

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201861

Resolution:
☒ Yes ☐ No

TITLE:

New Carrollton - Use of Parking Surcharge Revenue

PRESENTATION SUMMARY:

This MEAD provides an overview of Prince George's County's request to use up to \$6 million from its parking surcharge account to pay for infrastructure improvements required for the joint development project at the New Carrollton Metro Station.

PURPOSE:

Board approval is being requested for Prince George's County to use up to \$6 million from the County's parking surcharge reserve account to fund infrastructure improvements required for the joint development project at the New Carrollton Metro Station.

DESCRIPTION:

See "Key Highlights" below.

Key Highlights:

- Through the parking surcharge program between Metro and Prince George's County, the County imposes a surcharge on top of Metro's base parking fee at Metro parking garages and lots in the County. The parking surcharge varies between Metro stations but is generally \$1.25 per day per vehicle.
- Prince George's County's parking Surcharge Reserve Account currently has a balance of more than \$22 million.
- Prince George's County has requested that Metro approve the use of up to \$6 million in parking surcharge funds to pay for infrastructure improvements required for the joint development project at the New Carrollton Metro Station.
- These infrastructure improvements include upgrades to sidewalks, lighting, landscaping and existing roads which lead or will lead to the New Carrollton Metro Station's entrance, bus loop and Kiss & Ride areas and will also provide access to phases of the development.
- Construction of the first phase of the New Carrollton joint development project is scheduled to begin in June 2017. This first phase includes an

office building and a new privately-owned and operated parking garage, neither of which will be paid for by the parking surcharge revenue.

- Metro has confirmed that the release of the requested \$6 million would still allow for adequate collateralization for existing bonds, the original purpose of the surcharge account.

Background and History:

The parking surcharge program enables local jurisdictions, with Board approval, to add a surcharge to Metro's base parking rate. The parking surcharge money is collected and held by Metro in segregated accounts for each jurisdiction.

In July 1989, Metro and Prince George's County entered into a Surcharge Implementation Agreement. In 2002, Metro, Prince George's County and the Maryland Transportation Authority (MdTA) entered into an Amended and Restated Surcharge Implementation Agreement under which the MdTA would issue bonds to finance construction of parking garages at Metro stations in Prince George's County and repayment of the bonds would be supported by the parking surcharge revenue. Parking garages at the College Park-U of Md., New Carrollton and Largo Metro Stations were built under this program in the early 2000s; however, no new garages have been constructed since then and there aren't any planned at this time. Prince George's County's parking surcharge account has continued to grow and is currently just over \$22 million.

In 2015, Metro entered into a Joint Development Agreement with affiliates of Urban Atlantic Development and Forest City Enterprises for the development of a large-scale mixed-use project at the New Carrollton Metro Station in Prince George's County. The project is anticipated to be developed in several phases over a period of years.

The initial phase of the project includes an office building and an approximately 800-space privately-owned and operated parking garage, 150 spaces of which will be available for use by members of the public, including Metro riders. Neither the new office building nor the new garage will be paid for with parking surcharge revenue. This phase of the project also includes sidewalks, lighting and landscaping, as well as upgrades to the existing on-site road network, serving the New Carrollton Metro Station and its bus loop and Kiss & Ride; this road network will also provide access to the phases of the development.

Discussion:

Prince George's County has requested that Metro approve the use of up to \$6 million in funds from the County's Surcharge Reserve Account to fund infrastructure improvements for the joint development project at the New Carrollton Metro Station.

Per the Amended and Restated Surcharge Implementation Agreement,

Metro's consent is needed to use the Surcharge Reserve Account. If the Board approves this use of the parking surcharge funds, the Amended and Restated Surcharge Implementation Agreement would be amended and Metro would work with the County and the developer to document the terms and conditions for creating a grant of this money to the New Carrollton joint development project.

FUNDING IMPACT:

No adverse impact on Metro's capital or operating budget because the funding for this work will come from segregated funds in the Prince George's County Surcharge Reserve Account.

Project Manager:	Steven A. Teitelbaum, Senior Real Estate Advisor
Project Department/Office:	CFO/Office of Real Estate and Station Planning (LAND)

TIMELINE:

