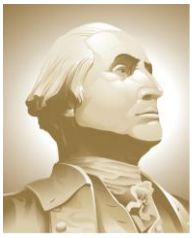

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

Center for Real Estate and Urban Analysis

Bethesda Metro Park Study

Analysis of the value creation potential and feasibility of a proposed urban park in downtown Bethesda, Maryland

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Abstract. Studies have documented the positive value impact that parks provide to surrounding real estate. In urban locations across the nation, interventions involving the installation of a new park or the renovation of an existing public space along with establishing a strong operations and programming structure have proven to produce accelerated rental rate growth in office buildings near the intervention. The subject site offers the opportunity to create a managed park that would benefit all of Bethesda and would likely generate similar value creation for the buildings in the central business district.

Executive Summary

The proposed Bethesda Metro Park site, at the prominently visible southwest corner of the intersection of Old Georgetown Road & Wisconsin Avenue, above the Bethesda Metro station, is uniquely located to become the vibrant heart of Bethesda's public realm. The proposed Bethesda Metro Park site is located in the Central Business District's:

1. Geographic center,
2. Highest density location,
3. Most visible and publicly accessible open space, and
4. Most regionally connected location due to direct access to regional rail and bus service.

No other open space in Bethesda offers this ideal combination of characteristics and visibility, making this site the optimal location for a highly programmed and well managed public park to serve residents, employees and visitors of downtown Bethesda.

A by-product of the increased quality of life that could be created by the proposed park is a probable increase in real estate values for surrounding existing property. Value creation due to urban park intervention has national precedents. This analysis, conducted by the Center for Real Estate and Urban Analysis at the George Washington University School of Business ("CREUA"), discusses the value creation potential of programmed urban park interventions as applicable to the Bethesda Metro Park site.

Among the six largest (by population) of the 50 regionally significant, walkable urban places ("WalkUPs") in the Washington D.C. metro, Bethesda ranks second to last for its park operating ratio, defined as the acreage of park to population.

The notion that parks have a positive impact on real estate has a long history, and dozens of studies have quantified these positive correlations. The Bethesda Metro Park's proposed re-design and active management constitute an urban park intervention similar to others across the nation identified in the literature review, including Bryant Park in New York City and Klyde Warren Park in Dallas, TX. In both of these examples, analysis by others concluded that office rent growth increased in buildings near the park based upon analyzing rents prior to intervention and comparing them to rents post-intervention. At Bryant Park, the average annual growth in office asking rent for buildings near the park over a 12 year period was 12.8% compared to 5.5% in the sub-market. At Klyde Warren Park, the average annual growth rate of office rents near the park over a 4 year period was 15.8%, compared to sub-market growth of 5.5%.

CREUA developed case studies of three additional urban park interventions in other American cities and found consistent results of office buildings near park interventions outperforming their respective sub-markets. This included office buildings immediately adjacent to newly redeveloped:

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- Director Park in Portland, Oregon, which experienced 2.9% annual rent growth while the CBD submarket rent grew at 1.2%.
- Dilworth Park in Center City Philadelphia, PA, which realized 2.9% annual rent growth while the CBD submarket grew 0.5% per year.
- Fountain Square in Cincinnati, Ohio, which seems to have helped to protect adjacent properties from a decline in asking rent experienced in the CBD as a whole. The submarket asking rents declined an average of 1.7% per year while the average annual change in rents for the buildings near the park averaged just 0.1% per year, essentially flat.

This premium in office rents translates into higher property values to owners and ultimately higher assessments to taxing jurisdictions. If the Bethesda Metro Park site were to generate a rental growth rate over the background growth in the submarket in the range of 3% - 7% per year, then the capitalized value increase, using a 5% capitalization rate, attributable to the park intervention would be $24 - $56 per square foot. This equates to $83 million to $195 million in enhanced value creation per year for the office space within two blocks of the park.

Funding strategies for the capital improvements and on-going operations of comparable urban park interventions have included government sources, private contributions, and income generated by the park itself. Park renovation costs will depend on the size and scope of the intervention. The operating budget to manage the park could range from $300,000 to $700,000 per year, depending upon whether a management arrangement could be established within an organization like the Bethesda Urban Partnership, which is already managing public space in Bethesda. Assessment structures utilized to fund on-going operations might include special assessment taxes targeted to the properties nearest the park, which benefit from the greatest value due to their proximity. Alternatively, Business Improvement District ("BID") assessments utilizing a lower assessment rate over a broader area of downtown Bethesda, such as the boundaries of the Bethesda Urban Partnership could be another option. This site is best positioned to drive significant value creation and quality of life enhancements and the repositioning of the existing public space should be incorporated into park planning for the downtown Bethesda area.

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Introduction

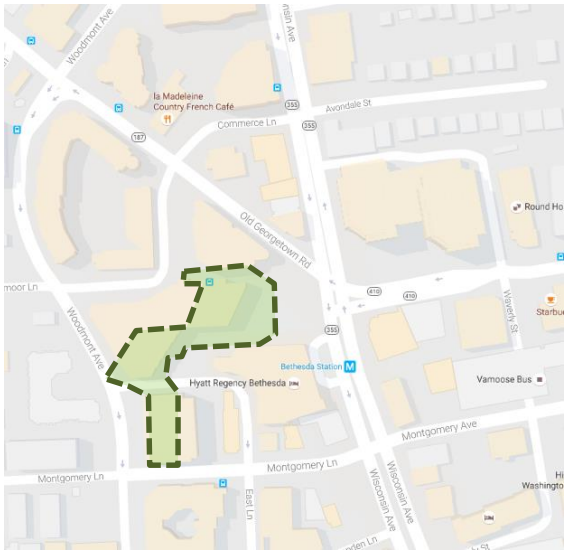
The Bethesda Metro Park Site, as shown below, could attract a large and diverse number of users both day and night, which is a key element to a successful urban park. The most successful downtown parks define their urban districts and increase surrounding real estate demand, rents and property values. This public space, possibly more than any other location in greater Downtown Bethesda, has the best chance to become the pedestrian "heart" of Bethesda's public realm because of its characteristics, which include:

1. The **geographic center of the downtown** area at the intersection of the Old Georgetown Road, East – West Highway and Wisconsin Avenue, with intense commercial development radiating out along these corridors from this intersection.

2. The **physical center of development** with the most intensive land uses and densest developments in the downtown area within a few blocks of the site.

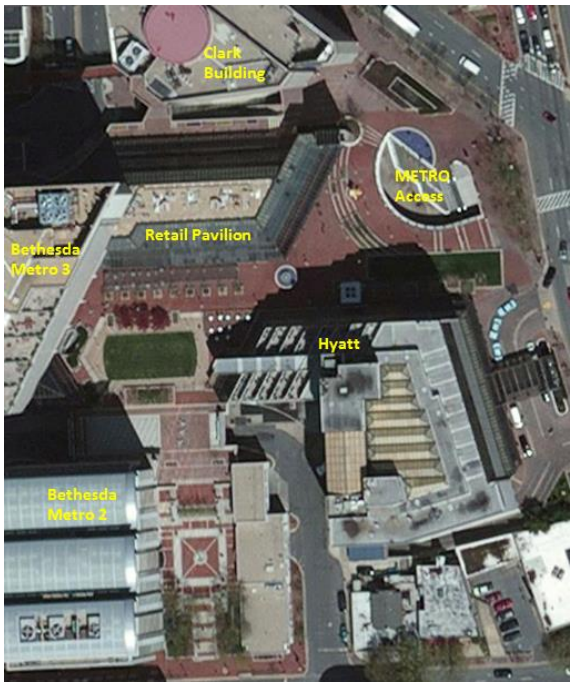
3. The **highest visibility public space** in the downtown area due to frontage at this critical central intersection of roads.

4. The **multi-modal transit center** for Downtown Bethesda, including the Bethesda Metro stop, bus bay station, and future terminus for the proposed and funded Purple Line light rail system, which are located below or near the existing plaza, making this public space the point of entry to Bethesda for regional commuters.



Location Diagram. *Source: Google Maps*

The Bethesda Metro Park site is currently an unprogrammed and unplanned plaza with multi-level access to the subterranean Metrorail and bus transit station, as depicted in the aerial photo of the site's existing condition.



