



MONTGOMERY COUNTY DEPARTMENT OF PARKS
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

MEMORANDUM

MCPB Date: 1/18/2007
Agenda Item # 6

DATE: January 12, 2006

TO: Montgomery County Planning Board

VIA: Bruce Crawford, Executive Director, M-NCPPC ^{RBC}
Mary Bradford, Director of Parks *MB*

FROM: Michael F. Riley, Chief, Park Development Division *MR*

SUBJECT: SilverPlace: Ranking of Proposals

RECOMMENDATIONS:

- A. Approve the ranking of the respondents to the Request for Proposals for SilverPlace as follows:
- 1) SilverPlace, LLC (The Bozutto Group, Spaulding & Slye, Harrison Development)
 - 2) SilverPlace Joint-Venture, LLC (The Donohoe Companies, Otis Warren & Company, MCF Investment Company)
 - 3) PN Hoffman and Stonebridge Associates
- B. Approve commencement of negotiations with the top ranked development team to draft agreements to establish a public / private partnership to develop the SilverPlace project. Execution of agreements will be subject to future Planning Board review and approval.

EXECUTIVE SUMMARY:

Through a public / private partnership, the Commission seeks to leverage the value of its property at 8787 Georgia Avenue to build a new headquarters building while facilitating mixed-use development with significant workforce and affordable housing. To this end, the Commission solicited proposals from development teams to plan, design, and construct a mixed-use project in downtown Silver Spring, referenced as the "SilverPlace" project. A Request for Qualifications (RFQ) was issued that was widely advertised and distributed. Three of seven development teams that responded to the RFQ were deemed superior and asked to respond to a Request for Proposals. An evaluation committee

assisted by advisors reviewed the three proposals. The committee unanimously ranked the proposals as recommended above. The Executive Director of the Commission reviewed and endorsed the recommendations of the committee.

The proposal from SilverPlace, LLC (The Bozutto Group, Spaulding & Slye, Harrison Development) was ranked highest for the following primary reasons:

- They were deemed the strongest overall development team.
- They were ranked highest for exemplary urban design including an architectural concept of a “signature” headquarters building and related open space.
- Their financial plan offers the lowest cost to the Commission by effectively leveraging the land value of the MRO site to reduce the cost of the headquarters building.
- Their financial plan does not require a cash subsidy to fund private development in order to meet residential affordability requirements.
- It provides the most residential units while providing an ideal mix and integration of for rent / for sale housing and market rate/ affordable / workforce housing.
- The parking plan provides the most new parking spaces and the best parking provisions to meet the concerns and requirements of the Parking Lot District.
- The integration of retail in relation to headquarters and residential was deemed superior.

The evaluation committee unanimously ranked the proposal from SilverPlace Joint Venture 2nd and the proposal from PN Hoffman / Stonebridge Associates 3rd. In the event that negotiations with the top ranked firm, SilverPlace, LLC, are unsuccessful within an appropriate timeframe, the Commission can commence negotiations with the next ranked firm.

PROJECT BACKGROUND & JUSTIFICATION:

In 1998, the Commission acquired the surface parking lot adjacent to the Montgomery Regional Office (MRO) at 8787 Georgia Avenue from the County in a land swap for the former Silver Spring Armory site. Since then, several studies looked at the concept of the Commission leveraging the value of the MRO site as a catalyst for obtaining a new headquarters building while also supporting other public policy objectives including affordable housing and urban revitalization. In 2003, the Planning Board reviewed a study titled “Consolidated Headquarters Study” that was the primary impetus for the SilverPlace project. This study:

- 1) justified the need for a new headquarters building for the Department of Park and Planning;
- 2) established the Silver Spring Central Business district as the location of the new headquarters;
- 3) established 120,000 square feet as the preliminary headquarters space need;

- 4) determined that a public / private partnership allowing mixed-use development of the MRO site was the optimal method to meet the Commission's objectives;
- 5) determined that a minimum 30% affordable / workforce housing would be a requirement for the residential development;
- 6) framed the Board's planning principles to help guide development of SilverPlace; and
- 7) included a community outreach effort to keep the greater Silver Spring civic and business communities abreast of the emerging project and solicited ideas for mixed-use development on the MRO site.

Through the CIP process, the Board requested funding to take the project through selection of a development team and conceptual design of the headquarters component. In December 2003, the Montgomery County Council appropriated \$250,000 to the SilverPlace project, and subsequently approved an additional appropriation of \$600,000 in July 2004. Through a competitive process, ZHA, Inc., was retained as "development advisor" in July 2004 to advise and support the Commission on the unique aspects of this public / private partnership.