Previous Actions	July 1989: Metro and Prince George's County enter into a Surcharge Implementation Agreement establishing a program under which the County imposes, and Metro collects, a surcharge on each parker at a Metro parking lot or garage in Prince George's County. September 2002: Metro, Prince George's County and the Maryland Transportation Authority (MdTA) enter into an Amended and Restated Surcharge Implementation Agreement whereby the MdTA will issue bonds to finance the construction of parking garages at Metro stations in Prince George's County and repayment of the bonds will be supported by the parking surcharge revenue. Early 2000s: Three parking garages are built under this program (New Carrollton, College Park and Largo). September 2010: Metro and the State of Maryland issue a Request for Qualifications for development of their respective properties at the New Carrollton Metro Station. New Carrollton JV, LLC, a joint venture between Urban Atlantic Development and Forest City Enterprises, is later selected as the winning proposer and approved by the WMATA Board in March 2011. January 2015: The Board approves a non-binding term sheet for the joint development project at the New Carrollton Metro Station.
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	June 2015: The Board authorizes Metro to negotiate and execute a binding Joint Development Agreement. September 2015: Metro executes a binding Joint Development Agreement with New Carrollton JV, LLC. September and November 2016, January 2017: The Board authorizes a WMATA Compact public hearing on the first phases of the proposed development at the New Carrollton Metro Station. The Board approves recommendations to go forward with the development project and related actions, including modifying the Mass Transit Plan to allow the removal of surface parking lots. April 2017: Prince George's County Executive Rushern L. Baker, III requests that Metro approve the use of up to \$6 million of the County's parking surcharge funds to pay for infrastructure for the joint development project at the New Carrollton Metro Station. April 2017: The Federal Transit Administration authorizes the joint development project at the New Carrollton Metro Station.
Anticipated actions after presentation	May 2017: Go to settlement with the developer on the first phase of the project. Summer 2017: Construction commences.

RECOMMENDATION:

Board approval for Prince George's County to use up to \$6 million from the County's parking surcharge reserve account to fund infrastructure improvements required for the joint development project at the New Carrollton Metro Station.

SUBJECT: APPROVAL OF ALLOCATION OF UP TO \$6 MILLION IN PRINCE GEORGE'S COUNTY PARKING SURCHARGE REVENUE ACCOUNT FUNDS FOR INFRASTRUCTURE RELATING TO A JOINT DEVELOPMENT PROJECT AT THE NEW CARROLLTON METRORAIL STATION

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

WHEREAS, On March 26, 2015, in Resolution 2015-17, the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors approved the negotiation and execution of a Joint Development Agreement (JDA) for a joint development project on a portion of WMATA's property at the New Carrollton Metrorail Station (Joint Development Project); and

WHEREAS, WMATA did thereafter enter into a JDA dated September 18, 2015, with New Carrollton JV, LLC (Developer) for the Joint Development Project; and

WHEREAS, On September 22, 2016, in Resolution 2016-39, the WMATA Board of Directors authorized staff to conduct a public hearing under the WMATA Compact to evaluate certain proposed changes to WMATA's facilities and operations on the south side of the New Carrollton Metrorail Station incident to the Joint Development Project; and

WHEREAS, On November 14, 2016, WMATA conducted the aforesaid public hearing and thereafter issued a *Staff Report, Public Outreach & Input, R16-04: Proposed Changes to WMATA Facilities at New Carrollton Metrorail Station* (Staff Report); and

WHEREAS, On January 26, 2017, in Resolution 2017-03, the WMATA Board of Directors approved the Staff Report and approved certain proposed amendments to the JDA; and

WHEREAS, Prince George's County has requested that up to Six Million Dollars (\$6,000,000) held and administered by WMATA in the County's Parking Surcharge Revenue Account be released from that Account and used to fund infrastructure improvements as part of the Joint Development Project but excluding the construction of the parking facility contemplated under the Joint Development Project; and

WHEREAS, Such use will require an amendment to the Amended and Restated Surcharge Implementation Agreement; and

WHEREAS, WMATA has determined that the release of the foregoing requested amount would not adversely affect WMATA's ability to pay its rental obligations which the Maryland Transportation Authority uses to collateralize the previously-issued bonds issued to support the construction of parking garages, the original stated purpose of the Prince George's County Surcharge Revenue Account; now, therefore be it

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer (GM/CEO) to negotiate and execute an amendment to the Amended and Restated Surcharge Implementation Agreement in substantially the form as is contained in Attachment A to this Resolution; and be it further

RESOLVED, That the Board of Directors approves the release of up to \$6,000,000 held and administered by WMATA in the Prince George's County's Parking Surcharge Revenue Account from that Account for use in funding WMATA or county infrastructure improvements as part of the Joint Development Project excluding the construction of the parking facility contemplated under the Joint Development Project; and be it further

RESOLVED, That the GM/CEO is authorized to enter into such agreements with Prince George's County, the Maryland Transportation Authority, the Developer and such others as may be necessary or appropriate to implement the making available of the aforesaid funds for such purposes; and be it finally

RESOLVED, That in order for the Joint Development Project to be commenced on June 1, 2017, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure Nos.:
4.3.0 Jurisdictional Financial Transactions
21.9.4 Joint Development Agreements

**AMENDMENT TO
AMENDED AND RESTATED
SURCHARGE IMPLEMENTATION AGREEMENT**

THIS AMENDMENT TO AMENDED AND RESTATED SURCHARGE IMPLEMENTATION AGREEMENT (this “**Amendment**”) is made as of the ____ day of _____, 2017 by and among the WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (“**WMATA**”), PRINCE GEORGE’S COUNTY, MARYLAND (the “**County**”), and the MARYLAND TRANSPORTATION AUTHORITY (“**MdTA**”).

