The development of this site was originally planned by Gables; Stonebridge is now effectively replacing Gables as the County's development partner. Similar to the previously approved CIP project, Wall Park Garage and Park Improvements (P721801), the County intends to transfer the two properties to the developer at fair market value and, in return, the developer will construct the garage and first life science building. The existing CIP project will require amendment in a future budget action.

An appraisal for this site has not yet been completed due to a lack of recent comparable sales; the County is undertaking a land valuation study to develop the fair market value, which is expected to be completed in early calendar 2023.

The County Executive is recommending introduction of this disposition at this time in order to provide sufficient time for Council to review and ensure an expedited transfer of the properties between the County, Revenue Authority, and Stonebridge after April 2023.

The property transfer of this property *substantially* complies with the requirements established under County Code 11B-45.01 Disposition of Real Property, including:

- This transaction is subject to the Property Disposition process as the subject properties are owned (abandoned portion of Executive Boulevard) or will be owned (Conference Center parking lot) in the near future by the County in fee simple.
- The Executive transmitted to the Council the material terms on October 13, 2022.
- On October 20, 2022 Executive Order 211-22 was published in the County Register to give notice of the County's intent to proceed with disposition to Stonebridge and that there was no further need for public use.
- The Executive transmitted to the Council the Declaration of No Further Need on November 8, 2022.

This report contains:

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich County Executive

M E M O R A N D U M

November 8, 2022

TO: Gabe Albornoz, President Montgomery County Council

FROM: Marc Elrich, County Executive Man III

SUBJECT: Declaration of No Further Need – White Flint Remnant Properties Disposition

On October 13, 2022, I transmitted material terms to Council and provided notice that I intend to sell approximately 1.27 acres of County-owned property located in the White Flint area of North Bethesda to Stonebridge.

As required under Section 11B-45 of the Montgomery County Code, an Executive Order must be issued declaring that the County-owned site is no longer needed for public use. Attached please find Executive Order 211-22, published in the *County Register* on October 20, 2022 to give notice of my intent to proceed with the sale to Stonebridge.

The two parcels included in the disposition include 1.) a portion of County right of way located on Executive Boulevard, which was abandoned under Section 49-62 of the County Code (the "ROW"), and 2.) a portion of the Bethesda North Marriott and Conference Center ("Conference Center") parking lot property (the "Parking Lot"). The ROW and the Parking Lot are jointly referred to as "the Properties".

The ROW was subject to the Abandonment process in 2015, and the County now owns the fee simple interest in that parcel.

The Conference Center, including a portion of the Parking Lot at issue, is currently owned in fee simple by the Revenue Authority and under lease to the County. Under the lease agreement, the County may require that the Conference Center property be deeded back to the Declaration of No Further Need – White Flint Remnant Properties Disposition November 8, 2022 Page 2 of 2

County upon repayment of the bonds in April 2023. It is expected that the County will request the Conference Center property be deeded to the County immediately upon repayment of the bonds and, in any event, by no later than April 2023. At that time, the portion of the Parking Lot at issue will no longer be needed for public use, as a structured parking garage was built at the Conference Center to replace a significant amount of the surface parking. The specific portion of the Parking Lot included in this disposition has not been used for parking for some years, as it was used for staging during the parking garage construction.

The disposition of these Properties supports the recommendations of the 2010 White Flint Sector Plan to create a more rectangular block at the intersection of Old Georgetown Road and Executive Boulevard and to support redevelopment.

The Properties are included in a development proposal by a private developer, Stonebridge ("Developer"), for a life sciences project. The project is planned to include approximately 675,000 square feet in three commercial buildings, plus a parking garage. The parking garage will include spaces reserved for public use, including the Kennedy Shriver Aquatic Center and Wall Local Park, the exact number of which will be negotiated in a General Development Agreement ("GDA").

Similar to the previous CIP project (P721801) contemplated with Gables, the County intends to transfer the Properties to the Developer at fair market value and, in return, the Developer will construct the garage and first life science building.

The County intends to work with the Developer through the coming months on the design of the garage, and the specifics of a GDA including the financial terms. Additionally, the current CIP project (P721801) will need to be amended to reflect the agreed upon terms and approved by Council.

