



## MEMORANDUM

February 24, 2006

TO: Montgomery County Planning Board

VIA: William Mooney, Project Director  
Acting Deputy Director and Partnerships ManagerFROM: SilverPlace Staff Advisory Team

Melissa Cuñha Banach, Chief, Strategic Planning

Patti Barney, Secretary-Treasurer

John Carter, Chief, Community Based Planning

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Carol Rubin, Office of the General Counsel

Project Development Advisor

Donald Zuchelli, ZHA President

SUBJECT: **SilverPlace: Headquarters and Mixed Use Project***A Public-Private Partnership providing Mixed-Use Development, Affordable Housing, Public Open Space, and a New Headquarters for Park and Planning in the Heart of Silver Spring*Status and Future Direction of Developer Selection Process,  
Reaffirmation of Planning Board Goals for Headquarters  
Consolidation and MRO Site Redevelopment, Timeline and  
Funding Approach

RECOMMENDATION: Discussion

## OVERVIEW

The Planning Board will be briefed on the process for developer selection, including: a) what has been accomplished to date, which includes the announcement of the Finalist Development Teams selected by the Evaluation Committee to move forward to the RFP process; and b) details of the steps to complete that process and the future direction of the developer selection process.

## **I. STATUS AND FUTURE DIRECTION OF DEVELOPER SELECTION PROCESS**

### **A. Process for Developer Selection**

During the past seven months, staff and the Project Development Advisor moved the Developer Selection Process forward by preparing both the RFQ and RFP (Request for Qualifications/ Request for Proposals). The documents were aligned with project goals, objectives, guiding principles, and program requirements that emerged throughout the early planning phases for SilverPlace.

In response to the RFQ, multiple Development Teams submitted qualifications and project approaches. These submittals have been comprehensively reviewed by an interdepartmental Evaluation Committee. The Committee also interviewed each of the Teams. Using detailed scoring criteria and subject to completed reference checks, three Development Teams were selected to move forward to the RFP process.

*The Commission will notify and announce the Finalist Development Teams on March 9, 2005 during an Open Session meeting of the Planning Board.*

The RFP document will contain detailed project requirements to guide finalist preparation of design concepts and financial proposals. It is anticipated that the RFP document will be given to the Finalist Development Teams before March 15, 2006. After a thorough evaluation of the responses to the RFP, including presentations of non-proprietary portions of the responses to the Evaluation Committee that will be open to the public, the Committee will rank the Development Teams first, second, and third. The Commission will enter into an agreement with the top-ranked Development Team for the right to negotiate further agreements associated with development management, programming, design, development, and construction of the SilverPlace Project.

The Commission intends to hold as much of the Developer Selection Process open to public view as possible and as appropriate. It is anticipated that the recommended ordering of the Development Teams will be determined by July 31, 2006. If acceptable agreements are not reached with the first Development Team, the Commission will then work with the second ranked Development Team and so on.

### **B. Accomplished To Date**

The RFQ was coordinated, finalized, advertised and mailed in October, 2005. The Commission held a well attended mandatory Pre-Submittal Conference on November 9, 2005 when an overview of the Project was given, and questions from prospective Developer representatives and Team members were answered. Written answers were also mailed in response to questions taken at the Pre-Submittal Conference and to those submitted after the Conference.

An interdepartmental RFQ Evaluation Committee was formed for both the RFQ and RFP portions of the Development Team Selection Process.

The Committee includes:

- Three voting members representing the County Executive Administration from DHCA, DPW&T, and the Silver Spring Regional Center.
- Five voting members representing the Commission staff.

The Project Advisor, ZHA, Inc., and other Commission personnel were present as technical assistants; able to comment but without a vote. The Office of the General Counsel was also represented.

The original November 30, 2005 submittal deadline was extended to December 20, 2005 to assure adequate response time from interested Developer Teams. Multiple submissions were received.

The interviews were held at Discovery Communications Headquarters. The Evaluation Committee convened a total of four work sessions, including interviews with each Team. A minimum of one hour was devoted to each interview with introductions; presentations by the Teams; selected questions that were the same for each Team; selected questions that were specific for each Team; opportunities for discussion with the Evaluation Committee; and closing remarks by each of the Teams.

