

CITY OF TAKOMA PARK

HOUSING & COMMUNITY DEVELOPMENT

February 21, 2024

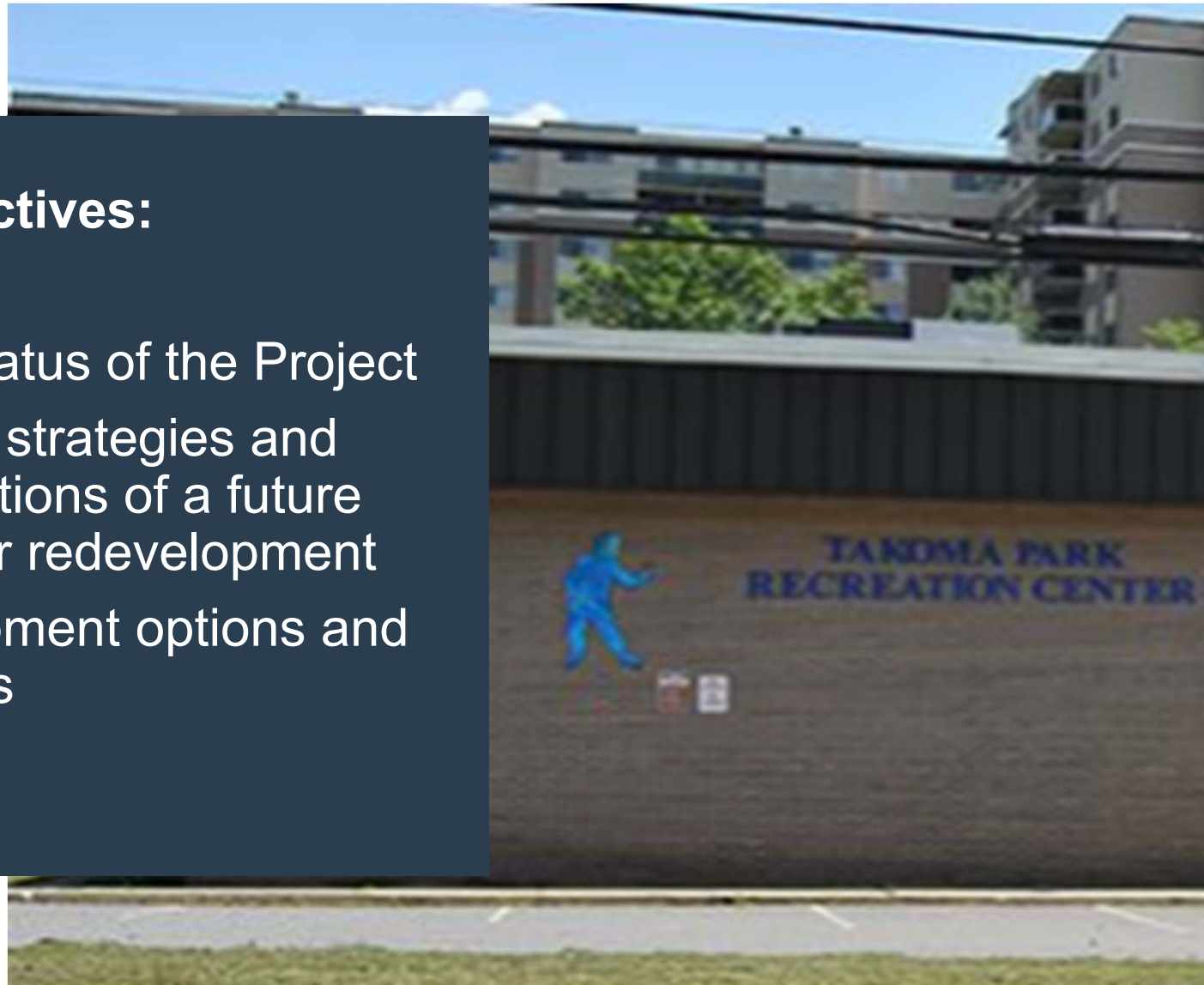
Recreation Center Redevelopment Update

Presented by Ira Kowler



Work Session Objectives:

1. Review current status of the Project
2. Present financing strategies and budgetary implications of a future Recreation Center redevelopment
3. Review redevelopment options and discuss next steps



WHEREAS, the City Council's FY 2025 budget priorities are:

- **Take next steps to advance development of the Takoma Park Recreation Center;**
- Identify and implement Public Space Management Plan activity based on new evaluation tool (potential projects may include Anne St., Haverford, or an activity related to natural resources);
Implement the Community Navigator Program;
- Improve traffic calming in the City by changing traffic calming policies, and/or conducting traffic studies in priority areas (i.e., Ritchie Ave., New Hampshire Gardens community, areas near new Purple Line stations); and
- Advance the City's housing efforts by updating housing policies (i.e., payment in lieu of taxes (PILOT) and Community Development Block Grant (CDBG) funds), incentivizing multi-family rehabilitation (i.e. energy efficiency, electrification and building improvements), and addressing matters regarding code enforcement and multi-family onsite property management; and
- Explore implementing a stormwater project based on results from the stormwater resiliency study;

