

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 101035	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

New Carrollton Developer Selection

PURPOSE:

Request approval (1) of New Carrollton JV, LLC, a team led by Forest City Enterprises and Urban Atlantic ("Forest City/Urban"), as the selected developer pursuant to the New Carrollton station Request for Qualifications ("RFQ") solicitation, and (2) to execute a Memorandum of Understanding ("MOU") with New Carrollton JV, LLC.

DESCRIPTION:

This item supports the following strategic goals:

- 1) Deliver quality service by improving the station as a multi-modal transportation facility
- 2) Use every resource wisely by developing Metro's property to its highest and best use
- 3) Maintain and enhance Metro's image by creation of a Transit Oriented Development ("TOD")

On September 21, 2010, Metro and the State of Maryland issued a joint RFQ seeking a developer or team of developers to (1) create a conceptual development plan including integration of the proposed Purple Line and Metro's bus and station access needs, (2) obtain consensus on the development plan including Metro approval, and (3) negotiate agreement on valuation and transfer of development rights.

Five highly qualified groups responded to the RFQ solicitation. Those responding included Comstock Partners, Lerner Enterprises, a team led by Peebles Development LLC, a team led by Forest City Enterprises and Urban Atlantic, and The John Akridge Companies.

The selection team was composed of four members each from Metro and the State of Maryland. The unanimous choice as the New Carrollton selected developer was the team led by Forest City/Urban. The primary reasons for selection included

- Superior financial strength
- Experience in public/private, complex TOD projects

- Excellent experience in all property types
- Outstanding experience of team members

The MOU with the Forest City/Urban sets out the next steps to create and obtain consensus on a conceptual development plan. These include selection of a group of highly qualified consultants to assist in creation of the conceptual development plan. The plan would involve local stakeholders and address transit goals such as future bus needs and integrating the proposed Purple Line into the station. The MOU also contains a reimbursement provision as described below.

The RFQ included a provision for a new approach to funding the predevelopment planning of complex transit-oriented development proposals. In the case of New Carrollton, it is important to plan the entire site at the same time, yet the ultimate completed development could involve millions of square feet of which the first phase would be only a small part. The new approach described in the RFQ is intended to ensure this comprehensive approach, achieve a higher ultimate land value for Metro than the value resulting from past TOD projects, and more quickly yield a detailed joint development agreement. The cornerstone of this approach is making funds available immediately to support the creation of the development plan that must be approved before Metro, the State, and Forest City/Urban can negotiate financial aspects of the project.

To obtain the needed design funds, the Maryland Department of Transportation ("MDOT") has agreed to make available \$350,000 to be spent on on-call consultants to support station development planning. Additionally, the RFQ contemplates that the selected development partner would supplement MDOT resources by spending \$650,000 or more of its own funds on consultant support. Together, MDOT and developer-provided funds would pay for the comprehensive design of the public and private elements of the New Carrollton TOD, and for the inclusion of Metro, MDOT, and community stakeholders as active participants in this process. Collaborative planning and stakeholder inclusion are both elements that have been missing from past joint development efforts in Prince George's County.

Assuming a development agreement is reached and that closing occurs on Metro's development rights, and assuming Board approval, the New Carrollton RFQ anticipates that an amount not to exceed \$650,000 would be deducted from the developer's payment to Metro for the negotiated value of Metro's development rights. If for some reason, this process does not lead to a Joint Development agreement, the MOU contemplates that Metro would refund to Forest City/Urban its pro rata share of the consultant costs from available proceeds when a development rights transaction closes with a replacement selected developer. All work produced by the developer would become the property of Metro and MDOT.

FUNDING IMPACT:

There is no current impact on funding. However, the draft MOU before the Board for approval contemplates a reimbursement to the selected the developer of up to \$650,000 of costs expended for consultants to produce a development plan for the New Carrollton station. The reimbursement would be via an offset to the developer's payment to Metro for the negotiated value of Metro's development rights.

Project Manager:	Gary Malasky
Project Department/Office:	Station Area Planning and Asset Management

RECOMMENDATION:

- (1) Approve New Carrollton JV LLC, a team led by Forest City/Urban, as the selected developer pursuant to the New Carrollton station Request for Qualifications solicitation

- (2) Authorize execution of a Memorandum of Understanding with New Carrollton JV, LLC.