



(Board Copy)
Washington Metropolitan Area Transit Authority
**METRO ELECTRONIC ACTION
DOCUMENT**

IDENTIFICATION			
MEAD ID:	99179	ACTION:	N/A
AWARD VALUE:	(Not yet awarded)	CONTRACT: (Proposed)	
FUND SOURCES: (View)		CONTRACTOR:	
LAST MODIFIED:	12/28/2005		

DESCRIPTION	
SUBJECT:	Approve a 180-day extension of the Silver Spring Master Development Agreement negotiation period
PURPOSE:	To obtain the approval of the Real Estate Committee and the WMATA Board of Directors for a 180-day extension of the Master Development Agreement negotiation period for the Silver Spring Joint Development project and authorization for staff to continue negotiations with Silver Spring Metro, LLC, the Selected Developer.

ORIGINATION					
INITIATOR			DEPARTMENTAL APPROVAL		
ELISA HILL on 12/08/2005			Approved by SALPEAS , PANAGIOTIS 12/27/2005		
PHONE:	202-962-1593	OFFICE:	LAND	DEPT:	Secretary and Chief of St

COORDINATION (ROUTING)		
OFFICE	NAME	ACTION/DATE
(1120)	BARTLETT, HAROLD	Approved 12/20/2005
LAND (7310)	MALASKY, GARY	Approved 12/20/2005
(4110)	SALPEAS, PANAGIOTIS	Approved 12/27/2005
COUN (1410)	O'KEEFFE, CAROL	Re-assigned 12/28/2005

FINAL APPROVALS	
OFFICE	NAME/ACTION
BEMR	Approved for by HAROLD BARTLETT on 12/20/2005
PLN_DEV_CMTE	Approved for by PANAGIOTIS SALPEAS on 12/27/2005
BEMR	Approved for by HAROLD BARTLETT on 01/03/2006
GM	Approved for GMGR by GMGR CEO on 01/09/2006
BOARD	BOARD WMATA (Not Yet Approved)



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NARRATIVE

On April 21, 2005 the WMATA Board of Directors approved revisions to the Term Sheet for the Silver Spring joint development project executed by WMATA and the Selected Developer, Silver Spring Metro, LLC, as of November 17, 2004. Under the revised terms, Silver Spring Metro, LLC is to construct a mixed-use project adjacent to the proposed Silver Spring Transit Center to be built by Montgomery County, Maryland.

The joint development project will consist of three phases: (1) a minimum of 120 condominium units to be built on a portion of the site to be sold; (2) a minimum of 176 condominium or rental apartment units to be built on a portion of the site to be sold (if used for condominiums) or leased (if used for rental apartments); and (3) a hotel consisting of a minimum of 150 rooms to be built on a portion of the site to be leased. In each phase, the purchaser or lessee, as the case may be, will be an entity to be established by the Selected Developer for the purpose of developing that phase.

Since the planning and development of the joint development project must be closely coordinated with the Silver Spring Transit Center, all of the terms of the Master Development Agreement (MDA) that govern the joint development project and the ancillary agreements related to it (e.g., the Purchase and Sale Agreement and the Phase Lease) cannot be fully negotiated until the concept plan for Transit Center has been developed to the point where the Authority is reasonably sure that the Transit Center and joint development functions can be completely integrated. Due to budget and design issues, the Transit Center concept plan has not yet been sufficiently developed. Joint development negotiations are progressing, and all of the stakeholders, WMATA, Montgomery County, Silver Spring Metro, LLC, and the State of Maryland, are working diligently with the Transit Center architect, Zimmer Gunsul Frasca Partnership, to resolve outstanding design issues and employ value engineering techniques to address budget issues.

The current negotiation period ends on January 20, 2006, and staff anticipates resolution of the design and budget issues affecting the MDA and completion of the necessary legal documents within 180 days of the current deadline i.e., July 20, 2006.

ALTERNATIVE:

Do not grant an extension. The designation of Silver Spring Metro, LLC as the Selected Developer of the site will be terminated, and the project will not proceed. This alternative is not recommended.

IMPACT ON FUNDING:

WMATA will receive proceeds from the sale and lease components of the project in accordance with the agreement. If the extension is not granted and the Selected Developer is terminated, there will be two adverse financial impacts:

First, the joint development site will have to be readvertised and a new developer will have to be selected. The result of this process is that revenues will be considerably delayed.

Second, because the Selected Developer has agreed to contribute to the cost of the Transit Center so that it can accommodate the adjacent joint development project, the Transit Center will have to be developed as a "stand-alone" facility, a design that will neither be able to support the joint development density proposed as part of the integrated Transit Center/joint development project, nor provide the revenue that would flow from a denser development.

AFFIRMATIVE ACTION REQUIREMENTS:

Not applicable.

RECOMMENDATION:

That the Real Estate Committee and the Board approve an extension of the Master Development Agreement negotiation period for the Silver Spring joint development site for 180 days from the current end of the MDA negotiation period, i.e., July 20, 2006, and authorize staff to continue negotiations with the Selected Developer.