I hope this information is helpful. If you have any questions, please contact Greg Ossont, Deputy Director, Department of General Services, at 240.777.6192 or greg.ossont@montgomerycountymd.gov.

Enclosure: Executive Order No. 211-22 Material Terms Memo dated October 13, 2022

 cc: Jennifer Bryant, Director, Office of Management and Budget Michael Coveyou, Director, Department of Finance
David Crow, Acting Controller, Department of Finance
Pete Fosselman, Director, Bethesda Chevy-Chase Regional Services Center
David Dise, Director, Department of General Services
Greg Ossont, Deputy Director, Department of General Services
Cynthia Brenneman, Division Chief, Department of General Services
Ronnie Warner, Division Chief, Department of General Services



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Ì	Disposition of County Property: White Flint Remnant	Executive Order No.	Subject Suffix	
	Properties	211-22		
	Montgomery County Department of General Services	Department No.	Effective Date	
			10-20-22	

County Executive Declaration of No Further Need

Recitals

WHEREAS, pursuant Council Resolution 18-21, the County owns, in fee simple, a portion of County right of way located on Executive Boulevard which was abandoned in 2015 under Section 49-62 of the County Code (the "ROW"); and

WHEREAS, the County ground leases the Bethesda North Marriott and Conference Center ("Conference Center"), including the structured parking garage and a surface parking lot; and

WHEREAS, the Conference Center is currently owned in fee simple by the Revenue Authority and under lease to the County; and

WHEREAS, under the lease agreement, the County can require that the Conference Center property be deeded to the County upon repayment of the outstanding bonds secured by the Conferenc Center, which repayment is expected to occur in April 2023; and

WHEREAS, it is expected that the County will request the Conference Center property be deeded to the County immediately upon repayment of the bonds and, in any event, by no later than May 2023; and

WHEREAS, after the bond are repaid, approximately 22,194 square feet of the Conference Center parking lot (the "Parking Lot") will no longer be needed for public use, as a structured parking garage was built at the Conference Center to replace a significant amount of the surface parking and the Parking Lot has not been used for parking for some years as it was used for construction staging when the Conference Center structured parking garage construction was built; and

WHEREAS, the ROW and the Parking Lot are jointly referred to as "the Properties;" and

WHEREAS, the disposition of these Properties supports the recommendations of the 2010 White Flint Sector Plan to create a more rectangular block at the intersection of Old Georgetown Road and Executive Boulevard and to support redevelopment; and

WHEREAS, the Properties are included in a development proposal by a private developer, Stonebridge ("Developer"), for a life sciences project; and



MONTGOMERY COUNTY EXECUTIVE ORDER

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Disposition of County Property: White Flint Remnant Properties	Executive Order No. 211-22	Subject Suffix
Montgomery County Department of General Services	Department No.	Effective Date
		10-20-22

WHEREAS, the project is planned to include approximately 675,000 square feet in three commercial buildings, plus a parking garage; and

WHEREAS, the parking garage will include spaces reserved for public use, including for use by the patrons of the Kennedy Shriver Aquatic Center and Wall Local Park, and the exact number of spaces reserved for public use will be negotiated in a General Development Agreement ("GDA") between the County and the Developer; and

WHEREAS, the County intends to transfer the Properties to the Developer at fair market value and, in return, the Developer will construct the garage and the first of three life science buildings and provide public parking for the County; and

WHEREAS, the County intends to work with the Developer through the coming months on the design of the garage, as well as the specifics of a GDA, which will include each party's financial contributions to the project and to the public parking space; and

WHEREAS, the County Executive has completed the Preliminary Reuse Review and Reuse Analysis; and

WHEREAS, the material terms of the sale of the Properties are as stated above; and

WHEREAS, in accordance with the provisions of Montgomery County Code Section 11B-45 and COMCOR 11B.45.01.08, Disposition of Real Property, the County Executive must issue an Executive Order declaring that County owned or controlled land is no longer needed for County use.

ACTION

In consideration of the above recitals, the County Executive hearby declares that the County-owned Properties, a portion of County right of way located on Executive Boulevard and a portion of the Bethesda North Marriott and Conference Center parking lot property, are no longer needed for County use and, upon Council approval, the Properties will be disposed of through a sale, at fair market value, to Stonebridge.

