



Capital Program, Planning and Real Estate Committee

Item III - B

June 9, 2016

College Park – Developer Selection and Approval of Term Sheet

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201750

Resolution:
☒ Yes ☐ No

TITLE:

College Park Joint Development Term Sheet

PRESENTATION SUMMARY:

The board will be informed of a proposal to advance development of approximately 5 acres of land on the east site of the College Park-U of MD Metro Station.

PURPOSE:

Seek Board authorization to negotiate and execute a non-binding term sheet with Gilbane Development Company, for a Joint Development site at the College Park-U-MD Metro Station.

DESCRIPTION:

In July 2015, Metro issued a Joint Development Solicitation (JDS) for the development of the Metro-owned surface parking lot area at the College Park-U of MD Station.

Gilbane Development Company (Developer) submitted a proposal in response to the solicitation. Metro staff determined their proposal best met Metro's evaluation criteria. As shown in the "Key Highlights" below, the proposed project meets the adopted Board Evaluation Criteria for Joint Development.

Key Highlights:

Metro Development Objectives for proposed projects	How Addressed by Proposed Project
Integrates regional transit facilities	The project incorporates the future Purple Line, as well as access to the existing Metro Station and MARC station.
Reduces automobile dependency	By creating new multi-family development with some retail use adjacent to the Metro and Purple Line stations, the new project creates the opportunity to reduce the need for automobile usage
Increases pedestrian/bicycle-originated trips	The plan calls for pedestrian access from the development to the Metro via a new attractive pedestrian plaza. This plaza is oriented towards the Metro, as is the ground-level retail component.
Fosters safe station areas	Development adds 24-7 activity to station area. Design includes pedestrian areas on all sides of the project with

	ground level retail and residential.
Enhances connections to transit stations	The plan calls for pedestrian access to the Metro and Purple Line stations via a new attractive pedestrian plaza.
Provides mixed-use development	The plan incorporates residential and retail into the area; the University of Maryland's M-Square research park is currently office-only.
Offers active public spaces	The "Brook parcel" on the site will be enhanced to serve as a green/open space feature. A proposed pedestrian plaza described above will be incorporated into it. Retail space will front this area with outdoor seating.
Promotes and enhances ridership	The project will generate new ridership with riders traveling to and from the project itself, while also maintaining access for commuters traveling to and from the Metro Station.
Achieves Metro's financial objectives	The proposal provides the highest payment of the four proposals submitted.
Proposed project encourages revitalization and sound growth	The proposed project is in accord with Prince George's County's Transit District Development Plan and Smart Growth principles.

Background and History:

The College Park-U of MD Metro Station includes a bus loop with five bus bays and one curb stop and a 1,290-space park & ride garage facility with ground floor kiss & ride spaces, a taxi stand and a secure 100-space bike & ride facility. A small brook crosses the station property, just south of the bus loop. The station is adjacent to a MARC commuter rail station. The Maryland Transit Administration is planning to construct a Purple Line stop immediately south of the east-side entrance to the Metro Station.

The development site includes 5 acres of the station property, with 530 surface spaces currently in use. The garage was constructed over 10-years ago, to facilitate joint development. The garage was intended to replace spaces in the surface lot, which would be taken out of service when private development occurred. At current utilization rates, the garage has sufficient capacity to absorb displaced parking from the surface lot. The bus bays on the northern portion of the station are not part of the development site and will not be impacted by the project.

Development of the site has remained a long-sought goal of Metro and Prince George's County. The site is near the University of Maryland College Park Campus and adjacent to its research park, M-Square. In 2015, Prince George's County approved a College Park-Riverdale Park Transit District Development Plan.

Recently, there has been strong market interest in the College Park area. UMCP, Prince George's County and the City of College Park have supported development of an "innovation" district, which includes the Metro site. Metro has been working closely with the local stakeholders on redevelopment efforts. Both Prince George's County and UMCP have similar redevelopment efforts of publicly-owned land in the area. A joint marketing event was held last year with Metro, to promote the collective efforts of the public agencies.