The Evaluation Committee used the scoring criteria contained in the RFQ. Voting members assigned points to each of the Teams and the totals were compiled to complete the ranking. The scoring criteria is included in Section 4.0 of the RFQ document and is attached to this report as **Exhibit #1**.

A majority of the submittals were responsive to the objectives and criteria included in the RFQ. The unique opportunities potentially available to the Commission and the County were recognized in the submittals and throughout the interviews, as follows:

- All Development Teams stressed the "gateway impact" of the MRO Site and the need for a demonstrative design solution.
- All Development Teams acknowledged the expectation for high quality design, financing affordability of the proposed housing mix, and the role of an exemplary open space as a coordinating element of SilverPlace.
- A number of the Teams discussed their preliminary vision, even stating options for inserting specialized retailing in the mixed-use formula, for the Project.

- Some Development Teams stressed that the MRO Site was critical to Silver Spring's continued redevelopment/reinvestment and the need to provide linkages and connections, currently not existing, with surrounding properties.
- Several Development Teams were intrigued by the ability to consider "off-site" downtown locations for the M-NCPPC Headquarters Building and several specific locations were identified.
- Several Development Teams thought the redevelopment of the County's Parking Garage #2 could be a viable undertaking, increasing the value of the MRO site and its importance to the continuing redevelopment of Silver Spring.
- Most Development Teams recognized the value of "mixed-use synergy" to promote the Commission's identity as a nationally recognized park and planning agency.
- Most Development Teams acknowledged the constraints of the MRO Site for the mixed use Project, while also emphasizing the inherent opportunities for the Project to transform the constraints into assets.

The selected Development Teams all demonstrated three major attributes which distinguished them from other Teams: 1) Team Competency and Qualifications; 2) Team Experience with Comparable Public/ Private and Mixed-Use Projects; and 3) Team Creativity and Visionary Approach

After careful deliberation by the Evaluation Committee, a unanimous Committee vote was achieved to invite three of the Development Teams to participate in the RFP process.

The Finalist Development Teams, consisting of the required development entity, "The Developer" and the associated professional participants, "the Team" members, represent the best and most qualified Teams of those who submitted and were interviewed as determined by the Evaluation Committee.

All aspects of the Commission's RFQ Selection Process will remain confidential, pending the formal notification and announcement on March 9, 2006.

### **C. Future Direction of the Developer Selection Process**

The Request for Proposals (RFP) document is almost complete. It is anticipated that the document will be given to the Finalist Development Teams by March 15, 2006. The RFP process will allow approximately three months for the Development Teams to prepare detailed responses.

The Commission intends to hold as much of the Developer Selection Process open to public view as possible. The Development Teams will each have an opportunity to present their responses to the RFP and the Evaluation Committee. Presentations will be in Open Session to which the public is invited. The public will be reminded, however, that certain information that will be considered by the Evaluation Committee will not be available in the public domain—such information would include: 1) financial information about the team members, 2) projected detailed dates and timelines, and 3) any other information that the Development Teams consider proprietary.

The Evaluation Committee will rank the Development Teams first, second, and third. The Commission will enter into an agreement with the top-ranked Development Team for the right to negotiate further agreements associated with development management, programming, design, development and construction of the SilverPlace Project. The ranking system provides flexibility to leave selection options open if negotiations with one Development Team do not conclude favorably.

The RFP is centered on the selection of a Recommended Development Team, not a Project. The RFP process will conclude with the Evaluation Committee presenting the rankings of the Recommended Development Team to the Planning Board and requesting approval by the Board to advance to the next stage of the Project involving the initiation of detailed planning and design.

The Timeline for SilverPlace is included in **Exhibit #2** of this report.

## **II. REAFFIRMATION OF PLANNING BOARD GOALS FOR HEADQUARTERS CONSOLIDATION AND MRO SITE REDEVELOPMENT**

Staff will provide a summary of the guiding principles, goals, objectives, and overall project requirements provided by the Commission throughout the planning phase for SilverPlace. Staff will seek Planning Board reaffirmation that staff's understanding of the Project and direction is consistent with the Commission's goals and overall objectives for the Project, and assure that the Evaluation Committee has clear direction.