Existing Condition – Aerial Photo

The proposed intervention at the Bethesda Metro Park is to redesign the existing public spaces to include larger lawns with more green space along with a variety of sidewalk and plaza spaces. The multi-level access to Metro is to be capped to allow for larger contiguous open space for public use and visibility at the intersection. The figure

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below shows one potential conceptual re-design by the architecture firm Cooper Carry. Refinements to the size, location and design details of the park are anticipated and will be based upon desired park programming and integration of future buildings. The size of the park is expected to be somewhere between 1.0 to 1.5 acres of actively managed public space. Critical to the success of the proposed park is its location at the intersection, providing visibility and access to the public.

Proposed re-design concept by Cooper Carry.

Downtown Bethesda has a legacy of private public space in the middle of blocks. These types of common spaces do not have the visibility and public access that is a necessary prerequisite to the long term success of the actively managed public park space contemplated for this site. The Maryland-National Capital Parks and Planning Commission came to the same conclusion, as indicated in its Spring 2014 Bethesda Briefing Book[1]:

"The optional method developments of the 1980's produced many privately provided public use spaces that serve as plazas. The 1994 Bethesda CBD Sector Plan recognized that the public use spaces need to be improved to be safer, more visible, and welcoming to the public. However this recommendation still have not been fulfilled. The Bethesda Downtown Plan will seek to address the failings of some of the open space areas from the 1994 Sector Plan." (Pg. 22)

"For the last two decades, commercial and residential development provided a number of privately-owned and publicly accessible open spaces, in the form of plazas, larger sections of sidewalk, and landscaped seating areas. Many of these spaces, which act as the primary network of public spaces in downtown Bethesda, are not perceived as public space because they are either elevated above the street level or are partially hidden from the street within an interior courtyard." (Pg. 25)

On page 38, the writers identify the following typical observations of the existing open spaces in Bethesda:

- *"Majority of open spaces in Downtown Bethesda are separated from the street.*
- *Changes in elevation that makes it difficult to see into the park*
- *Located in the interior of the block*
- *Screened from streets and sidewalk by walls or plantings. Activating uses fail to enliven these spaces, retail uses tend to dry-up, doing little to draw people into these spaces"*

An alternative plan for the Bethesda Metro Park space proposes locating a new building at the corner nearest the Wisconsin and Old Georgetown Pike intersection, creating an internal open space in the center of the block, continuing the current pattern that the Maryland-National Capital Parks and Planning Commission identified as a failed public space strategy. The above proposal locates the new building on the inside of the

[1] http://www.montgomeryplanning.org/community/bethesda_downtown/documents/bethesda_briefing_book_2014.pdf

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block and allows full visibility and public access to the park from the adjacent streets, consistent with the Commission's preferred public space configuration. This visibility and access to adjacent streets is critical to the long-term success of the park as an active and vibrant public space for Bethesda's residents and visitors.

This park has the potential to provide more than increased value to the surrounding real estate. It will also function as an iconic central green and town square for all residents, employees, and visitors of downtown Bethesda. The park's configuration will be visible to the public and create an activated amenity that will redefine the central business district.

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Literature Review of Parks and Real Estate Impacts

The findings of the literature search strongly support the hypothesis that well designed parks with strong management positively affect surrounding real estate values. Case studies from across the nation indicate heavily managed urban parks positively impact the value of nearby existing commercial real estate.

The notion parks have a positive impact on real estate has a long standing history. It was a key rationale for many world renowned 19th century parks such as London's Regent's Park (1812) and New York City's Central Park (1857) (Crompton, 2005). Although these studies of older parks lacked advanced statistical methods, they set the stage for modern research. The advent of new statistical tools, Multiple Listing Services (MLS), CoStar, and Geographic Information Systems (GIS) gave way to dozens of studies on parks and property values (Crompton, 2005).

As early as the 1970s, many studies identified a strong correlation between parks and residential real estate values. Most focused on what Crompton (2004) coins as the proximate principle – a theory that people are willing to pay more to live closer to parks. Crompton analyzed over 30 studies conducted between 1970 and 2000 and found that 25 supported the theory that properties located near parks hold more value than those further away, and he notes the five contradictory studies may have suffered from methodological deficiencies (Crompton, 2001b).

In some studies, premiums extend as far out as 1,500 feet. Positive value impacts increase with proximity, with the greatest impact to property within 500 feet (Bolitzer and Netusil, 2000; Lutzenhiser and Netusil, 2001). 1,500 feet from the Bethesda Metro Park site would include the majority of the Central Business District (CBD), and 500 feet from the site would include several blocks of the most intensive land uses in Bethesda.

While the proximate principle applies to both lower density and urban settings, its effects are greatest in locations where there is limited supply of alternative open space. Even in low density neighborhoods, several studies found positive correlations between parks and real estate values (Ready and Abdalla, 2003; Irwin 2002), albeit, lower premiums than those found in urban park locations. These studies would suggest funding for parks is most efficient when it is located in dense urban areas without pre-existing open space amenities. Considering that Bethesda has no centrally located park in its downtown to serve the dense population of employees, hotel patrons, urban condo dwellers and commuters, Compton's conclusion suggests that the proposed Bethesda Metro Park could provide strong value premiums for property in the CBD.

Since the 1990s many research projects have reframed parks from a community amenity to an economic engine for downtown development. Studies began to emerge showing parks had both direct and indirect economic values (Fage, 2001; Harnik, 1997). For instance, Martin (2006) discussed the economic activity generated from Lake Shore East Park. This six-acre park in downtown Chicago was identified as an essential element in attracting residents from the suburbs to condo developments downtown. From Post Office Square in Boston MA to Downtown Park in Bellevue Washington, studies from across the country began to highlight the economic benefits that parks could generate (Harnik, 1997; Lassar 1997).

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The dramatic and well documented transformation of Bryant Park redefined park valuation. In 2002 and 2003 Ernst & Young partnered with New Yorkers for Parks to study the economic impacts of investment in parks on real estate. The authors found office buildings around Bryant Park in mid-town Manhattan significantly outperformed the broader Times Square District in rental rate growth between 1990 and 2002. Building owners attribute the value premiums to their proximity to Bryant Park, which underwent a major renovation of its six acres of public space starting in 1988 and fully re-opening in 1995. (Ernst & Young, 2002; Ernst & Young, 2003). Their study found that between 1990 and 2002, the average rent jump among four office buildings near the park was 154% (13% per year). In the same period, the broader Times Square District office market in mid-town Manhattan rose an average of 6% per year. The impact of Bryant Park was to double the annual rent growth of buildings around the park compared to the background sub-market.

Bryant Park Building comps between 1990 and 2002 (asking rents)

	Time Square District Office	Grace Building	Beaux Arts Bldg	London Fog Bldg	1065 Avenue of the Americas
starting rent	$29.50	$35.00	$20.00	$20.00	$20.00
ending rent	$49.00	$75.00	$65.00	$45.00	$50.00
% change		114%	225%	125%	150%
Average among the 4 buildings on the park:	66%	154%			
Avg. Annual Chg.	6%	13%			

The study also revealed not all park investment yields financial returns to the City. Of the 30 case studies evaluated throughout the city, only 45% resulted in an increase in tax assessment. These results were not isolated to a single borough. They represented a mix of residential and commercial areas of different income levels and demographics across the City. Their success was attributed to strong park operations, maintenance and programming (Ernst & Young, 2002).

For Bryant Park, this success can be traced to Bryant Park Management Corporation, the Business Improvement District (BID) that operates the park. It has become world renowned for its maintenance, management and programming that draws patrons and has completely transformed the district around it. The executive director of Bryant Park Management Corporation, Dan Biederman, was an early pioneer in the BID movement and is an innovator in developing creative strategies and programming to attract patrons to the public space.

Nearly a decade later, Bryant Park continues to demonstrate this value add proposition. In 2010 Bank of America completed its $2 billion building at the corner of 42nd Street and Sixth Avenue, and Hines announced its new office tower on Sixth Avenue overlooking the park (Kozloff, 2012). One can speculate that these buildings would have happened with or without the park improvements but ten years later in 2012, a research study by CBRE suggested the park was indeed a strong market force. The study found properties adjacent to Bryant Park commanded rents 63% higher than those just one block away (CBRE, 2012).