A Request for Qualifications (RFQ) for SilverPlace was issued in October 2005 that was widely advertised and distributed. In February 2006, a multi-agency evaluation panel determined that three of seven development teams that responded to the RFQ were superior. The three teams were publicly announced at a project briefing with the Planning Board. A Request for Proposals (RFP) was issued to the three finalist firms in June 2006. Due to concerns from the firms regarding the financial viability of the private component of the project as outlined in the RFP, the Commission revised and re-issued the RFP in August 2006. The primary change to the RFP was the inclusion of language to recognize that a public subsidy might be required to make the private components of project work given various required impositions; and that options to provide the subsidy should be specified if a subsidy was required. All three firms submitted responses to the RFP on October 13, 2006. See Attachments 1, 2, and 3 for highlights of each proposal, excluding confidential portions. Each proposal was required to be submitted in three parts as follows:

- Part 1: Development Proposal and Conceptual Design
- Part 2: Financing Strategy and Costs
- Part 3: Relevant Experience and Qualifications of Project Team

SELECTION PROCESS:

A multi-agency evaluation committee was established to review the proposals. The panel was assisted in its review and deliberations by non-voting advisors. The evaluation committee initially convened October 18 - 20, 2006. Each of the development teams made a presentation of Part 1 (design concept) to the Planning Board in open session on October 26, 2006, with the evaluation committee present. The committee reconvened on October 30, 2006 to assess the public presentations and determine additional questions

that needed answers. ZHA and the Commission's Secretary-Treasurer, in conjunction with the Commission's bond counsel and financial advisor carefully reviewed the Part 2 (confidential financial) aspects of the proposals. A comparative analysis of the Part 2 submissions was presented to the committee on November 28th. On November 29th, the committee conducted interviews with each of the three firms. The committee concluded its deliberations on November 30, 2006 with a unanimous recommendation. The Executive Director of the Commission endorsed the evaluation committee's recommendation on December 21, 2006, with certain reservations with each proposal that will have to be addressed through negotiation. The Planning Board was briefed on the proposals in closed sessions in December 2006 and January 2007.

FUTURE STEPS AND SCHEDULE:

If the Planning Board approves the staff recommendation, the anticipated future project tasks and timeline is as follows. It is important to note that the project is in a conceptual stage and that the design will likely change through regulatory review and budgetary review. There will be considerable opportunity for public input at public meetings and public hearings hosted by the Planning Board and County Council.

- January - March 2007: Initial agreement negotiated and executed with selected developer. Commission finalizes Program of Requirements for headquarters building.
- March - April 2007: Commission seeks and obtains supplemental appropriation from County Council to fund schematic design of headquarters building. Includes introduction, public hearing, PHED committee vote, and County Council vote. Development team commences schematic design of project.
- April 2007 - Developer and Commission staff host public meetings with project stakeholders including adjacent residents and business community to obtain feedback on design concept for consideration in design phase.
- April 2007 - September 2007: Schematic design of headquarters is completed. Project plan, preliminary plan of subdivision, and site plan, are submitted to Planning Board with associated public hearings. General Development Agreement is negotiated with development team.
- September - October 2007: Commission seeks and obtains supplemental appropriation from County Council to fund completion of design and construction of Headquarters Building. Includes introduction, public hearing, PHED committee vote, and County Council vote. General Development Agreement is executed. Developer commences design development, construction documents, and building permits.
- November 2007 - September 2008: Development firm completes design development and construction documents; obtains building permits and regulatory

approvals; and solicits bids for construction of headquarters building. Design and approvals for residential and retail development continue to May 2009.

- October 2008: Ground breaking for headquarters building.
- June 2009: Ground breaking for residential and retail development.
- April 2010: Occupancy of headquarters building.
- August 2010 - November 2011: Occupancy of residential and retail development.

See Attachment 4; "SilverPlace: Past and Projected Timeline" for a summary of project history, public participation, and approval processes.

CONCLUSION:

Staff recommends that the proposals be ranked as recommended, with the development team of SilverPlace, LLC (The Bozutto Group, Spaulding & Slye, Harrison Development) being the top ranked team. Staff requests approval to commence negotiations with SilverPlace, LLC to enter into an initial agreement to develop the SilverPlace project. In the event these negotiations are unsuccessful, staff recommends the Board reserve the right to opt to negotiate with the 2nd ranked firm, SilverPlace Joint-Venture, LLC (The Donohoe Companies, Otis Warren & Company, MCF Investment Company) to develop the SilverPlace project.