### **A. Guiding Principles**

#### *1. Conformance to Commission Enabling Legislation*

Development Team proposals must conform to the Commission's by-laws (Article 28) as related to private development on the MRO site. To assure compliance, the Commission's Office of the General Counsel will review Development Team's development and financing strategy.

## *2. Alternate Headquarter Locations in the Silver Spring CBD*

Development Team proposals can consider alternate locations in the Silver Spring CBD if they meet two conditions: 1) the Residential component must be located on the MRO site, and 2) any alternate CBD site for the Headquarters must be evaluated as superior with regard to design concepts, financial proposals, and achieving the overall goals and objectives of the Commission for the MRO site.

## *3. Relationship of County-Owned Land/ Facility to SilverPlace*

Development Team proposals will creatively examine a range of design possibilities that positively relates or integrates the County Parking Garage #2 and nearby County property into the final design solution for the Project.

## *4. Competitive Design Competition*

Development Team proposals will be subject to a competitive design competition. Competitive design will spark a high degree of creativity and help to identify the "best of the best" among the design solutions.

## *5. MFD Equity Participation*

Development Team proposals will reflect the Commission's dedication to obtain significant MFD involvement in the Project. Proposals will satisfy the requirement for 25% MFD participation in all pre-construction and construction phases of the Project.

Additionally, a significant level of MFD Equity participation will be strongly encouraged. One of the factors that will be considered in the evaluation of the selected Development Team is whether, and at what level, the equity ownership structure of the Developer includes MFD Participation. For purposes of this provision, a MFD business enterprise shall have the meaning ascribed to that phrase in Commission policy 4-10.

## *6. Grants and Foundation Funding*

Development Team proposals will identify potential grant and foundation funding sources for all aspects of the Project, including but not limited to: green design; energy conservation; affordable/ workforce housing; joint public/ private development; revitalization; urban public spaces; public information technologies; transportation management; and green educational opportunities.

Development Team proposals will present a well-articulated strategy to secure grant and foundation funding. The Department has identified more than 100 grant sources potentially applicable to SilverPlace. These potential funding sources will be shared with the Finalist Development Teams.

## **B. Goals and Objectives**

The following goals articulate what the Commission seeks to achieve as a result of the Project. Proposals must be responsive to these goals. Development Team proposals must clearly describe how these goals are satisfied. The Development Team selected to implement this Project must establish a Development Program and financing structure that provides a balance among financial and non-financial objectives. These Project goals are listed in the solicitation documents (under Section 1.4 in the RFQ):

1. Develop for the Commission a Headquarters Facility of approximately 120,000 gross square feet (gsf). The Headquarters Facility may be proposed at the Commission-owned 3.24-acre site or, under conditions specified herein, at an alternate site located in Downtown Silver Spring. The Headquarters Facility must be owned (or ultimately owned) by the Commission.
2. Through quality, appearance, and symbolism design a facility that supports, facilitates, projects, and enhances the Commission's function and image as a Countywide-planning agency committed to environmental protection and quality-of-life enhancements for the residents of Montgomery County.
3. Develop a Headquarters Facility that meets or exceeds LEED Silver Certification standards.
4. Develop the Headquarters Facility and Project to include Park and Open Space components reflective and supportive of the Commission's mission.
5. Develop a Residential project on the Commission-owned MRO Site that contains a minimum of 30 percent affordable units as defined in the RFQ and RFP.
6. Develop a Residential project that meets or exceeds LEED Certified standards.
7. Design a Project that is physically and functionally compatible and integrated with the immediate neighborhood and Downtown Silver Spring.

8. Leverage the MRO Site and the Headquarters build-to-suit contract to structure a joint development agreement that is advantageous to the Commission's financial position.
9. Ensure that the Project effectively addresses functional issues related to the space program, transportation management, vehicular and pedestrian circulation, safety, and parking.
10. Design and construct an exemplary public resource for Montgomery County.