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Another iconic example of a park commanding premiums for nearby office rents is Klyde Warren Park, in Dallas TX. Like Bryant Park, Klyde Warren Park was also developed with consultation from Dan Biederman and his firm, Biederman Redevelopment Ventures (BRV) (Biederman). An analysis conducted by CBRE found dramatic increases in four office buildings near Klyde Warren Park. Between 2012 and 2015, rents in office building near the park outpaced the background rental growth rate of the CBD and Uptown sub-markets by more than double (Perez, 2015). CBRE attributes the rent premiums at these buildings to the completion and success of five acre, Klyde Warren Park, which was built on a deck spanning the previously existing 8-lane depressed highway that separates the Downtown and Uptown districts of Dallas (Perez).

Klyde Warren Park comps between 2012 and 2015 (triple net rental rates)

	Dallas CBD	Uptown Submarket	2100 McKinney	Trammell Crow Center	2100 Ross	2000 McKinney
starting rent	$18.05	$25.23	$22.00	$19.00	$13.00	$25.00
ending rent	$21.52	$29.40	$36.00	$25.00	$19.00	$37.00
% change	19%	17%	64%	32%	46%	48%
Average among the 4 buildings on the park:	N/A	N/A	47%			
Avg. Annual Chg.	6%	6%	16%			

Like other successful parks, Klyde Warren Park has a strong management team. The park is managed by the Woodall Rodgers Park Foundation, a 501c3 non-profit. The group programs a wide variety of activities and events at all times of day to attract patrons and grow park users (Klyde Warren Park, 2015).

Bryant Park and Klyde Warren Park illustrate the success of relatively large public spaces (six to eight acres) but additional research has showcased similar success with smaller parks as well. Ren's 2012 PhD dissertation analyzed 13 different urban park / plaza spaces constructed over sub-grade parking structures and found nine examples of parks that provided an average increase in office rents of 10% to 20% for the three blocks surrounding the park, with the first block around the park realizing between 13% and 29% increased rent as compared to the benchmark rents, which were represented by the rents in the fourth block away from the park (Ren, 2012).

Column	A	B	C	D	E
Row	**Index of Economic Impact on Office Rents**	**Impact Block I**	**Impact Block II**	**Impact Block III**	**Average Increase Effect**
1	Union Square, San Francisco, CA	29%	17%	15%	20%
2	Fountain Square, Cincinnati, OH	25%	15%	4%	15%
3	Ellis Square, Savannah, GA	23%	20%	12%	18%
4	Portsmouth Square, San Francisco, CA	22%	21%	17%	20%
5	Norman B. Leventhal Park, Boston MA	22%	18%	6%	15%
6	Millennium Park, Chicago, IL	17%	12%	3%	11%
7	Director Park, Portland, OR	19%	17%	14%	17%
8	Public Square, Nashville-Davidson, TN	15%	7%	10%	11%
9	Discovery Green, Houston, TX	13%	11%	7%	10%

Excerpt from Table 4.6. Office Rent Index. Source: Ren, Lanbin. Park above Parking Downtown: A Spatial-based Impact Analysis. Pg. 119

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Case Study Methodology

The following case studies analyzed the effects of newly constructed or redeveloped urban parks on surrounding real estate values, specifically office values. For the case study analysis, parks were selected from an initial list of 30 provided in Ren's initial case study. The selection was further narrowed to reflect recently developed parks similar in size to Bethesda Metro Park, making them appropriate comparisons. The case studies reviewed below include:

1. Director Park, a .5 acre plaza in downtown Portland, Oregon

2. Dilworth Park, a 2.8-acre conversion of Dilworth Plaza, which sits atop and provides access to SEPTA's Suburban Square Station, connecting the regional rail system with the local subway system in Center City Philadelphia, Pennsylvania

3. Fountain Square, a two acre plaza in downtown Cincinnati, Ohio

Using similar methodology to Ernst & Young's study of Bryant Park and CBRE's analysis of Klyde Warren Park we first defined a broader submarket. This was used as the control group to compare background rent changes. Office buildings within 3 blocks were selected from Google Maps. The building selection was further narrowed, first based the availability of CoStar data for both pre- and post- park improvement dates. Next buildings were selected based on their proximity to the parks, with priority given to the closest structures. New or remodeled buildings were noted where applicable.

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Simon and Helen Director Park ("Director Park")
Portland, OR

Park and Surroundings

Director Park is a ½ acre park, which is open from 5am to 12am and attracts hundreds of thousands of annual visitors.[2] It is located above a 6-story sub-grade parking garage in the heart of downtown Portland. This central location is surrounded on all sides by public roads and sits adjacent to the intersection of 9th Avenue and Yarnhill Street, where there is both a surface Max Light Rail stop as well as well as the SW Yamhill & 9th St. bus shuttle stop. The park is surrounded by a mix of office, residential, municipal, and retail buildings.

History and Intervention

A unique feature of Director Park is that its development originated from private initiative. Although the urban block was dedicated for public use in 1848, it was eventually developed due to legal conflicts with the owner's heirs. By the 1970s the land became a surface parking lot. In 1995 the lot's owner proposed a 12-story parking structure but faced strong opposition. The community responded enthusiastically when Thomas P. Moyer, developer of the adjacent Fox Tower, pledged to acquire the block for an underground parking garage and donate the surface to the City in 1998.

The park concept came to fruition in the mid-2000s through a public-private partnership between the Portland Development Commission, City of Portland, the Portland Parks Foundation, and a number of other donors. The project began construction in 2008 and was completed in 2009. Today, this European-style piazza has light granite paving and features numerous amenities including:

[2] http://landscapeperformance.org/case-study-briefs/director-park#/lessons-learned

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- Interactive water feature
- Inlaid Chess Board
- Café
- 6,000 sq. ft. glass canopy
- Free public restrooms
- >20 bike racks
- Permanent seating
- loose café seating
- 24 new trees
- Storm water management
- "festival streets"[3]
- Green storm water system

According to the City of Portland, the total cost of the Park was $9.45 million – of that $7.2 million (~ $14.4 million per acre) was construction cost, and $2.25 million was design and project administration. The land was donated to the City by the owner of the 6-story sub-surface parking garage constructed below the park, and was valued at $6 million, bringing the total value of the park to $15.5 million. Excluding the land, 2/3rds of the funding for the plaza came from public sources and 1/3rd from private gifts facilitated by the Portland Parks Foundation. The funding sources included the following:

Private Gifts

• The Moyer Family:	$1.1 million (12%)
• Jordan Director Schnitzer	$2.0 million (21%)

Public Funds

• Portland Development Commission, South Park Blocks Urban Renewal	$4.5 million (47%)
• City of Portland General Fund	$0.7 million (7%)
• Portland Parks & Recreation, System Development Charges	$1.2 million (13%)
Total Costs[4]	$9.45 million (100%)

Management and Programming

In addition to its hardscape amenities, Director Park offers a diverse mix of programming and rental space. The Park is active seven days a week with a wide array of cultural, artistic, educational, recreational, and community based activities including, just to name a few:

- Concerts
- Family Chess
- Movies
- Weddings
- Dance performances
- Live shows
- Yoga Classes

[3] "festival streets" are curbless streets which extend the park's granite surface from building front on Park to building front on Ninth. When the roads are closed for special events this design element more than doubles the park space from 7,550 Sq. ft. to 15,750 Sq. ft. (oregonlive.com/portland/index.ssf/2009/04/curbless_design_sought_for_new.html)
[4] Source: https://www.portlandoregon.gov/parks/article/340907

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These events and activities are managed by Portland Parks & Recreation with support and consultation by the Portland Development Commission.[5] The park has a staff of two full-time maintenance employees, an events coordinator, and numerous part-time positions. The park costs an estimated $475,000 to manage per year[6].

The café, Elephant's in the Park, is a branch of the local chain Elephants Delicatessen and operates independently from the park. This café employs five full-time equivalent employees and pays approximately $23,000 in rent per year.[7]

Financial Impact

Between 2009 and 2016 the office market in Portland experienced modest rent growth with average asking rents in the Central Business District (CBD) rising 8% from $22 to $24/sq. ft. During the same period of time, office rents near Director Park increased by 20%. Additional large scale investment continues around Director Park, including the recent renovations at 719 SW Morrison St and the additional 194,000 square feet of office space in Park Avenue West, located adjacent to Director Park.[8]

Director Park Building comps between 2009 and 2016 (asking rents)

	Portland CBD	Park Avenue West*	719 SW Morrison St*	1020 SW Taylor St	Fox Tower
starting rent	$22.42	N/A	$18.79	$15.50	$22.29
ending rent	$24	$45.70	$27.50	$18.38	$27.00
% change	8%	N/A	46%	19%	21%
Average among the 3 buildings on the park:	N/A	N/A		20%	
Avg. Annual Chg.	1.1%			2.9%	

**new construction or major renovation*

About half of the initial year's operating costs of $475,000 were for programming, events, and security. The other half were for operations, maintenance and utilities. In addition to the rent paid by the on-site restaurant, the Park generates $34,000 in annual revenue from event rentals[9].

