




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

MCPB
October 4, 2018
Item 3

MEMORANDUM

TO: Montgomery County Planning Board and Parks Commission

VIA: Mike Riley, Director of Parks
Mitra Pedoeem, Deputy Director of Administration 
John Nissel, Deputy Director of Operations 

FROM: David Tobin, Community Partnerships Manager
Kristi Williams, Chief, Public Affairs and Community Partnerships Division
Michelle Grace, Assistant Chief, Facilities Management Division
Jim Poore, Chief, Facilities Management Division

RE: 1) **Public-Private Partnerships: Value Added to Montgomery Parks**
2) **Park Property Under Lease: Program Administration and Revenue**

On October 4, 2018 Montgomery Parks staff will provide the Board with a two-part presentation consisting of: 1) an overview and snapshots of some of our public-private partnerships and 2) the Property Management program and lease revenue.

1) Public-Private Partnerships

'Public-private partnerships can be excellent vehicles for the Commission to use to develop and enhance Montgomery Parks.'

Trish Heffelfinger, Director
Maryland Soccer Foundation
2003

Approximately 20 independent non-profit and small business groups are working to improve our parks and expand the services provided to the public on park land. Partnerships in Montgomery Parks consist of volunteerism-focused alliances with groups like RSVP, Marriott Corp, and various "friends groups" – which are managed by Volunteer Services within the Public Affairs and Community Partnerships (PACP) division – and long-term public-private partnerships managed by the Community Partnerships Manager in PACP. These include groups like GoApe, Soccerplex, Tennisplex, Potomac Horse Center, and Red Wiggler Community Farm.

Based on the Public Private Partnership Policy approved by the Planning Board in 2007 prospective public-private partners must meet the following before being considered for partnership with the Department:

- Is their **mission** generally consistent with the mission of the Department?
- Does the prospective partner offer **expertise and resources** unavailable to the Department that will further the Department's mission?
- Is there a **strategic or business plan** that supports the objectives of the prospective partner?
- Can the prospective partner enter into a long-term **legal agreement** with the Commission?
- Is the prospective partner in "**good standing**" with the State of Maryland?
- Is the prospective partner potentially "**value-added**" to the Department of Parks?

Each of our public-private partners is unique and came to be part of Montgomery Parks in very different ways. **Callithea Farm** in Potomac is a horse farm which provides affordable horse boarding services. It wasn't acquired because we chose to add another equestrian facility to our recreational programs. It was acquired as a **condition of the purchase** of this 100-acre parcel surrounded on 3 sides by national and M-NCPPC parkland AND because there was strong public support for protecting the horse farm from residential development. **Rickman Horse Farm/Great and Small** in Boyds includes a historic farm house, barns and offices came to us as a **land donation** from Bill Rickman Sr. with the condition that we provide a home to a therapeutic riding program. **Second Chance Wildlife Center** - which provides short term care and medical services to wildlife, primarily small birds and mammals, came to us at the request of the **County Council**. UK-based **GoApe** approached us **unsolicited** in 2010 looking to establish its first US based operation. **Potomac Horse Center** and the acreage surrounding it was purchased in 1993 for purposes of continuing to operate as a youth-based "introduction" to equestrian sport and recreation. It is also the site of a unique and acclaimed sustainable farming practices that enables them to rely solely on horse waste to fertilize their pastures. **Miracle Field** at South Germantown Recreational Park. Also located at South Germantown Recreational Park is the **King Farm Dairy MOOseum**. It is the only museum that provides young and old with a look at the history of dairy farming in Montgomery County. **The Hyattstown Mill Arts Project** at **Little Bennett Regional Park**. **The National Capital Trolley Museum** located at Northwest Branch Recreational Park. **Wheaton Park Stables** at Wheaton Regional Park and **Montgomery County Little League** at South Germantown Recreational Park where they are raising donations and grants and are significantly improving one of our ballfields with lights, bleachers, a scoreboard, fencing, and bullpens.

The essential elements of a successful public-private partnership are: **Mission compatibility, meeting the interests of both parties AND the public interest, trust, mutual support, and ongoing communication**. These qualities distinguish these groups from traditional tenants or vendors.

	Annual Budget	Staff (FTE)	Volunteers (FTE)
<u>Disabilities: Sports, Employment, Therapy</u>			
*Miracle League	\$40,000	0	50
*Red Wiggler Community Farm	\$550,000	14	
*Great and Small Therapeutic Riding	\$212,000	4	120
<u>Public Education</u>			
*Hyattstown Mill Arts Project	\$5,000	0	5
*King Barn Dairy Mooseum	\$40,000	0	30
*Trolley Museum	\$85,000	1	30
<u>Sports/Recreation: Equestrian, Soccer, Zip Line, Tennis</u>			
Callithea Farm Special Park	\$210,000	3	
*Meadowbrook Stables	\$1,500,000	20	15
Potomac Horse Center	\$1,200,000	30	
Wheaton Park Stables	\$365,000	5	10
*Maryland Soccer Foundation/Soccerplex	\$5,500,000	23	10
Go Ape at Lake Needwood	\$767,000	13	
*Jack Schore Tennis/Tennisplex	\$1,500,000	25	
<u>Wildlife</u>			
*Second Chance Wildlife Center	\$300,000	5	72
TOTALS	\$12,274,000	143	342
<u>Athletic Fields</u>			
*Georgetown University		Povich Field, Cabin John RP	
*Bethesda Community Baseball Club ("Big Train")		Povich Field	
*Maryland Community Baseball		Montgomery Blair HS	
*MC Little League		North Chevy Chase LP Field 2 and SGRP Field C	
		Lynnbrook	
*Bethesda Chevy Chase Baseball		LP	
		Falls Road LP	
*Non-profit corporation			

These public-private partners bring unique expertise and non-taxpayer funded resources to Montgomery Parks. They employ over 150 people, provide over \$12 million in services with PRIVATE funds, and utilize more than 350 volunteers. Furthermore, they contribute approximately \$350,000 in payments to the Department, derived from rent and/or maintenance payments (CAM) dictated by the terms of each unique legal agreement.