A new solicitation was issued by Metro in July 2015 for a larger portion of the site. In September 2015, the offering was amended to exclude the northern portion of the site, to minimize implementation risks with the Purple Line. This portion of the site will be reconsidered for development following final design of the Purple Line.

Metro received four proposals for the site. Proposals were reviewed on both technical and economic merits. Technical elements included the development team's experience and prior performance, the degree to which the project reflects Transit Oriented Development and Smart Growth principles, compatibility with local requirements and transit facilities, market/financial viability and innovation and creativity. The economic criteria includes the financial benefits accruing to Metro. The review included staff from Metro's real estate, planning and operational departments with a role in implementing the project. Outside real estate advisors were utilized on the financial components. Local government representatives were also consulted on the technical aspects of the project.

Discussion:

Following review of the solicitation responses, staff recommends Gilbane Development Company be the selected developer. Gilbane's proposal was deemed the best from both technical and economic perspectives.

Gilbane Development proposes to ground lease the surface parking lot area and develop approximately 430 residential units and 11,900 square feet of ground floor retail. The project requires no replacement of transit infrastructure – since the garage can accommodate the existing parkers from the station. Coordination with the Purple Line project will be required to maximize pedestrian access. There is also the potential for shared storm-water management facilities, which will benefit both projects.

The proposal includes plans to improve the stream area for use as an environmental amenity to the project, and create an active pedestrian plaza oriented to the Metro and Purple Line stations. The plan activates all sides of the buildings – with both ground floor retail and residential units, as well as a ring road.

Assuming completion and approval of a Joint Development Agreement by Dec. 31, 2016, Gilbane seeks to close on a ground lease and break ground in early to mid-2018.

FUNDING IMPACT:

The proposed project will result in \$14.2 million from the disposition of the property. As a capitalized ground lease, an upfront payment will be made. Metro will also receive a share of proceeds from future capital events. Joint Development revenues would be dedicated to the Capital Improvement Program, per Board policy.	
Project Manager:	Andy Scott, Senior Real Estate Advisor
Project Department/Office:	Department of the Chief Financial Officer/Office of Real Estate and Station Planning

TIMELINE:

<p>Previous Actions</p>	<p>July 2015 – Metro issued a Joint Development Solicitation seeking development of the site. This was amended in September of 2015, to exclude the northern portion of the site.</p> <p>April 2016 – Metro staff selected Gilbane Development as the developer, subject to Board approval and eventual FTA concurrence</p>
<p>Anticipated actions after presentation</p>	<p>Summer 2016 – finalize and execute a term sheet. Coordination with the Purple Line on access, stormwater management and construction schedules.</p> <p>December 2016 – seek Board approval to execute a Joint Development Agreement, seek FTA concurrence in the transaction, provide certification to WMATA's bond trustees that the removal of the current on-site Park & Ride surface lot is permitted under WMATA's bond covenants.</p> <p>Spring 2018 - Close on the ground lease and begin construction.</p>

RECOMMENDATION:

Approve the negotiation and execution of a non-binding term sheet with Gilbane Development for the private sector development on a portion of Metro's landholdings at the College Park-U of MD Metro Station.