Because the park's design incorporated numerous green storm water elements it is estimated the park prevents 990,000 gallons of storm water from entering the city's combined sewer system. This saved the city a projected $3.9 million in future capital costs to upgrade storm water infrastructure, such as constructing a larger combined sewer overflow (CSO) tunnel.[10]

[5] https://www.portlandoregon.gov/parks/article/340907
[6] Janie, Har (September 24, 2009). "Who gets a park? And at what price?". The Oregonian. Retrieved March 10, 2010.
[7] http://landscapeperformance.org/case-study-briefs/director-park#/lessons-learned
[8] http://www.bizjournals.com/portland/blog/real-estate-daily/2016/05/portlands-newest-office-building-is-all-leased-up.html
[9] http://landscapeperformance.org/case-study-briefs/director-park#/lessons-learned
[10] http://landscapeperformance.org/case-study-briefs/director-park#/lessons-learned

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Additional Sources

Festival Streets: https://www.portlandoregon.gov/parks/article/443671
Commonly Asked Questions: https://www.portlandoregon.gov/parks/article/340907
Park Map: https://www.portlandoregon.gov/parks/article/443671
Architecture Magazine: http://www.architectmagazine.com/project-gallery/simon-and-helen-director-park
Park Costs: http://www.oregonlive.com/portland/index.ssf/2009/09/who_gets_a_park_and_at_what_pr.html
South Park Block 5 Plan: http://www.pdc.us/Libraries/South_Park_Blocks/South_Park_Block_5_Planning_Report_pdf.sflb.ashx

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Dilworth Park
Philadelphia, PA

Park and Surroundings

Dilworth Park is the redevelopment of the 2.8 acres[11] previously known as Dilworth Plaza located on the western portion of William Penn's original Center Square in the middle of Center City Philadelphia and is surrounded on three sides (north, west and south) by public roads and adjoins Philadelphia's iconic City Hall to the east. Similar to the proposed Bethesda Metro Park site, Dilworth Park provides access from the surface public space to the sub-grade network of SEPTA's subways, regional commuter trains, and trolleys, via two sky-lighted ramps and an elevator. Also like the Bethesda Metro Park site, it is located at the physical center of downtown, linking the Avenue of the Arts, the PA Convention Center, Benjamin Franklin Parkway and the offices of the West Market District to the destinations along East Market.

History and Intervention

Like Bethesda, Dilworth Park was once a hard-surfaced, multi-level plaza. The 1970s plaza consisted of many unnecessary walls and steps which acted as barriers to the public. With little foot traffic or programming, the site was dirty and under used.

[11] http://www.ccdparks.org/dilworth-park

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The re-development of this 2.8 acre park was led by the Center City District, a business improvement district funded by the private sector, which started planning the project in 2007, began construction in 2012 and reopened the Park in September of 2014. By removing the unnecessary barriers and bringing the park to street grade, the park's usable area increased by 20,571 square feet (21% of its original size)[12]. With additional space to work with, the new design incorporated numerous elements to ensure that Philadelphia's downtown not only looks welcoming, but also is brighter, safer and more accessible, including:

- Cafe
- Grass lawn
- Tree Grove
- Free Wi-Fi
- New security system
- Fountain/Ice Rink
- New Transit entrances
- Transit elevators
- Lighting
- Fire-alarm system

The construction budget of $55 million covered both renovation costs to the park as well as improvements made to the regional transit station below grade and rebuilding of the plaza infrastructure. New subterranean passageways linked existing trolley, subway, and regional rail lines while new elevators make the transit levels handicapped-accessible for the first time. According to the Center City District, the budget for the project included the following components:

Cost Budget (estimated) [13]

Soft Costs	
$3,000,000	Project and construction management
$2,000,000	Construction documents
Plaza Hard Costs	
$20,600,000	Plazas, landscaping and public improvements
$8,050,000	Buildings and structures (including head houses)
$9,000,000	Plaza infrastructure
$37,650,000 (~ $13.45 million per acre)	
Sub-surface and supporting infrastructure	
$6,500,000	Concourse level improvements
$3,200,000	Station improvements and connections
$2,650,000	Contingency
$55,000,000	**TOTAL**

[12] http://www.ccdparks.org/dilworth-park
[13] https://www.centercityphila.org/pressroom/prelease_dilworthfacts.php

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Major contributors of capital included[14]**:**

- Major Public Donors
  - Center City District $15 million
  - City of Philadelphia $5.75 million
  - Commonwealth of Pennsylvania $16.35 million
  - Federal Transit Administration $15 million (TIGER program grant)
  - SEPTA $4.3 million

- Major Donors to Construction
  - The Albert M. Greenfield Foundation $225,000
  - John S. and James L. Knight Foundation $400,000
  - PNC Bank $300,000
  - William Penn Foundation $1.2 million

- Friends of Dilworth (including individuals, corporations and foundations): # of donors at each sponsorship level:
  - >$100,000 4
  - $50k - $99.9k 8
  - $20k - $49.9k 11
  - $5k - $19.9k 13

Management and Programming

The City of Philadelphia provided the Center City District a 30 year free lease on the land. The 30 year lease was a pre-requisite for acquiring the state grant funds, which requires that the BID developer maintain control of the land for this term. The Center City District agreed to take responsibility for maintenance and operations costs for the term of the lease, including security, cleaning, lighting, and other services at the Park.[15]

The Center City District is continually programming the park with arts and cultural events for all ages including,

- Rosa Blanca Cafe
- Ice skating rink
- Festivals
- Movie screenings
- Happy hours

Financial Impact

In the period starting one year prior to commencement of construction (2011) and ending 2016 (nearly 2 years after the park's reopening) the overall office market in Center City Philadelphia experienced weak rent

[14] https://www.centercityphila.org/docs/DilworthPark_contributors.pdf
[15] http://www.philly.com/philly/blogs/our-money/What-youre-paying-and-getting-for-that-Dilworth-Plaza-renovation.html

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growth in the Central Business District (CBD) rising 2% from $25 to $26 per sq. ft. During the same period of time, office rents in the three buildings near Dilworth Park increased by 17%, substantially outperforming the market as a whole.

	Phila. CBD	Lincoln-Liberty	Two Penn Center	1515 Market
starting rent	$25	$22	$24	$24
ending rent	$26	$27	$30	$26
% change	2%	19%	25%	7%
Average among the 3 buildings on the park:	N/A	17%		
Avg. Annual Chg.	0%			

Additional Sources

Center City District: http://ccdparks.org/dilworth-park
Hidden City Philly: http://hiddencityphila.org/2012/01/dilworth-plaza-reconsidered/

