

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

☒ Action ☐ Information

MEAD Number:  
202186

Resolution:  
☒ Yes ☐ No

**TITLE:**

New Carrollton Metro Station Joint Development

**PRESENTATION SUMMARY:**

Staff will present the updated New Carrollton Metro Station joint development plan and seek support for advancement with Board approval: (1) of the Compact Public Hearing Staff Report; (2) to execute an amendment to the Joint Development Agreement; and (3) to increase the FY21 Capital Budget and Six-Year Capital Improvement Program for the construction of a new garage.

**PURPOSE:**

Request Board approval of:

- Compact Public Hearing Staff Report and amendment to Mass Transit Plan
- Staff execution of an amendment to the Joint Development Agreement
- Increases to the FY21 Capital Budget and Six-Year Capital Improvement Program to construct a new parking garage

**DESCRIPTION:**

For a full description of what is proposed, see "Background and History" and "Discussion" below.

The parties with an interest in this matter are:

1. New Carrollton JV, LLC, which is the party to the Joint Development Agreement with Metro for the New Carrollton Metro Station and is a joint venture between Urban Atlantic Development (the managing partner) and Brookfield (which acquired the former partner Forest City Enterprises), and
2. Prince George's Revenue Authority, which owns the current parking garage that Metro proposes to demolish and replace.

**Key Highlights:**

- In collaboration with Prince George's County, the New Carrollton joint development plan has advanced as a major commercial center and regional transit hub with Metro's Maryland office building, the addition of two development pad sites to the project (approximately 500,000 square feet) and the opportunity to consolidate parking and improve access to the station.
- The updated plan consolidates parking from existing surface parking lots and a 1984

parking garage into a new 1,900-space parking facility, which will transform the existing parking-dominated end-of-line station to a mixed-use transit-oriented development without losing needed parking capacity.

- The Board approvals will improve the revenue compensation structure for Metro, as well as authorize changes to the FY21 Capital Budget and Six-Year CIP, without changes to jurisdictional contributions.

### **Background and History:**

The New Carrollton Metro Station is currently one of Metro's most active and largest joint development projects. It is also located at the second largest transit hub in the region, served by Metro, Amtrak, MARC, the Purple Line, Greyhound, and The Bus. Prince George's County's economic development strategy identifies the New Carrollton Metro Station as the center of a new commercial core and has prioritized the station area as one of the top five transit-oriented development priorities in Prince George's County.

In 1982, Metro leased to Prince George's County the land under the existing Prince George's Revenue Authority's ("PGRA") parking garage at New Carrollton. In 1987, Metro and PGRA (as administrator of the lease for Prince George's County) executed an Operating Agreement, under which agreement Metro receives a percentage of profits from the garage as well as agrees to contribute 37.7% of the total of any capital costs for improving the garage.

As early as 2003, the Metro Board approved the construction of a new 1,800-space parking garage at New Carrollton Metro Station to replace 1,272 spaces located in various surface parking spaces (Resolution 2003-07) and make way for joint development; this garage was constructed.

In 2010, Metro offered its property at the New Carrollton Metro Station in a joint development solicitation and selected New Carrollton JV, LLC (led by Urban Atlantic Development) as the developer. In June 2015, the Board authorized staff to enter into a Joint Development Agreement with New Carrollton JV, LLC. The agreement anticipates the development of a mixed-use project with approximately 2.4 million square feet.

In 2016, Metro held a Compact Public Hearing to confirm (and the Board subsequently approved) the removal of parking in Park & Ride Lot 3 so that development of an office building, a privately-owned parking garage, and a multi-family building (together, Phase 1) could proceed. As noted below, some of that development is completed and the remainder is under construction.

In 2017, the State of Maryland acquired a portion of Park & Ride Lot 4 on the west side of the Metro station for use by the Purple Line. In exchange, the State of Maryland transferred the parking lot south of Garden City Drive (the "East Lot") to Metro.

In April 2019, Kaiser-Permanente moved approximately 900 employees into the new Phase 1 office building and began use of the new adjacent private garage, and, in August 2019, Urban Atlantic began construction of a multifamily building that will fill out the remainder of Phase 1 on what was formerly Park & Ride Lot 3. As part of the overall office consolidation strategy, Metro selected New Carrollton for its new Maryland office

building in May 2019, which is planned to be located on part of what is now Park & Ride Lot 2.