### **III. Timeline and Funding Approach**

#### **A. Timeline Summary (Exhibit #2)**

Project Staff updated the Timeline in December 2005 to reflect refinement needed to respond to the complexity of a large mixed-use public/private development.

Since staff last reported, the Project Timeline has been extended by five months to reflect additional time needed to: 1) prepare concurrent RFQ and RFP documents; 2) develop the MFD Equity and MFD Participation requirements; 3) prepare the design competition requirements; 4) clarify how County-owned property will be integrated into the mixed-use project; 5) develop the preliminary program for the affordable/workforce/market rate housing component, and 6) extension of the RFQ deadline for developer team submittals.

#### **B. Funding Approach**

The Secretary-Treasurer continues to recommend the use of tax-exempt certificates of participation (COPs) as the major funding source for the project unless another more favorable approach is identified through work with the Development Team and the Commission Bond Counsel approves the approach. The debt service on the COPs is proposed to be paid by rent payments from the Administration and Park Funds based on space utilization.

Planning Department staff plan to use the current approved funding sources of \$850,000 along with \$330,000 of developer contributions to fund work through the spring of 2007. It is important to note that the developer must agree to a non-refundable contribution in the event that the project is not approved. Based on the projected timing of the contractual commitments, the Secretary-Treasurer will recommend whether the full project appropriation is necessary with COPs as the funding source, or if an appropriation for soft costs could be proposed with Park and Planning current receipts as the source followed by a subsequent appropriation for the remaining project costs.



Based on preliminary project cost estimates, the amount of debt to be issued for the building appears to fit within the 10% debt ratio limit. The projected ratio assumes the Commission would continue to issue Park Bonds and Capital Equipment debt in amounts similar to previous years. The ratio was calculated by taking projected debt service as a percentage of projected General Fund Expenditures.

There are approximately \$1 million of Park Bonds outstanding on the Parkside Building, and \$.7 million on the existing MRO Building. Depending on the subsequent use of Parkside and the location of the new building, the outstanding debt may need to be paid off and funded through the project. The preliminary cost estimates included payment of the debt.

EVALUATION SCORING CRITERIA

Major Category	Components	Points (100 Point Basis)
<p><b>1. Experience and Qualifications of the Development Firm / The Developer</b></p>	<p><u>Development Firm</u>                      A. Offeror/ Firm and Principal In Charge                      B. Key Personnel, include Project/ Contract Manager for the entire project                      C. Experience with Similar Projects                      D. Overall Experience</p>	<p><b>40</b></p>
<p><b>2. Experience and Qualifications of the Development Team (excluding the Development Firm) and Team Personnel</b></p>	<p><u>Associated Team Members</u>                      A. Architect/ Engineer Entity                      B. LEED Entity                      C. Residential Project Entities including Affordable Housing Expertise                      D. Completeness and Capabilities of Other Entities                      E. Experience Working Together                      (F.) Resumes and References</p>	<p><b>35</b></p>
<p><b>3. References</b></p>	<p>A. Financial Statement                      B. References                      Development Firm                      Principal In Charge/and                      Project Manager</p>	<p><b>10</b></p>
<p><b>4. Additional Development Firm and Team Responses to Qualifications Requests</b></p>	<p>A. Summary Response                      B. Response to Project Requirements                      C. Response to MFD Equity Participation                      D. Response to Subcontracting participation of Firms with Principal Ownership as Minority, Female, and Disadvantaged Persons                      E. Conformance to Procurement Requirements</p>	<p><b>15</b></p>