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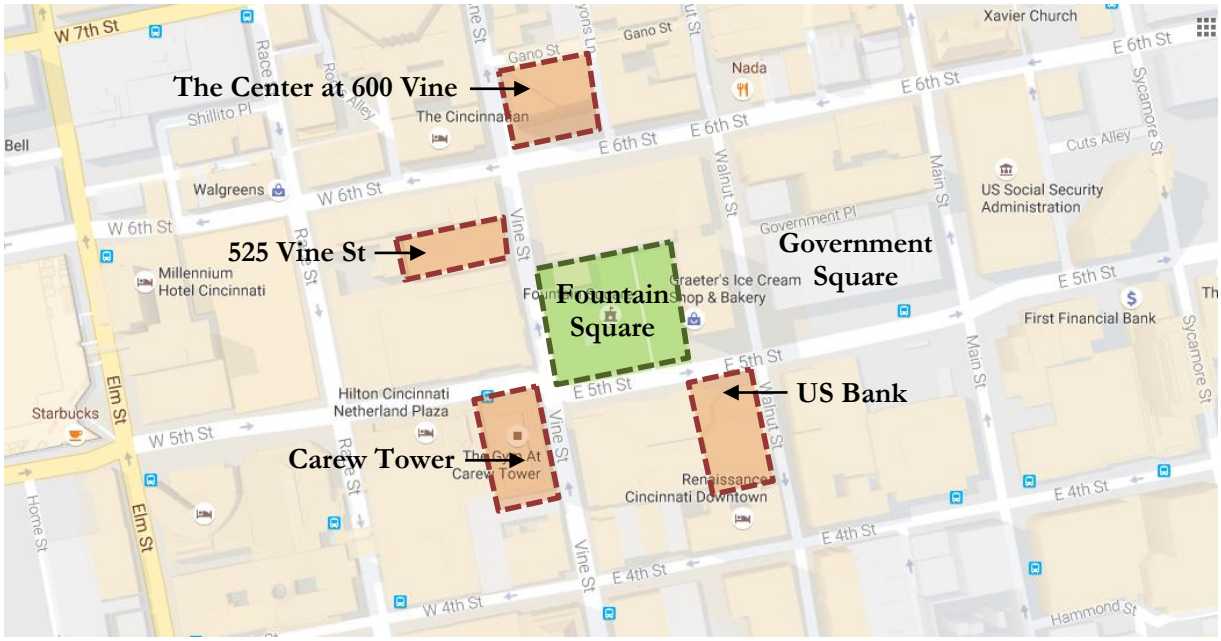
Fountain Square
Cincinnati, OH

Park and Surroundings

Fountain Square is the location of Cincinnati's iconic Tyler Davidson Fountain. Following its redevelopment, it has become a popular destination for free concerts, movies, and other events. The plaza is located in the heart of Downtown Cincinnati, one block west of Metro's downtown bus transit hub, located at Government Square. Immediately adjacent to the open space are several high-rise office buildings and hotels, which have views of the park activity below. The Square's central location makes it both visible and accessible to a diverse population.



History and Intervention

The 2-acre square has a rich heritage as the center of Cincinnati's civic, social, and commercial life. When the Tayler Davidson Fountain was dedicated in 1871, Fountain Square was simply a wide esplanade down the middle of Fifth Street.[16] In 1970, sub-grade parking was installed below the park and a skywalk was added. By the 1990s the garage was in disrepair and Fountain Square had become an unwelcoming place.

[16] http://myfountainsquare.com/features-of-the-square/

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In an effort to revitalize downtown, the city embarked on a project to restore the park's infrastructure and reclaim the place as the heart of Cincinnati's public life. After a $48.9 million renovation of the two acre public space atop a 635 space sub-surface parking structure that began in 2005 and reopening in 2006, the space now attracts two million people annually to the heart of Cincinnati every year for its special events, free concerts, tailgates and lunchtime contests. Improvements included:

- Fountain restoration
- Renovated Garage
- Public Restrooms
- Signage (including a large LED board)
- Seating and umbrellas
- Park like plantings
- New security system[17]
- Free Wi-Fi
- Bike Racks
- Water wall feature

According to Cincinnati Center City Development Corporation, the $48.9 million cost for the redevelopment of Fountain Square's plaza and parking structure was split among the following costs:

Acquisition	**$7,500,000** (lease of garage and plaza by the BID from the City)
Plaza hard costs	**$23,783,036** (Approximately $11.9 million per acre)
Garage hard costs	**$7,927,679**
Soft Costs	**$9,709,796**
TOTAL	**$48,920,511**

The total costs of $48.9 million for the park and garage renovation came from the following sources[18]:

Public Funds:

- State of Ohio $4,000,000
- City of Cincinnati $4,000,000

Private Funding:

- Bank Loan: $15,000,000
- New Markets Fund $13,000,000
- Cincinnati Equity Fund $7,900,000
- Private Contributions $5,000,000

According to the Port of Greater Cincinnati Development Authority:

"To finance the acquisition of the facilities lease and the subsequent improvements, Fountain Square, LLC issued its adjustable rate taxable securities and also entered into loan agreements with the Cincinnati Equity Fund, the Cincinnati New Markets Fund and the State of Ohio. In 2009, the Port of Greater Cincinnati Development Authority served as a conduit issuer for the refinancing of a portion of the original debt. The

[17] http://myfountainsquare.com/parking/
[18] http://planning.city.cleveland.oh.us/grouplan/presentations/Finance%20report.pdf

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refunding bonds were issued in two series. The 2009 bonds are backed by the gross revenues of the garage, a debt service reserve fund, a first leasehold mortgage on the facilities lease, an assignment of leases and rents on the garage and a security interest in certain additional collateral of Fountain Square, LLC. The 2009 bonds are non-recourse to the Port Authority." [19]

Management and Programming

In addition to capital improvements, a key part of the square's success is the active programming. The space is managed by the Cincinnati Center City Development Corporation (3CDC) who organizes year round activities and events.[20] Over 2 million people visit the square annually for these activities, which include:[21]

- Speeches
- Movies
- Concerts
- Festivals
- Ice Skating
- Salsa Dancing
- Tailgates
- Markets

Image Source: media.xogrp.com

Third party events are a major source of income for the park space which operates with an annual budget of approximately $2.5 million. This budget is spent on security, programming, maintenance, promotions, and events.

Financial Impact

Cincinnati's office market suffered significantly in the Great Recession of 2008, and the office rents across the central business district to this day average 19% lower than the office rents in 2005. However, among four large office buildings near the Square the average decline in rents between 2005 and today was only -1% and two of the buildings have asking rents today that are higher than they were in 2005. The stability of this area around the Square, compared to the greater CBD, is attributable to the redevelopment of the Square.

[19] http://www.cincinnatiport.org/wp-content/uploads/Fountain-Square-Project-Profile.pdf
[20] http://www.3cdc.org/what-we-do/
[21] http://myfountainsquare.com/features-of-the-square/

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Fountain Square Building comps between 2005 and 2016 (asking rents)

	Cincinnati CBD	Carew Tower	525 Vine St	US Bank Tower	600 Vine
starting rent	$17	$18	$17	$22	$12
ending rent	$14	$16	$19	$22	$11
% change	-19%	-8%	9%	1%	-6%
Average among the 4 buildings on the park:		-1%			
Avg. Annual Chg.	-2%	-0.1%			

In addition to being a public amenity, Fountain Square has been a catalyst for significant economic development in the surrounding district. The Cincinnati Center City Development Corporation (3CDC) estimates the renovation has generated $125 million in further investment.[22] Fountain Square has once again become the iconic hub for Cincinnati's Central Business District.

[22] http://www.architectmagazine.com/technology/specialist-the-integrators_o

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Value creation potential of Bethesda Metro Park

Among the case studies identified or previously researched, the office buildings with close proximity to the parks realized premiums in annual rental growth rate from 1.6% to over 10% per year compared to the background rent growth rate realized in the submarket in which the buildings were located.

Park name	**Bryant Park**	**Klyde Warren Park**	**Director Park**	**Dilworth Park**	**Fountain Square**
Location	New York, NY	Dallas, TX	Portland, OR	Philadelphia, PA	Cincinnati, OH
Value comparison period	1990 - 2002	2012 - 2015	2009 - 2016	2011 - 2016	2005 - 2016
Starting rents ($/sf)	$24	$20	$19	$24	$17
Ending rents ($/sf)	$59	$29	$24	$27	$17
Total % change	154%	47%	29%	17%	-1%
Avg. Annual % Chg	12.8%	15.8%	4.1%	3.4%	-0.1%
Background Area	Time Square District Office	Uptown Submarket	Portland CBD	Philadelphia CBD	Cincinnati CBD
Background Avg. Annual % Chg.	5.5%	5.5%	1.2%	0.5%	-1.7%
Annual rental growth attributable to park proximity.	7.3%	10.3%	2.9%	2.9%	1.6%

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If you were to ignore the outliers of 1.6% and 10.3% and only consider the impact of between 3% - 7% rent growth rate attributable to the park, the additional annual value created to the 3,481,700 sq. ft. of office space within 2 blocks of the park could be between $83.6 million and $195 million of capitalized value per year. Because leases tend to be long term, this capitalized value could be captured over many years if not decades.