RECITALS:

WHEREAS, WMATA, the County and the MdTA are parties to that certain Amended and Restated Surcharge Implementation Agreement dated September 12, 2002 (the “**Agreement**”);

WHEREAS, the Agreement addresses, among other things, the funding of parking structures to be built by or for WMATA through use of a fund created and funded by parking fee surcharges (as defined in the Agreement) collected by WMATA at its parking facilities in Prince George’s County, Maryland and held in the “**Surcharge Reserve Account**” (as defined in the Agreement);

WHEREAS, parking garages were built at Metrorail stations in Prince George’s County, Maryland with the financing made available by the Agreement;

WHEREAS, the Surcharge Reserve Account is currently approximately Twenty-Two Million Dollars (\$22,000,000), which amount is significantly more than the amount necessary or anticipated to be necessary for the purposes specified in the Agreement for the use of the Surcharge Reserve Account;

WHEREAS, WMATA and the County have no plans to build additional parking garages at Metrorail stations in Prince George’s County;

WHEREAS, WMATA and the County desire to use some of the excess funds in the Surcharge Reserve Account to pay for improvements at the New Carrollton Metro Station in Prince George’s County (the “**Metro Station**”) and to amend the Agreement to permit such use;

NOW, THEREFORE, in consideration of the foregoing, One Dollar (\$1.00), the terms and conditions set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Accumulated Balance Surplus.**

(a) The principal balance of the Surcharge Reserve Account now includes an “accumulated balance surplus” within the meaning of the Agreement.

(b) Pursuant to Sections 3(b) (“Application of Amounts in the Prince George’s County Surcharge Reserve Account: Application of a surplus”), 3(c) (“Application of Amounts in the Prince George’s County Surcharge Reserve Account: Other projects”), and 4(d) (“Accounting: Concerning a surplus”) of the Agreement, not more than Six Million Dollars (\$6,000,000) of the accumulated balance surplus may be applied by WMATA and the County to the cost of infrastructure improvements in furtherance of joint development (as defined by the Federal Transit Administration) at the Metro Station. Such infrastructure improvements include, without limitation, the widening and improvement of existing roads and the construction of new roads servicing the joint development project and WMATA’s operations at the Metro Station, and sidewalks, bicycle facilities, landscaping, lighting, directional signage, the modification of WMATA’s existing surface parking facilities, the installation of utilities, and other improvements and facilities relating to such a joint development project. The referenced portion of the accumulated balance surplus may be disbursed for the foregoing work by the County and WMATA under such terms and conditions as they deem necessary or appropriate without further joinder from the MdTA. Nothing herein is or implies any agreement on the part of the parties to allow the use of any portion of the accumulate balance surplus in the Surcharge Reserve Account in excess of the amount stated above.

2. **WMATA Board Approval.** The use of the Surcharge Reserve Account for the purposes set forth above shall be conditioned upon WMATA’s Board of Directors adopting a resolution authorizing such use.

3. **Recitals Incorporated.** The recitals set forth above are incorporated into the text of this Amendment as if set forth herein.

4. **Miscellaneous.** This Amendment contains the complete and integrated agreement of the parties with respect to the subject matter hereof. Except as set forth in this Amendment, the Agreement is not amended, supplemented or otherwise modified and all of the terms of the Agreement are a part of this Amendment and applicable hereto. As amended in this Amendment, the Agreement is ratified and confirmed as being in full force and effect. This Amendment may be executed in counterparts, each of which together shall constitute one document.

IN WITNESS WHEREOF, the parties have executed this Amendment under seal as of the date first set forth above.

**WASHINGTON METROPOLITAN AREA
TRANSIT AUTHORITY**

By: _____
Name:
General Manager and Chief Executive
Officer

Approved as to form and legal sufficiency.

WMATA Office of the General Counsel

PRINCE GEORGE'S COUNTY, MARYLAND

By: _____
Name:
Title:

Approved as to form and legal sufficiency.

County Attorney

**MARYLAND TRANSPORTATION
AUTHORITY**

By: _____
Name:
Title:

Approved as to form and legal sufficiency.

Assistant Attorney General