MFR:mr

cc: Patricia Colihan Barney, Secretary Treasurer
Mary Bradford, Director of Parks
Faroll Hamer, Acting Planning Director
Carol Rubin, Associate General Counsel

Attachment 1:	Proposal Highlights – SilverPlace Joint Venture
Attachment 2:	Proposal Highlights – SilverPlace, LLC
Attachment 3:	Proposal Highlights – Hoffman / Stonebridge
Attachment 4:	SilverPlace - Past and Projected Project Timeline

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Attachment 1

Proposal Highlights - SilverPlace Joint Venture

<i>Team Composition</i>		
<i>Developer</i>	<i>Architect</i>	<i>Planner / Landscape Architect</i>
A joint venture of Donohoe Development, Otis Warren Group, and MCF Investment Corporation	WDG Architecture	Parker Rodriguez

Conceptual Design Highlights:

- 6 story headquarters building on Spring Street
- 212 residential units – all rental
- 35%, or 74 are affordable / workforce
- Residential buildings are 5 to 6 stories with 8 stories at Georgia Ave
- 8,000 SF Retail on Georgia Ave, including non-profit space
- Primary open space is radiating gardens, curving bridge, and hardscape plaza
- Planning Place is connected to Spring Street
- Residential / retail parking is provided by 195 space underground garage and G-2
- M-NCPPC parking provided by 66 space underground structure and G-2
- Proposed Schedule – headquarters completed by September 2009; residential / retail by May 2011

Attachment 2

Proposal Highlights - SilverPlace, LLC

<i>Team Composition</i>		
<i>Developer</i>	<i>Architect</i>	<i>Planner / Landscape Architect</i>
A joint venture of the Bozzuto Group, Spaulding & Slye Investments, and Harrison Development	Headquarters: Smith Group Residential: Torti Gallas and Partners	Torti Gallas and Partners

Conceptual Design Highlights:

- Headquarters building is 9 story office tower with 3 story auditorium on Spring Street
- 358 Residential Units – 267 for rent / 91 for sale
- 30% or 108 are affordable / workforce
- Residential buildings are 4 to 5 stories on top of retail; Georgia Ave frontage is 8 stories on top of retail
- 47,000 SF Retail, including grocery store
- Primary open space is “Planning Place Plaza”, a hardscaped urban open space w/ water feature and improvements to Fairview Park
- Planning Place is connected to Spring Street
- A Phase II includes a 150,000 SF speculative office building & 225 parking spaces on top of G-2, and extended Fenton Street
- Residential / retail parking is provided by private 564 space underground garage
- M-NCPPC parking provided by 199 space, two story garage addition, plus G-2 surplus
- Proposed Schedule – headquarters completed by December 2009; residential / retail by July 2011.

Attachment 3

Proposal Highlights - PN Hoffman / Stonebridge

<i>Team Composition</i>		
<i>Developer</i>	<i>Architect</i>	<i>Planner / Landscape Architect</i>
A joint venture of PN Hoffman and Stonebridge Associates	Headquarters: Koetter Kim Residential: SK&I	Parker Rodriguez

Conceptual Design Highlights:

- 13 story headquarters building is located at 8711 Georgia Ave
- 333 residential units – 232 for sale / 101 for rent
- 35%, or 117 are workforce / affordable
- 20,000 SF Retail on Georgia Ave, including grocery store
- Residential buildings include two story townhouses along Spring Street, stepping up to six story condominiums directly behind townhouses, rental units are 4 stories
- 150,000 SF office building w/ retail on Georgia is 90 feet tall
- Parking Lot #2 remains and provides connection to Spring Street
- M-NCPPC parking is provided by 245 space underground garage and G-2
- Residential / retail / office parking is provided by 381 private underground spaces and G-2
- Open space is urban plaza at 8711 Georgia, Fenton Street extended, and residential courtyards
- Proposed Schedule – headquarters completed by May 2010 (option for late 2009 w/ mandatory referral); residential / retail / office by February 2013

budget information for the Silver Place project. This study was funded by \$150,000 in the operating budget. Study presented to Planning Board and County Council.