Avg. Bethesda Rents (2 blocks of park)	$40
Office capitalization rate	5%
Total office space sq. ft. (2 blocks of park)	3,481,700

	3.00%	7.00%
Average annual rent growth (per sq. ft.) due to park (assuming avg. of $40 per sq. ft. in rents in Bethesda)	$1.20	$2.80
Average annual building value growth (per sq. ft.) based upon a 5% cap rate.	$24.00	$56.00
Total additional capitalized value created per year for the office space within 2 blocks of the park.	$83,560,800	$194,975,200

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Park Operating Ratio

Operating ratio guidelines measure park area per capita within a defined area as a performance measure of open space planning and management. For decades, the nationally accepted standards called for 10 acres of parkland for every 1,000 residents. In 1997, the National Recreation and Park Association (NRPA) presented a new philosophy, a "systems approach" to park system planning. The new approach reconsidered the old notion of a national standard and places greater emphasis on locally determined values, needs, and expectations.

In order to compare Bethesda to its peers, we identified other Walkable Urban Places (WalkUps) in the Washington DC metropolitan area that were most similar to Bethesda. Regionally significant WalkUps are defined by research from the Brookings Institute and George Washington University School of Business Center for Real Estate and Urban Analysis as a minimum of 1.4 million square feet of office space and/or a minimum of 340,000 square feet of retail space.[23]

Downtown Bethesda is the largest WalkUP in the DC Metro region by population, at 21,169 people according to the 2010 US Census. The table below compares Bethesda with five other WalkUPs that are comparable in regional significance and real estate product mix. In this group, Bethesda ranks second to last for its park operating ratio of only .5 with just 9.6 acres of park. In addition, there are no parks currently located in the center of downtown Bethesda. Rather, the parks that do exist near downtown are generally located at the perimeter of the central business district.

NAME	County	Acres	Park Acres	2010 Population	Operating Ratio	Population Density
Foggy Bottom	DC	312	27.5	10,604	2.6	34.0
Downtown BID + Mount Vernon Triangle	DC	702	18.6	11,498	1.6	16.4
Silver Spring	Montgomery	377	18.9	20,007	0.9	53.0
Friendship Heights	DC	140	6.9	10,309	0.7	73.5
Bethesda	Montgomery	457	9.6	21,169	0.5	46.3
Wheaton	Montgomery	473	1.0	12,775	0.1	27.0
				Average	**0.8**	

The new Bethesda Metro Park site is optimally located in the center of the CBD and can serve to increase Bethesda's poor park operating ratio in a location that offers maximum access to the densest part of Bethesda.

[23] "Footloose and Fancy Free: A Field Survey of Walkable Urban Places in the Top 30 U.S. Metropolitan Areas," December 2007. http://www. brookings.edu/research/papers/2007/12/1128- walkableurbanism-leinberger

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Funding the New Bethesda Metro Park

Funding strategies for new parks must consider (i) the long-term management and operating costs and (ii) the initial capital to undertake the renovations. In general, sources for the funds fall under three categories:

1. Government capital (i.e. grants, financing programs)
2. Private owner / developer capital
3. Income streams generated by the park (i.e. rents, event fees, programming sponsorships)

Park name	**Director Park**	**Dilworth Park**	**Fountain Square**
Location	Portland, OR	Philadelphia, PA	Cincinnati, OH
Approx. size (acres)	0.5	2.8	2
Initial condition	Surface Parking Lot	Under-utilized public park over major regional multi-modal transit station.	Deteriorated public park over sub-grade parking
Intervention	Public plaza (constructed over a new underground parking garage)	Major re-design and renovation to park and sub-surface transit access.	Major renovation to plaza and garage below.
Intervention date	2009	2011	2005-2006
Initial improvement cost	$9,450,000 (~$14.4 million /ac. plaza hard costs)	$55,000,000 (~$13.45 million/acre plaza hard costs)	$48,900,000 (~$11.9 million / acre plaza hard costs)
Funding sources	**Public Funds:** Portland Dev. Com.: $ 4.5 M City of Portland: $ 0.7 M Portland Parks & Rec: $ 1.2 M **Private Gifts:** $3.1 million;	**Major Public Donors** • Center City District $15 million • City of Philadelphia $5.75 million • Commonwealth of Pennsylvania $16.35 million • Federal Transit Administration $15 million • SEPTA $4.3 million **Major Private Donors:** • The Albert M. Greenfield Foundation $225,000 • John S. and James L. Knight Foundation $400,000 • PNC $300,000 • William Penn Foundation $1.2 million • Additional private donations	**Public Funds:** • State of Ohio $4,000,000 • City of Cincinnati $4,000,000 **Private Funding:** • Bank Loan: $15,000,000 • New Markets Fund $13,000,000 • Cincinnati Equity Fund $7,900,000 • Private Contributions $5,000,000
Management	Portland Parks & Recreation with support from the Portland Development Commission.	Center City District (BID)	Cincinnati Center City Development Corporation (BID)

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Capital Improvement Funding

Funding strategies to finance major park improvements across the nation vary, but the examples identified as case studies were made possible through public-private partnerships that included federal, state, and local funding sources, private debt and equity, and generous donations by foundations, businesses and individuals who care deeply about improving the vibrancy and character of the public spaces in their downtowns.

The Bethesda Metro Park site offers a unique circumstance in its situation sitting above the most important multi-modal transit hub in Bethesda's Central Business District. This provides opportunity for government, transit agencies and the private sector to work together to secure funding similar to Dilworth Plaza in Philadelphia, where transit money was obtained because the project's scope was not only a park, but also an improvement and upgrade to an important regional transportation hub. No other potential park site in Bethesda can offer this level of transit access or tap into the funding associated with its improvement.

A preliminary list of public funding sources that should be further explored as the scope and design of the Bethesda Metro Park are refined have been identified in Exhibit A. This list represents potential funding sources (both loans and grants) for a variety of hard costs and soft costs that could be applicable, depending on the ultimate project scope. Available funding will depend on the elements that are ultimately integrated into the project scope, the structure of the public/private partnership, and the nature and structure of the on-going management of the facilities.

Operating Expenses

The two major categories of operating expenses for a park are operations and programming. At Franklin Park, in Washington DC, efforts are currently under way to establish a sustainable management structure for the park over the long term. The draft operating expense budget of over $1.5 million estimated for the 4.65-acre park is attached as Exhibit B.[24] This represents over $322,000 per acre at Franklin Park. Operations expenses include security, general maintenance, horticulture care and maintenance. Programing expenses include programming, sponsorships, events, rentals, visitor services, marketing and communications.

The level of expenses depends on whether the park requires full-time employees or if the park is managed in partnership with an organization that can provide services at a lower cost. In the proposed Franklin Park example, many park functions (both operating and programming) are proposed to be handled by staff from the Downtown DC Business Improvement District. In Bethesda, the Bethesda Partnership could be approached to play a similar role for the new Bethesda Metro Park. Based on the proposed expenses for Franklin Park (with 7AM to 11PM security), expenses for the new Bethesda Metro Park could fall into the range of $500,000 to $700,000 per year, without a management partner (i.e. Bethesda Partnership). With a partner, these costs may be reduced to $300,000 to $500,000 per year. Further refinement of the scope of the park and details of its intended program of uses will be required in order to better define the specific operating costs.

[24] page 16 of the July 2015 Operations and management Report on Franklin Park

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Operating Revenue

The park itself will be able to generate revenue from several sources: sponsorship, rentals and restaurant rental.

- Sponsorships/Events: It is highly probable that the park could obtain a sponsor/event producer for (1) a summer music series (perhaps two or three –think Strathmore Summer Concert) and (2) a morning workout program. Based on estimates for Franklin Park, Washington, DC, this could generate $50,000 to $100,000 per year.

- Rentals: This is for events such as weddings, bar mitzvahs, dinners and parties. This would require the ability to close off much, if not all, of the park to the public. Based on estimates for Franklin Park, this could raise $30,000 to $50,000 per year.

- Restaurant: Based on estimates for Franklin Park, this could raise $40,000 to $60,000 per year.

Based on Franklin Park, the net operating expenses to be funded after park generated revenues (not including a restaurant) will be $150,000 to $430,000 per year. Three ways to fund the revenue gap include:

- a specific special assessment property tax
- a business improvement district tax
- contributions from local or state government

Special Assessment Property Tax: This special property tax would be levied on the property owners facing the park and within one or two blocks. Based on value impact research, the first block would pay two to three times the amount paid by the second block. In Franklin Park, Washington, DC, the initial private sector funding plan called for a payment of $0.11 per sq. ft. for the buildings facing the park and $0.055 per SF for the buildings one half a block away. This plan was not adopted, but was supported by many property owners, but not all.