Resolution 2023-40

Site Facts

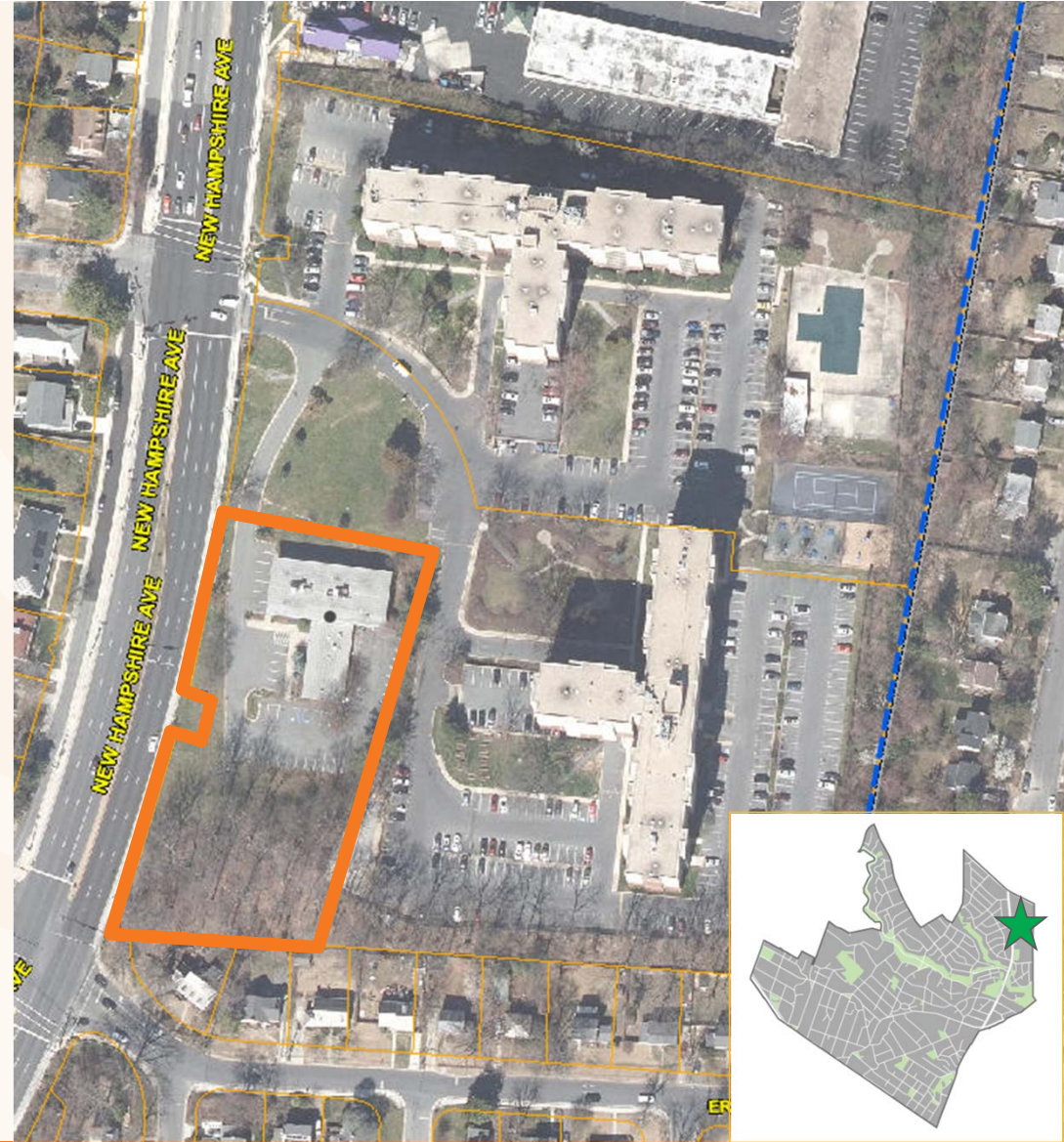
Address: 7315 New Hampshire Avenue

Total Land Area: ~1.86 Acres

Zoning: CRT-2.0 (C-2.0 R-2.0 H-60')

Available Incentives & Programs:
Maryland Opportunity Zone; Long Branch/Takoma Enterprise Zone; National Capital Strategic Economic Development Area

Current Funding: ARPA (\$160,000);
DHCD NED (\$145,000)