Approved as to Form and Legality Office of the County Attorney

Bv: 10-13-3: Date:

APPROVED

Yaakov "Jake" Weissmann, Assistant Chief Administrative Officer Date: ________

Page 2 of 2



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich County Executive

MEMORANDUM

October 13, 2022

TO:	Gabe Albornoz, President
	Montgomery County Council

FROM: Marc Elrich, County Executive Man El

SUBJECT: Material Terms for Proposed Disposition and Development of White Flint Remnant Properties

In accordance with the provisions of Section11B-45 of the County Code concerning property disposition, the purpose of this memorandum is to provide the material terms related to the proposed disposition of two parcels of property located in the White Flint District of North Bethesda. One parcel is a portion of County right of way located on Executive Boulevard which was abandoned under Section 49-62 of the County Code (the "ROW"). The second parcel is a portion of the Bethesda North Marriott and Conference Center ("Conference Center") parking lot property (the "Parking Lot"). The ROW and the Parking Lot are jointly referred to as "the Properties".

The ROW was subject to the Abandonment process in 2015, see attached Resolution No. 18-21, and the County now owns the fee simple interest in that parcel.

The Conference Center, including a portion of the Parking Lot at issue, is currently owned in fee simple by the Revenue Authority and under lease to the County. Under the lease agreement, the County may require that the Conference Center property be deeded back to the County upon repayment of the bonds in April 2023. It is expected that the County will request the Conference Center property be deeded to the County immediately upon repayment of the bonds and, in any event by no later than April 2023. At that time, the portion of the Parking Lot at issue will no longer be needed for public use, as a structured parking garage was built at the Conference Center to replace a significant amount of the surface parking. The specific portion of the Parking Lot included in this disposition has not been used for parking for some years, as it was used for staging during the parking garage construction. Material Terms – White Flint Remnant Properties October 13, 2022 Page **2** of **2**

The attached Right of Way Plat 1084 shows the approximate areas included in this disposition, including the abandoned right-of-way.

The disposition of these Properties supports the recommendations of the 2010 White Flint Sector Plan to create a more rectangular block at the intersection of Old Georgetown Road and Executive Boulevard and to support redevelopment.

The Properties are included in a development proposal by a private developer, Stonebridge ("Developer"), for a life sciences project. The project is planned to include approximately 675,000 square feet in three commercial buildings, plus a parking garage. The parking garage will include spaces reserved for public use ("Designated Parking"), including the Kennedy Shriver Aquatic Center and Wall Local Park, the exact number of which will be negotiated in a General Development Agreement ("GDA").

Similar to the previous CIP project (P721801) contemplated with Gables, the County intends to transfer the Properties to the Developer at fair market value and, in return, the Developer will construct the garage and first life science building.

The County intends to work with the Developer through the coming months on the design of the garage, as well as the specifics of a GDA including the financial terms. Additionally, the current CIP project (P721801) will need to be amended to reflect the agreed upon terms and approved by Council.

I hope this information is helpful. If you have any questions, please contact Greg Ossont, Deputy Director, Department of General Services, at 240.777.6192 or greg.ossont@montgomerycountymd.gov.

Enclosures:	Resolution No. 18-21, Abandonment Portion of Executive Boulevard Right of Way Plat 1084
cc:	Jennifer Bryant, Director, Office of Management and Budget Michael Coveyou, Director, Department of Finance David Crow, Acting Controller, Department of Finance Pete Fosselman, Director, Bethesda Chevy-Chase Regional Services Center David Dise, Director, Department of General Services Greg Ossont, Deputy Director, Department of General Services Cynthia Brenneman, Division Chief, Department of General Services Ronnie Warner, Division Chief, Department of General Services

Resolution No.:18-21Introduced:January 13, 2015Adopted:January 13, 2015

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By County Council

SUBJECT: DOT Docket No. AB739 Abandonment Portion of Executive Boulevard White Flint District, North Bethesda