In the case of the Bethesda Metro Park, if there is 2,277,227 SF of office space in buildings within one block of the park, then a special assessment of $.11 per sq. ft. in the first block could generate over $250,000. And, with 1,204,444 SF of office space in the buildings in the second block, a special assessment of $.055 per sq. ft. in the second block could generate an additional $66,000, for a total of over $316,000 per year in the two block area. The special tax would be able to be raised up to 3% per year without seeking government approval.

	Office sq. ft.	Special Assessment (per sq. ft.)	Total Special Assessment
Block 1	2,277,227	$0.11	$250,495
Block 2	1,204,444	$0.055	$66,244
	Total potential revenue		$316,739

Business Improvement District (BID) Taxes: This is a form of special assessment property tax, but would cover more property owners, not just those adjacent or within one or two blocks of the park. In the case of Franklin Park, this addition to the current BID tax of $0.16 per SF will amount to $0.005 to $0.02 per SF and

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will be applied to public space management throughout the Downtown DC BID's 135 blocks (including other parks owned by the National Park Service: three large parks, 20 or so "pocket parks" and Pennsylvania Avenue sidewalks).

This concept could be applied to the boundaries of the Bethesda Partnership so that all of the buildings that are located inside its service district would be assessed an additional minimal special assessment that could be lower than the scenario in which only the two blocks around the park would pay. If the entire Bethesda office submarket's approximately 10 million SF were included, this would mean a BID-like special assessment property tax of $0.0316 per SF to raise $316,739 per year. It may make sense to propose funding the park as part of a broader public space management program and set a fee of $0.05 per SF.

Lastly, if apartment and condo buildings were included in the BID-like special assessment district, this would further reduce the cost to office building owners. In DC, the BIDs charge apartments and condos on a per unit basis assuming a unit size of 800 SF. Thus, if an office building rate was $0.05 per SF, then an apartment or condo unit would be charged $40 per year.

Coalescing support from the County, local business leaders, property owners, community stakeholders, non-profit / quasi-public community and the transit agencies will be critical to the ultimate success in identifying the funds to create the new Bethesda Metro Park and develop a sustainable operating structure to allow the new park to serve as the "heart" of downtown Bethesda's public realm.

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EXHIBIT A. Preliminary list of public funding sources

Transportation Investments Generating Economic Recovery (TIGER)
Grant topic: Transportation
Supported activities: Construction/capital, Project financing
Eligible recipient: Tribal Government, Local/Regional government, State government
Sponsor: US DOT (Department of Transportation)
View Website: www.dot.gov/tiger
Other information: TIGER is a competitive grant program funding infrastructure projects that promote economic competitiveness, improve energy efficiency, reduce greenhouse gas emissions and improve safety, quality-of-life and working environments in communities. Unlike last year, no planning grants will be awarded this year and all the funding will be for project implementation. This year 52 projects were granted funds ranging from $1.5 to $20 million.

Bus and Bus Facilities Discretionary Grant Program (5309)
Grant topic: Transportation
Supported activities: Construction/capital
Eligible recipient: Local/Regional government, State government, Private sector
Sponsor: US DOT (Department of Transportation)
View Website: www.transit.dot.gov/funding/grants/buses-and-bus-facilities-grants-program-5339
Other information: Funds new and replacement buses, equipment, facilities, as well as intermodal transit centers in rural cities and cities over 200,000. Funds remain available for obligation for three fiscal years. This includes the fiscal year in which the amount is made available or appropriated plus two additional years Call (202) 366-2053 for amount and deadline.

Transportation Infrastructure Finance and Innovation Act (TIFIA)
Grant topic: Transportation
Supported activities: Construction/capital, Project financing
Eligible recipient: Non-Profit or For-Profit Organization, Independently or jointly with public-private team, Local/Regional government
Sponsor: US DOT (Department of Transportation)
View Website: www.fhwa.dot.gov/ipd/tifia/
Other information: TIFIA provides Federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates that can be found in private capital markets for similar instruments. TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues. Many surface transportation projects – highway, transit, railroad, intermodal freight, and port access – are eligible for assistance. Each dollar of Federal funds can provide up to $10 in TIFIA credit assistance – and leverage $30 in transportation infrastructure investment. Project minimum cost is $50 million.

TIFIA TOD Program
The TOD loan program may be utilized for a project to improve or construct public infrastructure that is located within walking distance of, and accessible to, a fixed guideway transit facility, passenger rail station,

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intercity bus station, or intermodal facility, including a transportation, public utility, or capital project and related infrastructure. In the case of transit oriented development projects, eligible project costs shall be reasonably anticipated to equal or exceed $10,000,000.

State of Maryland Funding Programs

Community Engagement and Restoration Mini Grant Program
Grant topic: Environment
Supported activities: activities that enhance communities, engage residents, and improve natural resources (such as tree plantings)
Maximum award: $5,000
Eligible recipient: 501©3 Private Nonprofit Organizations, Faith-based organizations, Community Associations, Service and Civic Groups, Public Agencies, Conservation Districts, Higher Education Institutions.
Sponsor: Chesapeake Bay Trust
View Website:
http://www.cbtrust.org/site/c.miJPKXPCJnH/b.8600101/k.F6D8/Community_Engagement_and_Restoration_Mini_Grant.htm

Regional Institution Strategic Enterprise (RISE) Zone Program
Grant topic: Economic Development
Maximum award: may qualify for real property tax credits and income tax credits related to capital investment
Sponsor: Department of Commerce

Local Government Infrastructure Financing
Grant topic: Economic Development
Supported activities: projects that serve the community at large. These projects can include, but are not limited to, streetscape improvements, transportation enhancements, and water and sewer treatment facilities.
Maximum award:
Eligible recipient: All Maryland counties, municipalities and/or their agencies are eligible, provided they have legal authority necessary for:

- Constructing, operating and maintaining the proposed project,
- Pledging security for and repaying the proposed loan, and
- Pledging income tax payments and various other shared revenue from the State.

Sponsor: Maryland Department of Housing and Community Development's Community Development Administration
View Website: http://dhcd.maryland.gov/Communities/Pages/lgif/default.aspx
Other information: State issued bonds, on behalf of counties, municipalities and/or their instrumentalities, to finance projects that serve the community at large

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Community Legacy Program
Grant topic: Economic Development
Supported activities: Projects should capitalize on the strengths of a community and be part of a larger revitalization strategy to revitalize a declining area. Projects/activities typically include, but are not limited to:

- Mixed-use development consisting of residential, commercial and/or open space
- Business retention, expansion and attraction initiatives
- Streetscape improvements
- Increasing homeownership and home rehabilitation among residents
- Residential and commercial façade improvement programs
- Real estate acquisition, including land banking, and strategic demolition
- Establishing funds to provide loan guarantees and credit enhancement to leverage other public or private financing

Eligible recipient:

- Local governments
- Community development organizations (for example: county councils, community development corporations, main street organizations, downtown partnerships)
- Groups of local governments sharing a common purpose or goal

Sponsor: Maryland Department of Housing and Community Development's Community Development Administration
View Website: http://dhcd.maryland.gov/Communities/Pages/programs/CL.aspx
Other information: The Community Legacy program provides local governments and community development organizations with funding for essential projects aimed at strengthening communities through activities such as business retention and attraction, encouraging homeownership and commercial revitalization.

Technical Assistance Grants Program
Grant topic: Economic Development
Supported activities: funding to obtain or provide advisory, consultative, training, information, and other services which will assist or carry out community development activities.
Maximum award: $50,000
Eligible recipient: nonprofit organizations, local governments, local development agencies and local development corporations
Sponsor: Maryland Department of Housing and Community Development
View Website: http://dhcd.maryland.gov/Communities/Pages/tag/default.aspx
Other information:

Community Investment Tax Credits Program
Supported activities: Projects must be located in or serve residents of a Priority Funding Area and typically involve activities such as:

- Education and Youth Services
- Housing and Community Development
- Job and Self-Sufficiency Training
- Enhancing Neighborhoods and Business Districts
- Arts, Culture and Historic Preservation

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- Economic Development and Tourism Promotion
- Technical Assistance and Capacity Building
- Services for At-Risk Populations

Maximum award: tax credits equal to 50% of the value of donated money, goods or real property contribution
Eligible recipient: 501c(3)
Sponsor: Maryland Department of Housing and Community Development
View Website: http://dhcd.maryland.gov/Communities/Pages/programs/CITC.aspx
Other information: annual, competitive application process to support project or activity that is either located in or serving a community in a Priority Funding Area.