In February 2020, the Board authorized staff to hold a Compact Public Hearing on the removal of Park & Ride Lot 2, the East Lot, and the Kiss & Ride surface lot to the east of the Metro Station, in exchange for a new garage to replace the existing Prince George's County garage. The new garage will result in a net gain of more than 600 Park & Ride spaces to Metro's Mass Transit Plan because Metro will own the new garage in the future, but there will be an overall reduction to the total availability of public parking (i.e. Metro parking plus Prince George's County parking) of approximately 380 spaces. The joint development plan also eliminates 33 Kiss & Ride spaces.

Removal of surface parking facilities in favor of joint development has been contemplated and received multiple Board approvals since 2003. However, given the passage of time, a Compact Public Hearing is required to ensure the public is informed of recent changes.

### **Discussion:**

The Discussion follows in three segments:

#### **1. Compact Public Hearing Staff Report**

Staff created and implemented a Public Participation Plan in preparation for the Compact Public Hearing. However, due to the stay-at-home orders related to the Covid-19 pandemic, in-person public outreach methods and events were not possible. Instead, the Compact Public Hearing was held on April 27, 2020 by telephone, allowing participants to leave their comments in a voicemail, as well as provide input through an online survey and written testimony.

A total of 26 responses were received. Of these, only one individual testified at the Public Hearing via a telephone message. Eight individuals provided written comments, including a letter of support from the Prince George's County Executive's Office. The remainder of the responses were submitted via online survey.

The Compact Public Hearing Staff Report summarizes Metro's public outreach effort, public input received, and staff's responses to the issues raised. Despite the relatively small pool of responses, the comments coalesced around three major themes: (1) impact to existing transit facilities, (2) issues with the existing Metro garage, and (3) suggestions for new joint development.

- Five comments expressed concern about the removal of existing surface parking facilities, with one noting a preference for surface parking, two concerned about a potential reduction in parking, and one suggesting the parking lot closures only after the new garage is built. Staff's response: the new garage is intended to replace the number of parking spaces that are utilized in both the Prince George's County garage and Metro-owned surface parking facilities at New Carrollton. That is, of the existing total of 3,631 parking spaces, approximately 77% are utilized. The changes proposed in the Compact Public Hearing would reduce parking by approximately 384 parking spaces for a new total of 3,247 (or 89% of the existing parking count), which adequately covers

historic and current parking utilization.

- One comment asked how the proposals would impact the Purple Line and bus routes. Staff's response: the new garage would include bus facilities on the ground level and existing bus routes would stop inside the new garage. This proposal does not impact the Purple Line, which is located on the other (west) side of the Metro Station.
- Two comments cited issues with the existing Metro garage, such as long backups to exit, high fees, cramped spaces, and availability of spaces during the morning. Several of these comments are outside of the scope of the Compact Public Hearing. Having said that, staff is aware that backups may occur at peak period depending on the timing of traffic signal at the exit intersection, but that it is not a chronic condition. A recent traffic study conducted in 2016 also found that intersection operates at an acceptable level of service and no major changes have occurred.
- Three comments were supportive of the proposed changes and future development, and suggested elements to consider in the new development, such as environmentally-friendly features and bicycle storage. Staff agrees with the suggestions for maximizing sustainable options.

Staff recommends Board approval of the proposed changes to Metro's parking and transit facilities, as these changes will enable the joint development to achieve its full potential. The amendment to the Mass Transit Plan will include the addition of approximately 600 Park & Ride spaces and elimination of 33 Kiss & Ride spaces, all to occur on the east side of the New Carrollton Metro Station.

## 2. Amendment to Joint Development Agreement

The updates to the joint development master plan require an amendment to the Joint Development Agreement Metro has with New Carrollton JV, LLC. Specifically, the amendment would include:

- Adding two new development parcels on the east side of the Metro Station, where the bus loop and surface Kiss & Ride lot are currently located;
- Changing the compensation structure from a lump sum payment to annual payments, which increases total compensation payable to Metro over time; and
- Adding the area on which the new parking garage will be built to the site subject to the Joint Development Agreement so that the developer can fulfill its responsibilities to replace parking for Metro.

Adding two new development parcels to the east side of the Metro Station would enhance the urbanized environment by bringing the development closer to the Metro Station and also result in additional real estate revenue to Metro when those parcels are developed and additional ridership once the buildings are occupied by tenants.