## SilverPlace Headquarters and Mixed Use Project

### TIMELINE

<p><b>August</b>                      <b>2000</b></p>	<p><b>Completed MRO Location Assessment and Space Study</b></p> <ul style="list-style-type: none"> <li>• Need Assessment for Consolidated Headquarters</li> <li>• Countywide Site Location Assessment (Five Sites)</li> <li>• Final Recommendation: Silver Spring and Wheaton Locations</li> <li>• Community Outreach</li> </ul>
<p><b>September</b>                      <b>2000</b>  <b>Thru</b>  <b>September</b>                      <b>2003</b></p>	<p><b>Completed Consolidated Headquarters Study Initiated Pre-Facility Planning</b></p> <p>Competitive bid and retained WDG Architects and Concord Partners, and BAE economists. Developed alternative design studies, preliminary space requirements and program, economic assessment profiles, funding and fiscal capacity alternatives and special studies.</p> <p style="padding-left: 40px;">Preliminary Space Analysis: MRO, Parkside, and Rental Space</p> <p style="padding-left: 40px;">Preliminary space requirements and needs</p> <ul style="list-style-type: none"> <li>• Six Alternative Site Design Concepts</li> <li>• Financial Proformas for six Development Options</li> <li>• Leasing and Facility Retention Analysis</li> <li>• Site Infrastructure Assessment</li> <li>• Adjacent Property Impact Analysis</li> <li>• Public Access and Transportation Needs and Requirements</li> <li>• Feasibility for Affordable/Workforce and Market Rate Housing</li> <li>• Cost-Benefit Analysis of Mixed Use Project to Silver Spring</li> <li>• Public Open Space Needs and Requirements</li> <li>• Green Building, Green Technology and Green Educational Program Exploration</li> <li>• Community Outreach</li> </ul>

<p><b>October 2003</b> <b>Thru</b> <b>February 2006</b></p>	<p><b>Continued Pre-Facility Planning</b></p> <p>Secured CIP funding to support work through the completion of Headquarters Schematic Design. Responded to complexity of large, mixed use Public/Private Partnership Project.</p> <ul style="list-style-type: none"> <li>• Competitive bid and retained Development Advisor- D. Zuchelli &amp; Team</li> <li>• Completed Scope of Services for Pre-Facility Planning</li> <li>• Completed Concurrent RFQ and RFP Documents</li> <li>• Developed Minority Participation Requirements</li> <li>• Developed Design Competition Requirements</li> <li>• Developed Project Requirements for Integration of County-owned Property into Mixed-Use Project</li> <li>• Developed Parameters for Affordable/Workforce Housing</li> <li>• Identified Performance Criteria for the Mixed Use Project</li> <li>• Issued RFQ Notification to more than 150 Interested Participants</li> <li>• Completed RFQ Evaluation with Interdepartmental Team</li> <li>• Selected Finalist Teams to Prepare RFP Responses</li> <li>• Community Outreach</li> </ul>
<p><b>March 2006</b> <b>Thru</b> <b>June 2006</b></p>	<p><b>Evaluate RFP Mixed-Use Concepts and Financials</b></p> <ul style="list-style-type: none"> <li>• Notify and Announce Selected Finalist Teams</li> <li>• Finalists Prepare Proposals</li> <li>• Negotiate Best and Final Offers</li> </ul>
<p><b>July 2006</b> <b>Thru</b> <b>March 2007</b></p>	<p><b>Select and Retain Development Team</b></p> <ul style="list-style-type: none"> <li>• Prepare and Execute Pre-Formation Agreement</li> <li>• Prepare Development Services Agreement and Execute Contracts for Initial Design</li> <li>• Prepare Final Headquarters Space Program</li> <li>• Prepare Headquarters Schematic Design</li> <li>• Identify funding requirements for Headquarters design development and construction</li> </ul>

		<ul style="list-style-type: none"> <li>• Prepare Master Development Plan for Mixed Use Project</li> <li>• Execute Development Services Agreement</li> <li>• <u>Request Supplemental Appropriation</u></li> <li>• Prepare and Execute General Development Agreement</li> </ul>
<b>Summer</b> <b>Fall</b>	<b>2007</b> <b>Thru</b> <b>2007</b>	<b>Initiate Design Development for Headquarters and All Mixed-Use Components</b> <ul style="list-style-type: none"> <li>• Complete Design Development</li> <li>• Complete Final Design</li> <li>• Approve Optional Method</li> <li>• Complete Contract Documents and Preliminary Plan</li> </ul>
<b>Winter</b>	<b>2007</b>	<b>Begin Headquarters Construction</b>
	<b>2009</b>	<b>Complete Headquarters Construction</b>  All components of the mixed-use Project: the Headquarters; the Housing; and the Public Open Spaces are expected to be completed concurrently.