- December 2003 – Initial CIP funding of \$250,000 for SilverPlace appropriated to FY 04 capital budget as a supplemental appropriation to the FY 03 – 08 CIP. Required Planning Board and Council public hearings and approval.
- July 2004 – Additional CIP appropriation of \$600,000 in FY 05 with approval of FY 05-10 CIP. Required Planning Board and Council public hearings and approval.
 - \$850,000 project budget was to fund project through developer selection and schematic design of headquarters building.
- July 2004 – Retained ZHA, Inc. as project advisor.
- September 2004 - A meeting was convened with commercial property owners in proximity to the MRO site to discuss: the status of the project; the process to select a Development Team; and the interrelationship between their long range plans with the SilverPlace project.
- October 2005 – Issued Request for Qualifications (RFQ)
- October 2005 – Planning Board briefed on project status during review of FY 07-12 CIP.
- December 2005 – Responses to the RFQ received.
- January 2006 - The Greater Silver Spring Chamber of Commerce invited planning staff to present a status report on SilverPlace including the developer selection process.
- March 2006 – Selected three finalist development teams; Project status briefing to Planning Board at March 9th meeting.
- March 2006 – During Council review of the FY 2007-2012 CIP, a motion is made to reconsider Rockville as the location for the Park & Planning Headquarters. The motion is subsequently withdrawn after Commission provides justification for Silver Spring location and considerable Council deliberation.
- June 2006 – Request for Proposals issued to three finalist teams
- July 2006 – One finalist indicates it will not respond to the RFP as issued citing that their vision can not be accomplished within the existing parameters of the RFP.

Attachment 4

Silver Place – Past and Projected Timeline As of January 12, 2007

Completed Activities

- December 1998 – “Silver Spring Joint Development” document prepared by Community Based Planning Division
 - In 1998, the Commission acquired the surface parking lot adjacent to the Montgomery Regional Office (MRO) at 8787 Georgia Avenue from the County in a land swap for the former Silver Spring Armory site. This study developed a series of development alternatives for the MRO site including a renovated / expanded MRO, space for a Department of Permitting Services satellite office and the Silver Spring Redevelopment Office, residential development of the surface parking lot, and a public library.
- August 2000 – “MRO Location Assessment and Space Study” prepared by Strategic Planning Division and Community Based Planning Division
 - This study documented space shortages and building deficiencies in the MRO building; justified the consolidation of staff from MRO and Parkside into one Headquarters; established 100,000 GSF as a preliminary space target; and recommended that the Headquarters be in Silver Spring or Wheaton after review of sites at the Twinbrook and Shady Grove Metro areas. Study presented to Planning Board and County Council.
- October – November 2002 - As part of the Consolidated Headquarters Study, six community meetings were convened with the civic and business communities in Silver Spring and Wheaton to discuss the preliminary concept plans for the MRO and Wheaton Metro sites. Civic associations surrounding MRO and Parkside were briefed along with those from Wheaton. Silver Spring Community Associations included Woodside, Woodside Park, Woodside Station, North Hills of Sligo, Woodside Forest, and the Silver Spring Citizens Advisory Board. The Greater Silver Spring Chamber of Commerce, the Wheaton-Kensington Chamber of Commerce, and representatives from the Urban Districts of the two areas were also included.
- September 2003 – Consolidated Headquarters Study prepared by Strategic Planning and retained architectural consultants
 - This study confirmed the need for a new consolidated headquarters to include staff from MRO, Parkside, and leased space on Spring Street; studied multiple configurations for development of the MRO and Wheaton sites, identified the Silver Spring CBD as the preferred location, increased space need to 120,000 GSF, and established preliminary and schedule

- July 2006 – Project Team meets with three finalists to listen to concerns with RFP. After discussion with Executive Director, a decision is made to revise and re-issue the RFP allowing the declaration of public subsidy in the response, if needed to make the project viable.
- August 2006 – RFP is revised and reissued.
- October 13, 2006 – Three proposals received.
- October 26, 2006 – Public presentation of proposals by 3 finalist teams to Planning Board and Evaluation Committee.
- November 30, 2006 – Evaluation Committee completed review and ranking of the three proposals.
- December 7 and 19, 2006 – Planning Board received staff analysis and briefing on three proposals in closed session.
- December 21, 2006 – Planning Board received recommendation from Acting Executive Director in closed session.
- January 11, 2007 – Planning Board receives answers from staff to questions raised at prior briefings in closed session.

Projected Future Activities

- January 18, 2007 – Open session vote on ranking of proposals by Planning Board.
- January - March 2007: Initial agreement negotiated and executed with selected developer. Commission finalizes Program of Requirements for headquarters building.
- March - April 2007: Commission seeks and obtains supplemental appropriation from County Council to fund schematic design of headquarters building. Includes introduction, public hearing, PHED committee vote, and County Council vote. Development team commences schematic design of project.
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