Washington Metropolitan Area Transit Authority

College Park-U of MD Metro Station Joint Development Term Sheet

Capital Program, Planning, and Real Estate Committee

June 9, 2016



Purpose

Obtain Board approval to negotiate and execute term sheet with Gilbane Development for joint development at College Park-U of MD Metrorail Station

Development Site

- 5-acre surface lot included
- Surface parking previously replaced in 1,290-space garage constructed June 2005
- Purple Line accommodated



Developer Solicitation

- July 2015: Joint Development Site offered
- Four proposals received and reviewed
- Gilbane Development proposal selected



Project rendering by Gilbane Development

Proposal meets Transit Oriented Development (TOD) Objectives

TOD Program Objectives:

- Integrate regional transit facilities
- Reduce auto dependency
- Increase pedestrian/bicycle trips
- Foster safe station areas
- Enhance connections to stations
- Support mixed-use development
- Encourage active public spaces
- Promote and enhance ridership
- Achieve WMATA's financial objectives
- Encourage revitalization and sound growth



Project rendering by Gilbane Development

Proposed Development and Terms



- 430 residential units
- 11,900 SF of retail space
- Improvements to the “Brook Parcel” as a green amenity
- Surface parking removal
- Ground lease
 - \$14.2 million ground rent payment
 - Capital participation



Joint Development process

Previous Actions

- Board authorized solicitation
- Metro issued solicitation in July 2015
- Metro selected Gilbane in April 2016

Proposed Action

- Board authorize staff to negotiate and execute term sheet

Future Actions

- Finalize Term Sheet within 60 days
- Negotiate Joint Development Agreement
- Obtain Board approval to execute Joint Development Agreement



Recommendation

Authorize staff to negotiate and execute term sheet with Gilbane Development for joint development at College Park-U of MD Metrorail Station

SUBJECT: APPROVAL TO NEGOTIATE AND EXECUTE A TERM SHEET WITH GILBANE DEVELOPMENT FOR JOINT DEVELOPMENT AT THE COLLEGE PARK-U OF MD METRORAIL STATION

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

WHEREAS, The Washington Metropolitan Area Transit Authority (WMATA) issued Joint Development Solicitation 2015-01, requesting proposals for the private development of a portion of the WMATA-owned land at the College Park-U of MD Metrorail Station (Metro Station) in College Park, Maryland (College Park Joint Development Site); and

WHEREAS, The College Park Joint Development Site includes a surface parking lot at the Metro Station but does not include the Metro Station entrance, the existing bus loop, or the existing Kiss & Ride area; and

WHEREAS, In April 2016, WMATA staff preliminarily designated Gilbane Development Company as the developer with whom WMATA would negotiate for the College Park Joint Development Site; and

WHEREAS, The anticipated development of the College Park Joint Development Site includes approximately 430 multifamily rental units and approximately 11,900 square feet of retail space, with associated parking for residents and retail use; and

WHEREAS, The proposal accommodates an alignment and station for the Maryland Transit Administration's Purple Line; and

WHEREAS, The proposal includes improvements to the "Brook Parcel" on the site, as an open space amenity fronting an pedestrian plaza; and

WHEREAS, Negotiations anticipate the ground lease of the Joint Development Site to Gilbane Development Company in exchange for a payment of \$14.2 million for the Joint Development Site, as well as Metro receiving a share of proceeds from future capital events; and

WHEREAS, WMATA staff seeks Board of Directors authorization to negotiate and execute a non-binding term sheet with Gilbane Development Company on substantially the terms set forth above, subject to the further approval of the Board to any binding agreement,

the General Manager and Chief Executive Officer's determination that the elimination of the surface parking lot does not violate WMATA's bond covenants, and to the concurrence of the Federal Transit Administration in accordance with its procedures; and

WHEREAS, WMATA staff anticipates that the term sheet negotiations will be concluded within 60 days of the effective date of this Resolution; now, therefore be it

RESOLVED, That the Board of Directors authorizes staff to negotiate and enter into a non-binding term sheet with Gilbane Development Company for the development of the College Park Joint Development Site substantially on the terms and the approval conditions set forth above; and be it further

RESOLVED, That the term sheet shall be negotiated and executed within 60 days of the effective date of this Resolution; and be it finally

RESOLVED, That in order to timely negotiate and execute the term sheet within the timeframe set forth herein, this Resolution shall become effective immediately.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No.:
21.9.3 Joint Development Pre-Contract Actions