Revising the compensation methodology will enable Metro to realize long-term ground rent income from each development parcel on the site, rather than be paid in a lump sum payment as currently provided for in the Joint Development Agreement.

Finally, adding the site currently occupied by the Prince George's County garage allows the developer to plan the entire site as an integrated whole, including traffic and

pedestrian plans, retail plans, and other aspects. It also allows the developer to manage construction activities, as well as fulfill its current obligation to solve for replacement parking at New Carrollton.

### 3. Increase the FY21 Capital Budget and Six-Year Capital Improvement Program

The current estimate for the new 1,900-space parking garage is approximately \$80 million. These funds are anticipated to be spent in FY21 through FY23, so that the garage can be constructed while other construction activities are occurring at New Carrollton Metro Station. To fund this project, increases to the fiscal year budgets in the following amounts are required: \$11.0 million, \$45.5 million, and \$22.8 million respectively. These changes increase planned Dedicated Funding Debt and do not result in additional jurisdictional capital contributions. Minor expenses were incurred or accrued in FY20 but did not impact the total approved budget for that year.

There are multiple benefits to Metro of constructing this garage now. They include:

- Metro capital to be used to build new garage rather than rehabilitate existing 1984 garage to achieve a state of good repair for the asset;
- This capital investment will create new operating revenue from the two new office pads, development on East lot, parking garage, as well as the estimated 883 new daily boardings, which altogether totals approximately \$95 million for Metro over the next 20 years;
- More than 1,200 new employees and 650 new residents to be located at New Carrollton Metro Station in the next four years, with delivery of the Phase 2 development; and,
- Catalyst for up to 6.3 million square feet on privately-controlled property within walking distance of Metro.

#### **FUNDING IMPACT:**

Program:	Capital Improvement Program		
Project:	New Carrollton Joint Development CIP #0275		
Project Manager:	Steven Segerlin		
Project Department/Office:	Chief Financial Officer/Office of Real Estate and Parking		
	Year One	Year Two & Beyond	Total
Budget:	\$11.0 million	\$45.5 million in Year 2 and \$22.8 million in Year 3	\$79.3 million
This Action:	\$11.0 million	\$68.3 million	\$79.3 million
Prior Approval:	0	0	0
Remaining Budget:	\$11.0 million	\$68.3 million	\$79.3 million
Remarks:	Budget and funding are subject to Board approval and availability of funds. Changes will increase planned Dedicated Funding Debt; no additional jurisdictional capital contributions.		
Operating Budget Impact:	None.		

**TIMELINE:**

<b>Previous Actions</b>	<p>2003 – Board approves construction of 1,800-space parking garage to replace 1,200 parking spaces in Park &amp; Ride Lots 2 and 3.</p> <p>September 2010 – Joint development solicitation issued.</p> <p>January 2015 – Board approves negotiation and execution of non-binding term sheet with New Carrollton JV, LLC.</p> <p>June 2015 – Board approves negotiation and execution of joint development agreement.</p> <p>November 2016 – Metro holds Compact public hearing to remove parking in Park &amp; Ride Lot 3.</p> <p>May 2017 – State of Maryland transfers East Lot to Metro.</p> <p>April 2019 – Kaiser Permanente office building and private parking garage open on part of former Park &amp; Ride Lot 3.</p> <p>May 2019 – Metro selects New Carrollton as the location for its Maryland office building.</p> <p>June 2019 – Phase 1 multi-family building starts construction on remainder of former Park &amp; Ride Lot 3.</p> <p>February 2020 – Board authorization to hold a Compact Public Hearing to remove parking in Park &amp; Ride Lot 2, the East Lot and other parking changes.</p> <p>April 2020 – Compact public hearing held.</p>
<b>Anticipated actions after presentation</b>	<p>Summer 2020 – Closure notice for Park &amp; Ride Lot 2.</p> <p>Fall 2020 – Begin construction of Metro Maryland office on former Park &amp; Ride Lot 2.</p> <p>Early/mid 2021 – Begin construction of new parking garage.</p>

**RECOMMENDATION:**

Board approval of:

- Compact Public Hearing Staff Report and amendment to Mass Transit Plan
- Staff execution of an amendment to the Joint Development Agreement
- Increases to the FY21 Capital Budget and Six-Year Capital Improvement Program to fund the construction of a new parking garage

