

MEMORANDUM

February 8, 2019

TO: County Council

FROM: Vivian Yao, Legislative Analyst *MY*

SUBJECT: **Public Hearing:** Amendment to the FY19-24 Capital Improvements Program and Supplemental Appropriation #5-S19-CMCG-6 to the FY19 Capital Budget
Montgomery County Government
Department of Recreation
South County Regional Recreation and Aquatic Center (No. P721701)
\$17,016,000

At this session, the Council will hold a public hearing on a supplemental appropriation to the FY19 Capital Budget and amendment to the FY19-24 Capital Improvements Program (CIP) in the amount of \$17,016,000 in general obligation bonds for the South County Regional Recreation and Aquatic Center.

The Executive transmitted the recommended supplemental appropriation (©1-6) on January 15. The Executive's transmittal memorandum states that the appropriation will fund construction for a new regional recreation, senior, and aquatic center co-located with the Housing Opportunities Commission's Elizabeth Square affordable housing project in downtown Silver Spring.

The Executive says that the funding is needed to achieve "the goal of providing County services in conjunction with affordable housing in the County's transit-rich, activated urban cores." He also indicates that the "recommended amendment is consistent with the criteria for amending the CIP" and that the "additional appropriation is needed so the Department of General Services can sign a General Development Agreement with HOC and HOC can begin construction of the project."

The Planning, Housing, and Economic Development Committee is scheduled to review the supplemental appropriation and CIP amendment on February 25 at 2:00 p.m.



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

January 15, 2019

TO: Nancy Navarro, President, County Council

FROM: Marc Elrich, County Executive *ME*

SUBJECT: Amendment to the FY19-24 Capital Improvements Program and Supplemental Appropriation #5-S19-CMCG-6 to the FY19 Capital Budget
Montgomery County Government
Department of Recreation
South County Regional Recreation and Aquatic Center (No. P721701), \$17,016,000

I am recommending a supplemental appropriation to the FY19 Capital Budget and amendment to the FY19-24 Capital Improvements Program in the amount of \$17,016,000 for South County Regional Recreation and Aquatic Center (No. P721701). Appropriation for this project will fund construction for a new regional recreation, senior, and aquatic center that will be co-located with the Housing Opportunities Commission's (HOC) Elizabeth Square affordable housing project in downtown Silver Spring.

This increase is needed because it achieves the goal of providing County services in conjunction with affordable housing in the County's transit-rich, activated urban cores. The recommended amendment is consistent with the criteria for amending the CIP because: 1) it achieves construction cost savings by integrating the recreation, senior, and aquatic center into HOC's housing complex; 2) it offers a significant opportunity, which will be lost if not taken at this time; and 3) the cost increase is greater than \$2,000,000. The additional appropriation is needed at this time so that the Department of General Services can sign a General Development Agreement with HOC and HOC can begin construction of the project.

I recommend that the County Council approve this supplemental appropriation and amendment to the FY19-24 Capital Improvements Program in the amount of \$17,016,000 and specify the source of funds as GO Bonds.

I appreciate your prompt consideration of this action.

ME: dsl

Nancy Navarro, President, Montgomery County Council
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Attachment: Amendment to the FY19-24 Capital Improvements Program and Supplemental Appropriation #5-S19-CMCG-6

cc: Andrew Kleine, Chief Administrative Officer
Robin Riley, Director, Department of Recreation
Richard Madaleno, Director, Office of Management and Budget
David Dise, Director, Department of General Services (DGS)
Greg Ossont, Deputy Director, DGS
Hamid Omidvar, Chief, Division of Building Design and Construction, DGS
Mary Beck, Capital Budget Manager, Office of Management and Budget
Deborah Lambert, Fiscal and Policy Analyst, Office of Management and Budget
Glenn Orlin, Deputy Director, County Council
Vivian Yao, Legislative Analyst, County Council

Resolution: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY19-24 Capital Improvements Program and
Supplemental Appropriation #5-S19-CMCG-6 to the FY19 Capital Budget
Montgomery County Government
Department of Recreation
South County Regional Recreation and Aquatic Center (No. P721701), \$17,016,000

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>
South County Regional Recreation and Aquatic Center	P720701	Construction	<u>\$17,016,000</u>	GO Bonds
TOTAL			\$17,016,000	GO Bonds

Amendment to the FY19-24 Capital Improvements Program and Supplemental Appropriation
#5-S19-CMCG-6

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4. This increase is needed because it achieves the goal of providing County services in conjunction with affordable housing in the County's transit-rich, activated urban cores. The recommended amendment is consistent with the criteria for amending the CIP because: 1) it achieves construction cost savings by integrating the recreation, senior, and aquatic center into HOC's housing complex; 2) it offers a significant opportunity, which will be lost if not taken at this time; and 3) the cost increase is greater than \$2,000,000. The additional appropriation is needed at this time so that the Department of General Services can sign a General Development Agreement with HOC and HOC can begin construction of the project.
5. The County Executive recommends an amendment to the FY19-24 Capital Improvements Program and a supplemental appropriation in the amount of \$17,016,000 for South County Regional Recreation and Aquatic Center (No. P721701) and specifies that the source of funds will be GO Bonds.
6. 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 FY19-24 Capital Improvements Program of the Montgomery County Government is amended as reflected on the attached project description form 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>
South County Regional Recreation and Aquatic Center	P720701	Construction	<u>\$17,016,000</u>	GO Bonds
TOTAL			\$17,016,000	GO Bonds

This is a correct copy of Council action.