Project Timeline

2011-2012:
Corridor
Planning

2017-2018:
Testing the
Market

2021:
Community
Engagement

Present

2015: Site
Analysis

2018-2019:
Property
Acquisition
from M-
NCPPC

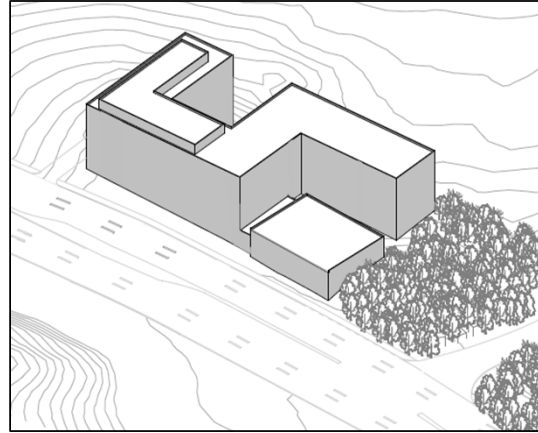
2022-2023:
Recent RFP

**July 2023 – Last Council
Presentation**

CITY OF TAKOMA PARK

Current Staff Assessment

A stylized sunburst graphic in shades of blue and orange, positioned in the lower right quadrant of the page. The sun is a semi-circle at the bottom, with rays extending upwards and outwards. The background of the page is a dark blue gradient with a subtle pattern of overlapping geometric shapes.



Understanding Project Cost

A new recreation center will likely cost the City between approximately **\$15 Million**.

There are ways to defray some of this cost, but no option will completely eliminate this expense.

How Can We Think About Project Cost?

Potential Cost Offsets:

- ▶ State Bond Bills
- ▶ Federal Earmarks
- ▶ County Recreation Partnerships
- ▶ Property Disposition
- ▶ Public-Private Development and Incentives

In the current market, none of these will eliminate the entire cost for the City.

Potential Impacts

Total Project Cost

~\$15 Million

Annual Debt Service

~\$1,150,000

Additional Tax Burden

~\$0.04 per \$100

Annual Property Tax Increase (\$600,000 Property Assessment)

~\$250

Annual Property Tax Increase (\$800,000 Property Assessment)

~\$330

Options Analysis

Option	Title	Description
Option #1	Status Quo	Continue with current Recreation Center operations
Option #2	City-Led Project	City builds a standalone recreation center on the site
Option #3	Land Swap/Acquisition	City seeks alternative sites that might better meet Council Priorities
Option #4	Reengage the 2023 RFP Respondents	Move forward with potential selection from 2023 RFP release respondents
Option #5	Updated RFP	Refine site needs and offering; solicit additional development partners

Option #1: Status Quo

Description

City continues with current Recreation Center operations and uses existing funding to improve current facility.

Pros

- Limited long-term cost for the City
- Allows for quicker investment in the current building

Cons

- Existing building is dated and not appropriate for existing recreational needs
- Investments in current building would be wasted if a new facility is eventually constructed
- Does not meet current Council Priorities

Future Decision Points

- N/A

Option #2: City-Led Project

Description

City builds a standalone Recreation Center on the existing site

Pros

- Would clearly define project scope and requirements
- Would give the City the greatest control over the project design, construction, and timeline
- May open avenues for additional County, State, or Federal funding

Cons

- Funding for project would need to be identified
- Project would compete with other ongoing and planned City-led capital projects
- Limited opportunities for private investment to defray any project costs

Future Decision Points

- Solicit and select a firm to design and lead a recreation-specific municipal project
- Identify City funding commitment and timeline for project
- Begin advocating for project with other government partners

Option #3: Land Swap/Acquisition

Description

City seeks alternative sites or enhancements to the existing Recreation Center site to make potential redevelopment more feasible.

Pros

- Would lead to a more feasible site for multiple redevelopment objectives

Cons

- Would likely not have significant impact on project costs
- Would require additional time to review and negotiate swap/acquisition opportunities
- Would likely require a renegotiate of the original land acquisition from M-NCPPC

Future Decision Points

- Direct staff to identify alternative sites and begin conversations with private property owners
- Clearly identify project scope and goals to assist with site identification

Option #4: Reengage the 2023 RFP Respondents

Description

City moves forward with potential public-private partnership by identifying a development partner from the 2023 Request for Proposal (RFP) release.