Program Open Space-Local
Sponsor: Department of Natural Resources
View Website: http://dnr2.maryland.gov/land/Pages/ProgramOpenSpace/home.aspx
http://dnr2.maryland.gov/land/Pages/ProgramOpenSpace/Program-Open-Space-How-to-Apply.aspx
Other information: provides financial and technical assistance to local subdivisions for the planning, acquisition, and/or development of recreation land or open space areas.

Public Art Project Grant
Eligible recipient: County Arts Councils and designated Arts & Entertainment Districts
Sponsor: Maryland State Arts Council
View Website: http://www.msac.org/programs/public-art
https://www.msac.org/sites/default/files/files/FY2017%20Public%20Art%20Project%20Guidelines.pdf
Other information: supports and encourages the implementation local public art projects throughout the entire state

Maryland Bikeways Program
Grant topic: Transportation
Supported activities: The Program supports projects that maximize bicycle access and fill missing links in the state's bicycle system, focusing on connecting bicycle-friendly trails and roads and enhancing last-mile connections to work, school, shopping and transit. On-road bicycle projects, such as bike lane striping, sharrows (shared land markings), and wayfinding signage are eligible for funding. Off-road shared-use path and trail projects are also eligible for funding. Eligible project types include:

- Feasibility assessment and Design of proposed or potential bikeways to assess issues, such as environmental impacts, right-of-way issues, ADA compatibility, local support, and cost estimates.
- Minor Retrofit including bicycle route signing, pavement markings, parking, drainage grate replacement and other minor retrofits to enhance bicycle routes.
- Construction of bikeways, generally leveraging other sources of funding, such as Transportation Alternatives, Maryland Heritage Areas, etc.

Only public agencies are eligible to apply for Bikeways Program funding. Program criteria and requirements are in place to target the Bikeways Program to priority areas. More detail on the targeted areas and other program criteria and requirements is provided in the funding application instructions.

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Eligible recipient:
- Maryland local governments, alone or in partnership with other jurisdictions or private organizations
- Maryland State Agencies
- Metropolitan Planning Organizations (MPOs)
- Transit entities operating in Maryland
- Federal public lands agencies

View Website: http://www.mdot.maryland.gov/newMDOT/Planning/Bike/Bikeways_About.html
Other information: To be eligible for funding through the Bikeways program, a project must meet **at least one** of the following criteria:
- Located substantially within the Priority Funding Area (PFA), Located within 3 miles of a rail transit station or major bus transit hub,
- Provide or enhance bicycle access along any gap identified in the Statewide Trails Plan "A Greener Way to Go", and/or
- Identified as a transportation priority in a County's most recent annual priority letter submitted to MDOT.

*state has a database http://planning.maryland.gov/OurWork/Infoportal/

Montgomery County, MD Parks
http://www.montgomeryparks.org/projects/capital-improvements-program/#cip-funding

All development, improvement, and maintenance are governed by the *Capital Improvements Program (CIP)*, prepared every two years to cover a six-year cycle. The CIP includes new or renovation projects costing over $25,000 with a useful life greater than 15 years. It also includes smaller planned life cycle asset replacement (PLAR) projects that increase the life of assets.

The most recent CIP was approved by the Montgomery County Council on March 26, 2016. The County's Office of Management and Budget (OMB) maintains information about prior CIPs on their website. Please click here to access their library by fiscal year.

CIP Projects
Projects considered for inclusion in the CIP evolve from various sources, including but not limited to:
- Variety of plans and studies, e.g. master plans, functional plans, needs plan (Land Preservation, Parks and Recreation Plan [LPPRP])
- Approved facility plans
- Citizen requests at public forums, letter etc.
- Planning Board directives
- County Council directives
- CIP requests submitted via an intra-departmental on-line CIP Request Form
- Land acquisitions and developer park donations

There are two major types of capital development projects in the CIP: (1) Stand Alone Projects and (2) Level-of-Effort Projects.

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Funding Sources

- Park and Planning General Obligation Bonds
- County General Obligation Bonds
- State Bond Bills and Grants
- Program Open Space
- Contributions and Donations
- Federal Grants
- Enterprise Funds
- Current Revenue

Factors to Consider

- CIP Projects are prioritized based on several factors, including:
- Planning Board criteria, including safety and environmental factors
- Infrastructure Condition Assessment Study priorities
- Facility planning evaluation matrices
- Priorities assigned by field staff
- Priorities assigned by a CIP evaluation committee, consisting of senior management
- Public needs
- New projects versus renovation projects

CIP capacity is limited by the following:

- Fiscal Capacity
    - Available funding sources
    - Spending Affordability Guidelines (SAG)
        - Local Projects – SAG limits on Park and Planning Bonds
        - Non-Local Projects – All Montgomery County agencies compete for same funding and SAG
- Balancing a growing backlog of projects with new priorities and needs
- County Executive's Readiness Criteria
- Implementation capability (limited resources, including staff)
- Operating budget impact (OBI)

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EXHIBIT B. Draft Operating Expense Budget proposed for Franklin Park in Washington DC.

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YEARS 2-6 (Establishment Period)					
Operating Costs for Franklin Park Washington, DC	Hrs	$/hr	Cost	Total Cost	Comments
Park Maintenance					
Maintenance Personnel					
In-house park staff (semi-skilled)	7154	$22	$157,396		General cleaning and maintenance
In-house park staff (skilled)	642	$29	$18,612		General cleaning and maintenance
Contracted horticultural service	661	$55	$36,355		Horticultural care and maintenance
Contracted tree service	100	$100	$10,000		Tree care and maintenance (tradesperson + helper)
Contracted trades	634	$115	$72,910		Irrigation, water feature, facilities, etc. (tradesperson + helper)
Subtotal Maintenance Personnel	9191			$295,274	
Maintenance Expenses					
Materials & supplies			$30,956		See Appendix (Table A-25)
Pest control			$10,000		Non-horticultural rodent/pest control
Replacement plants			$56,000		10% of plants
Equipment maintenance			$5,000		
Equipment rental			$7,500		Rental of bucket truck, etc.
Water feature materials/replacement parts			$10,000		Allowance for materials + equipment replacement (e.g. motor, pump, controls, bromine)
Facility replacement costs			$7,500		Replacement of damaged furnishings
Electrical			$50,000		Lighting, water feature, facilities (temporary estimate)
Water			$50,000		Irrigation, water feature, facilities (temporary estimate)
Storage facility rental			$6,600		Off-site storage of large equipment and materials
Uniforms & communication devices			$2,000		Replacement of all-weather gear, radios
Subtotal Maintenance Expenses				$235,556	
Total Maintenance Costs				$530,830	
Park Security					
Security supervisor	2,920	$35	$102,200		Security supervisor (1/3 time)
Security staff	8,760	$25	$219,000		Contracted security to provide 1 person patrol (24/7)
Indirect costs (25%)			$80,300		
Park Monitor	1,344	$20	$26,880		Seasonal uniformed presence for Children's Garden and fountain plaza (24-week peak season, 8hrs/day)
Subtotal Park Security				$428,380	
Programming					
Program/event support	2,800	$15	$42,000		Staffing for programs and events
Rentals and miscellaneous event-related costs			$100,000		Allowance for temporary rental of stage, AV equipment, portable toilets, etc. for Park Management Entity sponsored events/activities
Materials & supplies			$20,000		Advertising/communications for events, program infrastructure (e.g. art cart, yoga mats, etc.)
Subtotal Programming				$162,000	
Administrative					
Executive Director			$62,500		1/2 time
Operations Director			$85,000		
Program Director			$80,000		
Communications Specialist			$18,500		1/3 time
Administrative Assistant			$30,000		
Indirect costs (25%)			$69,000		
Liability insurance			$48,000		
Office expenses			$10,000		Office materials/supplies, IT
Subtotal Administrative				$403,000	
TOTAL				$1,524,210	
Annual Capital Replacement				$250,000	

***The total operating expense budget represents $322,000 per acre**

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