Megan Davey Limarzi, Esq., Clerk of the Council



South County Regional Recreation and Aquatic Center (P721701)

Category	Culture and Recreation	Date Last Modified	01/04/19
SubCategory	Recreation	Administering Agency	General Services
Planning Area	Silver Spring and Vicinity	Status	Final Design Stage

	Total	Thru FY18	1st FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning Design and Supervision	6,856	79	3,198	3,579	598	946	1,103	932	-	-	-
Land	8	-	8	0	-	-	-	-	-	-	-
Site Improvements and Utilities	100	-	-	100	9	35	35	21	-	-	-
Construction	62,346	-	-	62,346	8,538	22,716	19,216	11,876	-	-	-
Other	2,762	-	-	2,762	-	350	1,512	900	-	-	-
TOTAL EXPENDITURES	72,072	79	3,206	68,787	9,145	24,047	21,866	13,729	-	-	-

FUNDING SCHEDULE (\$000s)

G.O. Bonds	68,787	-	-	68,787	9,145	24,047	21,866	13,729	-	-	-
PAYGO	3,285	79	3,206	0	-	-	-	-	-	-	-
TOTAL FUNDING SOURCES	72,072	79	3,206	68,787	9,145	24,048	21,866	13,729	-	-	-

OPERATING BUDGET IMPACT (\$000s)

Maintenance				1,265	-	253	506	506			
Energy				2,365	-	477	954	954			
Program-Staff				2,965	-	593	1,186	1,186			
Program-Other				820	-	164	328	328			
Offset Revenue				(2,527)	-	(505)	(1,011)	(1,011)			
NET IMPACT				4,908	-	982	1,963	1,963			
FULL TIME EQUIVALENT (FTE)					-	25.1	25.1	25.1			

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Supplemental Appropriation Request	17,016	Year First Appropriation	FY17
Appropriation FY 20 Request	782	Last FY's Cost Estimate	55,270
Cumulative Appropriation	53,259		
Expenditure / Encumbrances	297		
Unencumbered Balance	52,292		

PROJECT DESCRIPTION

This project provides for the County's estimated costs for a new regional recreation and aquatic center in the Central Business District of Silver Spring. This project will include approximately 120,000 gross square feet (GSF) of public recreation space within Housing Opportunities Commission's (HOC's) larger housing project. The facility will include typical recreation and leisure activities such as pools for swimming and low level diving, exercise, aquatic play, and high school competitions, training and teaching. A gymnasium, exercise and weight room spaces, movement and dance studios, multipurpose activity rooms, public use space, and social space with a culinary arts kitchen will also be included. Senior programs will be coordinated with Holy Cross Hospital's "Senior Source."

LOCATION

This amenity will be located on the Elizabeth Square site, bordered by Apple Avenue to the south and Fenwick Lane to the north, with CSX railroad right-of-way on the west.

ESTIMATED SCHEDULE

Construction is anticipated to begin in FY19 with completion in mid-FY22. The schedule has been updated based on a one phase approach.

COST CHANGE

Costs reflect final agreed upon cost for the project by the Department of General Services and the Housing Opportunities Commission. The FY19 supplemental appropriation of \$17,016,000 will allow the Department of General Services to sign a General Development Agreement with the Housing Opportunities Commission. In FY19, received transfer of \$500,000 in GO Bonds from North Potomac Community Recreation Center, P720102. In FY19, received transfer of \$170,000 in GO Bonds from Western County Outdoor Pool Renovation and Modernization, P721501.

PROJECT JUSTIFICATION

This project has been included in long range planning by the County in its Montgomery County Recreation Facility Development Plan, 2010-2030 as one of four regional recreation facilities to serve the County. This plan is based on the results of the County's Vision 2030 assessment, completed and published in 2011. The Southern Region, around the Greater Silver Spring Area was found to be significantly under served for recreation and park amenities when compared against total population. Only two smaller community recreation centers, one small indoor pool, and one seasonal outdoor pool serve this area currently and no services are available in downtown Silver Spring. The project achieves a County goal of co-locating affordable housing with other County services. Through co-location, the County will achieve cost savings, program efficiencies, and improved service to residents.

OTHER

The Elizabeth Square Development project is a Public-Private Partnership between Housing Opportunities Commission (HOC) and Lee Development Group. The proposed plan to redevelop the existing Elizabeth House, a senior Public Housing property, and a substantial renovation of Alexander House Apartments, a mixed-income multifamily property, in downtown Silver Spring. At full completion of the redevelopment, Elizabeth Square Development will provide for a combined 326 moderate price dwelling units (MPDU), Work Force Housing Units (WFHU), and other affordable housing units out of a total 846 units, with the inclusions of the new aquatic and recreational facility within the footprint of the larger construction. Housing costs are not a part of this project.

FISCAL NOTE

The County's contribution will pay for the design of the recreation and aquatic center facility, tenant fit-out, furniture, fixtures, and equipment for the new facility, and staff time during design and construction. FY17 Supplemental appropriation of \$3,800,000 was approved for this project. FY19 supplemental appropriation of \$17,016,000. In FY19, received transfer of \$500,000 in GO Bonds from North Potomac Community Recreation Center, P720102. In FY19, received transfer of \$170,000 in GO Bonds from Western County Outdoor Pool Renovation and Modernization, P721501.

DISCLOSURES

A pedestrian impact analysis will be performed during design or is in progress.

COORDINATION

Housing Opportunity Commission, Silver Spring Regional Services Center, Department of Permitting Services, Department of General Services, Department of Recreation, Department of Technology Services, M-NCPPC, WSSC, Pepco, Special Capital Projects Legislation Bill No. 18-17 was adopted by Council June 29, 2017.