



## Takoma Park City Council Meeting – January 11, 2017 Agenda Items 4 and 5 - Revised

### Work Session and Voting Session

Discussion of Takoma Junction Redevelopment Project and Vote Related to Section 4 “Co-op” of the Development Agreement between NDC and the City of Takoma Park

### Recommended Council Action

Review the project status and vote on resolution

### Context with Key Issues

The [Development Agreement](#) (Agreement) executed by the City and Neighborhood Development Company (NDC), effective August 1, 2016, establishes a framework for the Takoma Junction redevelopment project, identifying the actions required to proceed with the planned development, and reaffirming Council's expectations regarding the nature of the development. Included in the Agreement is a provision requiring the submission of a nonbinding Letter of Intent (LOI) between NDC and the Takoma Park Silver Spring Co-op (Co-op) that, once finalized, would establish the terms and conditions of a future lease arrangement between the two parties. The deadline for the submission of the LOI was Tuesday, November 29, 2016.

On Wednesday, December 7, the Council, having been informed that the desired LOI had not been executed by the established deadline, approved [Resolution 2016-46](#) extending the negotiation period for an additional 30 days as permitted under the terms of the Agreement. The deadline for completion of this initial phase of the project was extended through January 6, 2017.

Discussions between NDC and the Co-op have continued since the adoption of the resolution with a revised and expanded LOI and new site plan presented by the Co-op. Despite the efforts of both parties, agreement on the desired LOI has not been reached.

Given the lack of a signed LOI, the Council, having exercised its option to extend the negotiation period, has two remaining options available under the terms of the Agreement. The Agreement does not provide for further extension of the negotiation period.

Option A: To require NDC to begin seeking another anchor tenant for the Project and provide reasonable accommodation to the Co-op for the continued operation of its business in its existing location.

Option B: To terminate the Agreement and pay NDC an amount up to \$75,000 for reasonable, out of pocket costs that the firm has incurred. In the event this option is taken, NDC is required to transfer its work products (traffic studies, etc.) to the City.

Additional information on the status of the project including updates on the negotiations that have transpired between NDC and the Co-op throughout this process are available on the City [website](#).

## **Council Priority**

Advance Economic Development Efforts: Takoma Junction Development

## **Environmental Impact of Action**

The project is to be designed and constructed in a manner that satisfies the requirements for LEED Gold or higher certification from the U.S. Green Building Council or an equivalent certification. Goals for the development, as specified in the Request for Proposals, include improving the aesthetic appeal of the commercial district and being contextually sensitive and environmentally sustainable.

## **Fiscal Impact of Action**

In the event the Council elects to proceed with Option A, once the project is developed, the City would receive a total of roughly \$20 million in lease payments, an average of just over \$200,000 a year during the term of the proposed Ground Lease. In addition to the rental payment, NDC will be responsible for paying real property taxes on the building and on the revenue-generating areas of the site once the Ground Lease is signed. Additional information on anticipated revenues is available in the [Questions and Answers](#) material available on the City's Website.

In the event the Council elects to proceed with Option B and discontinue its relationship with the firm and terminate the Agreement, the City would be required to pay up to \$75,000 for out of pocket costs incurred by NDC. Should the project not proceed, the City would also forego ground lease and personal and real property tax revenue.

## **Attachments and Links**

- [Takoma Junction Redevelopment](#)
- Resolution exercising Option A and authorizing solicitation of an alternative anchor tenant for the Takoma Junction development project
- Resolution exercising Option B and authorizing termination of the Takoma Junction Development Agreement

Introduced by: Councilmember

**CITY OF TAKOMA PARK, MARYLAND**

**RESOLUTION 2017 –**

**RESOLUTION EXERCISING COUNCIL’S OPTION TO AUTHORIZE SOLICITATION OF ALTERNATIVE ANCHOR TENANT FOR TAKOMA JUNCTION DEVELOPMENT PROJECT**

**WHEREAS**, the City purchased the parking lot at the Takoma Junction in 1995 for the purposes of stabilizing this small but important historic neighborhood commercial district and facilitating the revitalization of the area; and

**WHEREAS**, a Request for Proposals for redevelopment of the Takoma Junction property was issued in 2014 with the aim of revitalizing the commercial district and locally-owned, independent businesses and improving the aesthetic appeal of the district in a contextually sensitive and environmentally sustainable manner; and

**WHEREAS**, on April 13, 2015, Council Resolution 2015-19 authorized the negotiation of an agreement with Neighborhood Development Company, LLC (NDC) for redevelopment of the City-owned lot; and

**WHEREAS**, the City and NDC executed a Development Agreement (Agreement) on August 1, 2016, specifying the priorities of the Council and establishing the process guiding the redevelopment of the City-owned lot; and

**WHEREAS**, the Agreement details the prospect that NDC and the Takoma Park Silver Spring Co-op (Co-op) would sign a Letter of Intent regarding the Co-op’s participation in the project within 120 days of the effective date of the agreement; and