SUBJECT: APPROVAL OF PUBLIC HEARING STAFF REPORT, AMENDMENT TO THE JOINT DEVELOPMENT AGREEMENT, INCREASE TO CAPITAL BUDGETS, AND AMENDMENT TO THE MASS TRANSIT PLAN ALL FOR THE NEW CARROLLTON METRORAIL STATION

RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolution 2018-13 requires Board approval of any amendments to a joint development agreement that results in a substantial change to a material term; and

WHEREAS, Resolution 2011-30, as amended, requires Board approval to increase the Capital Budget or the Capital Improvement Program (CIP); and

WHEREAS, Compact Section 15 requires that, to amend the Mass Transit Plan, the Board shall transmit proposed changes to certain enumerated agencies and conduct a public hearing; and

WHEREAS, Resolution 2020-06 authorized staff to conduct a Compact public hearing for the proposed modifications to the New Carrollton Metrorail Station which include: (i) the removal of the East Lot and replacement with additional privately-developed buildings; (ii) the replacement of Park & Ride Lot 2 with a new Metro building and with additional privately-developed buildings; (iii) the replacement of the existing Prince George's County-owned garage located on WMATA property with a new approximately 1,900-space parking garage (the "WMATA Garage") to be owned and operated in the future by WMATA; (iv) the relocation of the existing south bus loop into the new WMATA Garage and repurposing of the vacated area for joint development; and (v) the permanent removal of up to 33 existing Kiss & Ride parking spaces adjacent to the Metro Station entrance and repurposing of the area for joint development; and

WHEREAS, A report on the results of the public outreach and the public hearing regarding the proposed modifications at New Carrollton entitled *Public Hearing Staff Report, Docket R20-02: Permanent Lot Closure and Proposed Parking Modifications at New Carrollton Metrorail Station* ("Staff Report"), was presented to the public for review and comment on May 27, 2020, and the public comment period closed on June 12, 2020; and

WHEREAS, The Board has reviewed and considered the attached Staff Report; and

WHEREAS, Staff and New Carrollton JV, LLC are negotiating an amendment to the Joint Development Agreement which would, among other things: (i) add two development pad sites to the scope of the joint development; (ii) increase the compensation to be received by WMATA; and (iii) add the property currently occupied by a parking garage owned by Prince George's County to the scope of the joint development as the site for the WMATA Garage; and

WHEREAS, Staff and Prince George's County are negotiating an agreement to terminate Prince George's County's lease for the Prince George's County Garage site, which lease must be terminated before WMATA may construct a WMATA Garage; and

WHEREAS, Staff recommends using WMATA's capital funds construct the WMATA Garage beginning in fiscal year (FY) 2021, which requires an increase in the approved capital budgets for FY 2021 through FY 2023; and

WHEREAS, All these changes at the New Carrollton Metrorail Station require amendments to the Mass Transit Plan;

NOW, THEREFORE, be it

*RESOLVED*, That the Board approves the attached Staff Report; and be it further

*RESOLVED*, That the Board approves an amendment to the Joint Development Agreement with New Carrollton JV, LLC to: (i) add the property currently used as a bus loop and Kiss & Ride on the east side of the New Carrollton Metrorail Station to the joint development site; and (ii) designate the site currently occupied by a Prince George's County garage for the WMATA Garage, which will be owned and operated by WMATA; and be it further

*RESOLVED*, That the Board approves increases in the approved FY 2021 Capital Budget and Six-Year CIP as follows: increase FY 2021 Capital Budget by \$11.0M; increase FY 2022 planned budget by \$45.5M; and increase FY 2023 planned budget by \$22.8M; and be it further

*RESOLVED*, That the Board amends the Mass Transit Plan to remove the East Lot; remove Park & Ride Lot 2; replace the Prince George's County Garage with the WMATA Garage; relocate the existing south bus loop into the WMATA Garage; and remove up to 33 existing Kiss & Ride parking spaces on the east side of New Carrollton Metrorail Station; and be it finally

*RESOLVED*, That this Resolution shall be effective 30 days after adoption in accordance with Section 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,

/s/  
Patricia Y. Lee  
Executive Vice President and General Counsel

WMATA File Structure Nos.:

12.7.2 Master Plans/Mass Transit Plan (including transit zone modifications)

21.9.4 Joint Development Agreements