Pros

- Would continue existing process and not add additional time to project
- Would allow a partner to commence pre-development activities
- Could defray some project expenses through land sale

Cons

- Staff previously did not recommend proceeding with any RFP response due to project feasibility concerns
- Project would still have significant cost gap to overcome
- Public-private partnership would extend project timeline over a City-led project

Future Decision Points

- Reengagement with RFP respondents
- Staff presentation and recommendation on development partner
- Enter into long-term exclusive negotiating privilege and due diligence period
- Identify City funding commitment for project

Option #4: Updated RFP

Description

City releases an updated Request for Proposals (RFP) with limited Recreation Center asks and anticipated City funding commitment

Pros

- Updated RFP expectations may lead to new proposals and further defray City costs
- New proposals may better meet additional City goals
- Staff capacity issues may be addressed by the close of new RFP

Cons

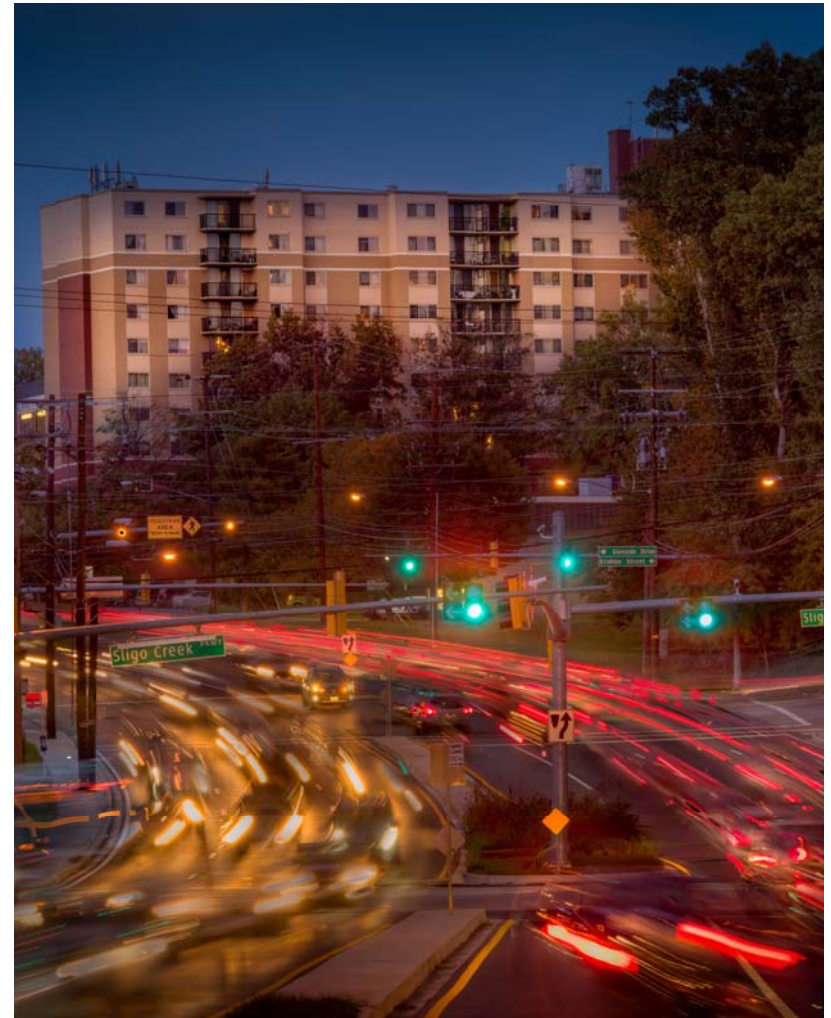
- Will extend timeline further with limited potential benefit
- Unlikely to see large changes in project proposals from 2023 RFP
- May confuse developer community after 2023 RFP

Future Decision Points

- Staff recommendations on RFP scope refinement
- Development and release of updated RFP
- Identify City funding commitment for project

Outstanding Questions

- What is the City's appetite for funding the Recreation Center project? Is there a total dollar figure or tax implication that the Council is willing to consider?
- How important are the non-recreation facility goals for the site?
- How does the Recreation Center project compare to other ongoing and identified City-led capital projects?
- Is the existing site the preferred location for a recreation facility?



Next Steps

- *What is the City's appetite for funding the Recreation Center project? Is there a total dollar figure or tax implication that the Council is willing to consider?*
- *How important are the non-recreation facility goals for the site?*
- *How does the Recreation Center project compare to other ongoing and identified City-led capital projects?*
- *Is the existing site the preferred location for a recreation facility?*

Staff Conclusions

- Within the current budgetary constraints from general City operations and existing capital projects, it is not realistic for the City to fund the construction of a new recreation facility at this time.
- There is no option that would currently fund a new recreation center without significant City contribution.
- A public-private partnership still represents the best opportunity to defray City costs for a new recreation center, though it will not address the full project funding gap.

Staff Recommendation

- Council and the City Manager work to devise a realistic funding strategy and timeline that may include additional financial considerations from the City or adjustments to the expected Project Scope.

Proposed Actions

- Council provides guidance on Outstanding Questions
- Based on work session, City Manager will create a 'pre-development' spending plan for existing funds
- Further Council sessions on project funding strategy



THANK YOU

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