Whether non-profit or incorporated as an LLC or sole proprietorship all these partners demonstrate a passionate commitment to what they do. At the same time, we hold them to high standards of accessibility, safety, and innovation. We are fortunate to have them among our public offerings.

The success of our public-private partners often relies on the active support of the Department. The PACP Manager of Community Partnerships is the primary liaison between the partner and the Department and Commission. He is their advocate and sometime mentor and helps them navigate the “public process” – sometimes a challenging and frustrating experience. Whether it’s a matter of amending a legal agreement to accommodate growth or changing other agreement terms in reaction to market changes, or simply applying for a special permit – the Manager of Community Partnerships is usually the first stop on the road to progress. The partnership begins with a land lease or other legal agreement, but it only succeeds if we vigilantly support them in their work year after year.

We encourage all members of the Planning Board to visit our partners. They will be happy to show you around. They are proud of what they do, and appreciative of the fact that it is our partnership that makes it possible.

2) Park Property Under Lease: Program Administration and Revenue

The Property Management (PM) program, as part of the Facilities Management Division (FM), administers 130 leases for the use of Montgomery Parks property: rental homes, buildings, agricultural, telecommunications (cell towers, fiber optic), tennis bubbles, equestrian facilities, among others.

Revenue from PM leases (\$1.4 MIL) is used to pay for the PM administrative staff of 4 and covers approximately 2-3 maintenance staff and materials as expenses of the FM associated with maintaining leased properties.

The typical agreement is no longer limited to a ‘lease’ and the inventory now reflects a diverse range of leases, licenses, development agreements, permits, operating agreements, MOU’s, etc. Which type of legal agreement is guided by the nature of the arrangements and the use. Third party use of Park property such as the MD Soccer, or Meadowbrook, include a development agreement and a lease agreement. More recently, shared use agreements are on the increase such as the Blair High School’s use of the athletic fields at Blair Local Park or the collocation of the M-NCPPC and MCPS maintenance depots at the new facility in the Multi-Agency Service Park (MASP). All the legal agreements for use of Park property fall under the purview of the PM.

The PM also administers certain leases on behalf of the Enterprise Division. We are collecting the lease revenue (\$800,000) and managing the day-to-day tenant compliance and lease activities. The scope of lease oversight for private telecom leases and their applications for siting on Park property has significantly increased over the last 2 years due to changes in technology (5G) and the zoning code in Montgomery County (small cell). The PM receives reimbursement (chargeback) from the Enterprise budget to cover staff costs associated with the administration of telecom leases and Jack Schore Tennis and Miracle League agreements at the South Germantown Recreational Park.

20 years ago, there was no lease database and no official inventory of what Park property was under lease. There was no rent roll (rent receivable) and legal arrangements for use of Park property lacked best practices and standards. Therefore, tenants negotiated terms that were not sustainable such as receiving reduced rent in exchange for services (locking a park gate at night) or offering to perform maintenance in exchange for reduced or free rent.

In 2010, we briefed the Planning Board on 'Third Party Use of Park Property' which included specific examples of the quid pro quo arrangements and a review of the revenue against the expenditures. The presentation highlighted the need to focus our leasing program in a manner that recovers our costs wherever possible.

Also, in 2010 the Department closed 11 Park Activity Buildings (PAB), which were underutilized as permitted buildings and costs to maintain were significant. The Montgomery County Council recommended that Parks find private uses for the buildings and generate revenue. Since then 6 of the former PAB's are leased at market rate to private businesses.

The PM is also responsible for coordinating tenant maintenance needs and in many cases, the capital improvement needs. Work requests are generated from calls received from tenants via the 24/7 Tenant Service Line. Work requests are triaged for response by FM's skilled trades staff based on priority, scope, and area of responsibility (tenant's vs. landlord's). Much of the Park property reflects aged infrastructure so, the demand for maintenance and capital improvements often stems from wet basements, leaking roofs, excess energy consumption (due to lack of modern insulation), outdated bathrooms and kitchens, and pest control. Additionally, updated regulations have added to the complexity of the scope of work and costs in many cases such as Americans with Disabilities Act (ADA), Stormwater management (SWM), and Occupational Safety and Health Administration (OSHA).

Practice 6-50 guides us on the leasing of Park property and further provides that when costs are significant to make a structure habitable then, then it shall be razed. The PM manages the demolition program for the Department and has demolished approximately 10 structures each year since 2004. For reference, in 1994 there were over 70 Park rental homes and now there are 36.

The challenges impacting this work program today include:

- Ongoing budget strategies and reprioritization of funds puts limitations on new maintenance and repair funds for existing aged infrastructure.
- Extreme weather events causing diversion of resources.

- **Tightening regulations (OSHA, lead paint, pollution, stormwater, ADA, fire codes), construction plans and permits costs are rising dramatically.**
- **Telecom industry's changing plans – small cell, 5G.**
- **Water intrusion in old buildings (foundations, roofs, failed gutter systems).**
- **The maintenance and capital improvement work in our division (FM) has become more often 'cradle to grave' and one small repair leads to much bigger projects.**
- **Park properties are not always equal in market comparison due to their age, lack of public transportation, lack of modern appliances (basic kitchen, no dishwasher), scaled down amenities (no a/c, no laundry appliances or well and septic).**
- **Living and breathing inventory- growth in revenue is not keeping pace with the rising costs to sustain everything. Decisions about leased inventory must be carefully made on a case by case basis.**