**WHEREAS**, on December 7, 2016, the Council, having been advised that NDC and the Co-op were unable to reach agreement on the desired Letter of Intent by the established deadline, adopted Resolution 2016-46 extending the negotiation period by 30 days to January 6, 2017 as permitted under the terms of the Agreement; and

**WHEREAS**, on January 11, 2017, the Council was advised that NDC and the Co-op, despite continued discussions, remained unable to reach agreement on a Letter of Intent; and

**WHEREAS**, in the event a Letter of Intent is not submitted by the extended deadline, Section 4 of the Agreement gives the City, at its sole discretion, the authority to:

- (a) require NDC to seek a letter of intent with another anchor tenant for the project other than the Co-op and to provide reasonable accommodation to the Co-op for the continued operation of its business in its current facility, or
- (b) terminate the Agreement upon ten business days notice to NDC and to pay NDC an amount up to Seventy-Five Thousand Dollars (\$75,000.00) for reasonable, out of pocket costs incurred as of the date of the termination.

**OPTION A – ALTERNATIVE ANCHOR TENANT**

**WHEREAS**, the Agreement does not provide for further extension of the negotiation period between NDC and the Co-op; and

**WHEREAS**, the Council strongly encourages NDC and the Co-op to continue to work together to advance the City's goals of facilitating the revitalization of the Takoma Junction and to facilitate the expansion and continued operation of the Co-op.

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF TAKOMA PARK, MARYLAND** authorizes Neighborhood Development Company LLC to commence seeking a letter of intent with another anchor tenant for the Takoma Junction project other than the Takoma Park Silver Spring Co-op.

**BE IT FURTHER RESOLVED THAT** Neighborhood Development Company, LLC is to provide to provide reasonable accommodation to the Takoma Park Silver Spring Co-op for the continued operation of its business at its current premises pursuant to the Development Agreement.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2017

Attest:

\_\_\_\_\_  
Jessie Carpenter, CMC  
City Clerk

Introduced by: Councilmember

**CITY OF TAKOMA PARK, MARYLAND**

**RESOLUTION 2017 –**

**RESOLUTION EXERCISING COUNCIL’S OPTION TO TERMINATE  
THE TAKOMA JUNCTION DEVELOPMENT AGREEMENT**

**WHEREAS**, the City purchased the parking lot at the Takoma Junction in 1995 for the purposes of stabilizing this small but important historic neighborhood commercial district and facilitating the revitalization of the area; and

**WHEREAS**, a Request for Proposals for redevelopment of the Takoma Junction property was issued in 2014 with the aim of revitalizing the commercial district and locally-owned, independent businesses and improving the aesthetic appeal of the district in a contextually sensitive and environmentally sustainable manner; and

**WHEREAS**, on April 13, 2015, Council Resolution 2015-19 authorized the negotiation of an agreement with Neighborhood Development Company, LLC (NDC) for redevelopment of the City-owned lot; and

**WHEREAS**, the City and NDC executed a Development Agreement (Agreement) on August 1, 2016, specifying the priorities of the Council and establishing the process guiding the redevelopment of the City-owned lot; and

**WHEREAS**, the Agreement details the prospect that NDC and the Takoma Park Silver Spring Co-op (Co-op) would sign a Letter of Intent regarding the Co-op’s participation in the project within 120 days of the effective date of the agreement; and

**WHEREAS**, on December 7, 2016, the Council, having been advised that NDC and the Co-op were unable to reach agreement on the desired Letter of Intent by the established deadline, adopted Resolution 2016-46 extending the negotiation period by 30 days to January 6, 2017 as permitted under the terms of the Agreement; and

**WHEREAS**, on January 11, 2017, the Council was advised that NDC and the Co-op, despite continued discussions, remained unable to reach agreement on a Letter of Intent; and

**WHEREAS**, in the event a Letter of Intent is not submitted by the extended deadline, Section 4 of the Agreement gives the City, at its sole discretion, the authority to:

- (a) require NDC to seek a letter of intent with another anchor tenant for the project other than the Co-op and to provide reasonable accommodation to the Co-op for the continued operation of its business in its current facility, or
- (b) terminate the Agreement upon ten business days notice to NDC and to pay NDC an amount up to Seventy-Five Thousand Dollars (\$75,000.00) for reasonable, out of pocket costs incurred as of the date of the termination.

**OPTION B - TERMINATION**

**WHEREAS**, the Agreement does not provide for further extension of the negotiation period between NDC and the Co-op; and

**WHEREAS**, the City Council has decided not to require NDC to seek a letter of intent with another anchor tenant for the project other than the Co-op.

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF TAKOMA PARK, MARYLAND**, authorizes the termination of the Takoma Junction Development Agreement effective January 21, 2017.

**BE IT FURTHER RESOLVED THAT** the City Manager is hereby authorized to take any action necessary to carry out the intent of this resolution in accordance with Section 4 of the Takoma Junction Development Agreement.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2017

Attest:

\_\_\_\_\_  
Jessie Carpenter, CMC  
City Clerk