Background

- 1. By memorandum dated May 27, 2013 from the Director of the Montgomery County Department of Transportation, the Applicant, a request was made for the County to abandon a portion of Executive Boulevard in the White Flint District of North Bethesda. The portion of the right-of-way for which abandonment is sought is owned in fee by the County. Pursuant to the 2010 White Flint Sector Plan this abandonment and associated realignment are recommended.
- 2. A Public Hearing to consider the abandonment proposal was held on September 18, 2013 by the designee of the County Executive.
- 3. Verizon indicated that it would require easements and a written statement that the County will pay all costs associated with relocating its facilities.
- 4. Washington Suburban Sanitary Commission conditioned its approval upon being granted a right-of-way 20 feet wide.
- 5. Washington Gas did not respond within 60 days and therefore, concurrence is presumed.
- 6. PEPCO did not respond within 60 days and therefore, concurrence is presumed.
- 7. The Montgomery County Police Department did not respond within 60 days and therefore, concurrence is presumed.
- 8. The Montgomery County Planning Board did not respond within 60 days and therefore, concurrence is presumed.
- 9. The Department of Fire and Rescue Services conditioned its approval provided that the new alignment is in service prior to the closure of the right-of-way.
- 10. The County Executive recommends approval of the proposed abandonment.

<u>Action</u>

The County Council for Montgomery County, Maryland, finds that a portion of Executive Boulevard in the White Flint District of North Bethesda as shown on the attached drawing is no longer necessary for public use, pursuant to Section 49-63 of the Montgomery County Code, and approves the abandonment subject to the following conditions which must be satisfied at Applicant's sole cost and expense prior to the abandonment becoming effective:

- 1. The Applicant must grant easements and provide a written statement to Verizon concerning the Applicant's paying all costs associated with relocating Verizon's facilities;
- 2. The Applicant must grant Washington Suburban Sanitary Commission a right-of-way twenty feet wide;
- 3. The County Attorney must record among the Land Records of Montgomery County, Maryland, a copy of this Resolution approving the abandonment of the subject area; and
- 4. Any person aggrieved by the action of the Council for abandonment may appeal to the Circuit Court within 30 days after the date such action is taken by Council.

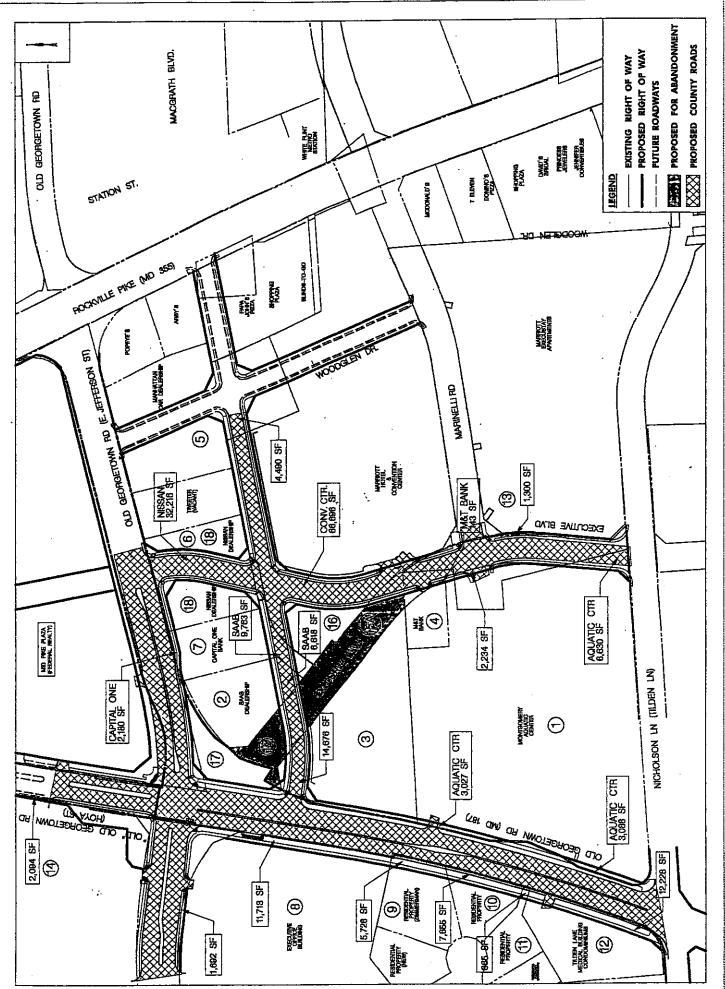
This is a correct copy of Council Action.

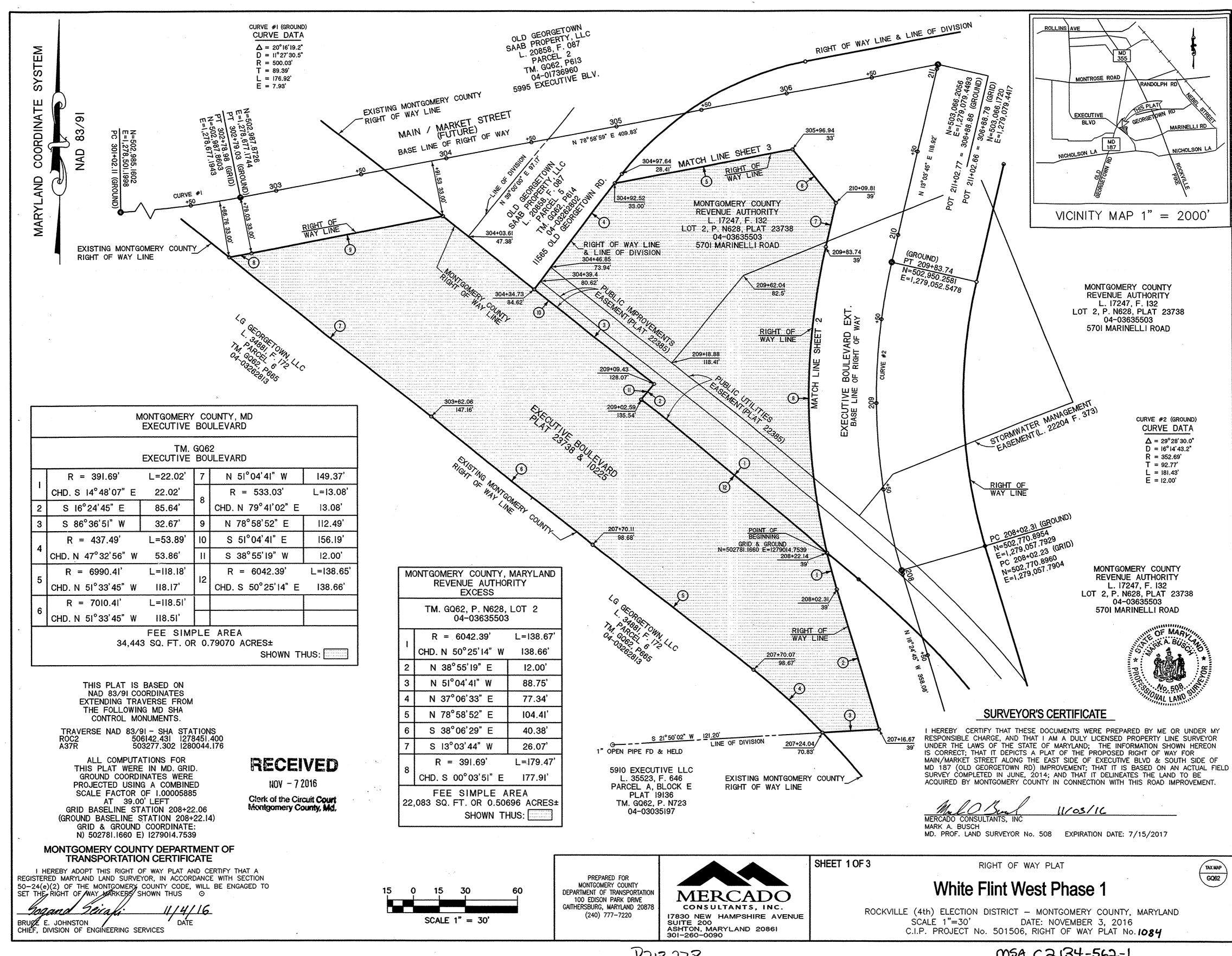
Inda M. Janen____

Linda M. Lauer, Clerk of the Council



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