



Committee: GO
Committee Review: N/A
Staff: Naeem M. Mia, Legislative Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: Property Disposition, Adventist Healthcare, Great Seneca Science Corridor Master Plan

AGENDA ITEM #5D
November 9, 2021
Introduction

SUBJECT

Declaration of No Further Need – Disposition of 14900 Broschart Road, Gaithersburg, MD 20878

EXPECTED ATTENDEES

Greg Ossont, Deputy Director, Department of General Services

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- None - Introduction only.
- Public Hearing and Action tentatively scheduled for November 30, 2021.

DESCRIPTION/ISSUE

The County Executive requests Council approval of a Declaration of No Further Need (DNFN) to dispose of County-owned property located at 14900 Broschart Road, Gaithersburg, MD 20878.

The disposition is in the form of a sale of the 2.0-acre property that contains a power plant that serves the power needs of three buildings developed in the Shady Grove Life Sciences Center, along with several surface parking spaces. The County constructed the facility and entered into a long-term lease with Shady Grove Adventist Hospital, Inc. in 1979. Since then, Adventist HealthCare, the current leaseholder, has made a series of improvements and continues to operate and maintain the facility.

The site is located directly west of the hospital and is bordered by a childcare facility to the north and a tutoring center for students with special needs to the south. The Site is located within the 2010 Great Seneca Science Corridor Master Plan, in the Life Sciences Center Central District, which is a medical and biotech center. The 2010 Master Plan envisions redeveloping portions of the block surrounded by Broschart Road, Medical Center Drive, Great Seneca Highway, and Blackwell Road, but does not specify redevelopment for the subject Property.

The Plan does, however, support the expansion of Adventist HealthCare. Adventist HealthCare is planning significant capital investments over the next several years, including to the power plant on the Site, that they currently lease. The proposed disposition of the Site is consistent with the 2010 Master Plan recommendations

The proposed transaction price is \$3,045,000 (or \$34.95 per square foot), which is less than the County's 2020 appraised value of \$3,480,000 (or \$40.00 per square foot). The reduced sales price is due to a recent private sale of property to Adventist HealthCare for \$34.95 per square foot, thus providing a comparable to establish a new market price (and fair market value) for the County's property.

The property transfer of this property complies with the requirements established under County Code 11B-45.01 Disposition of Real Property, including:

- This transaction is subject to the Property Disposition process as the property is a County-owned site which is no longer needed for public use.
- On May 4, 2021 Executive Order 004-21 was published in the County Register to give notice of the County's intent to proceed with disposition to Adventist HealthCare and that there was no further need for public use.
- The Executive transmitted to the Council the material terms on July 20, 2021.
- The Executive transmitted to the Council the Declaration of No Further Need on October 27, 2021. A virtual public hearing was held on October 14, 2021.

SUMMARY OF KEY DISCUSSION POINTS

- Does the Council agree to the sale of this County property to Adventist HealthCare?
- Does the Council identify an alternative use for this property?
- Does the Council concur with the material terms of this lease?

This report contains:

- | | |
|--|-------|
| 1. Resolution Approving Transfer | © 1-2 |
| 2. October 27, 2021 memo from County Executive | © 3-4 |
| 3. July 20, 2021 memo from County Executive | © 5-6 |
| 4. Executive Order 004-21 | © 7-8 |

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Resolution No: _____
Introduced: November 9, 2021
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: County Council

SUBJECT: Approval of Disposition of County Property located at 14900 Broschart Road, Gaithersburg, Maryland 20878

Background

1. Montgomery County Code §11B-45 requires the Council to approve a Declaration of No Further Need before the Executive can dispose of real property that has more than nominal value. Prior to seeking Council approval of a Declaration of No Further Need, the Executive must:
 - (a) submit all material terms of the proposed disposition and any appraisal the Executive relied on in setting the property's market value to the Council; and
 - (b) publish a declaration in the County Register and post a notice on the County website that the County has no further need for the property.If the Council, by resolution, approves the Executive's Declaration of No Further Need, the Executive may dispose of the property for fair market value.
2. Montgomery County Code §11B-45 defines a disposition as "a sale, a lease or license for a term of 2 years or longer, or a lease or other document which includes an option to buy. If a license or lease for an initial term of less than 2 years is extended or renewed beyond 2 years, that extension or renewal is a disposition."
3. On July 20, 2021, the Executive transmitted the material terms of the proposed disposition. The Executive recommended sale of the two-acre County owned property located at 14900 Broschart Road, Gaithersburg, Maryland 20878 to Adventist HealthCare for \$3,045,000.
4. The County constructed the facility and entered into a long-term lease with Shady Grove Adventist Hospital, Inc. in 1979. Since then, Adventist HealthCare, the current leaseholder, has made a series of improvements and continues to operate and maintain the facility.
5. On May 4, 2021 Executive Order 004-21 was published in the County Register to give notice of the County's intent to proceed with disposition to Adventist HealthCare and that there was no further need for public use.

6. The Council is scheduled for a virtual public hearing and action on this recommended disposition on November 30, 2021.

Action

The County Council for Montgomery County, Maryland, approves the following action:

The Declaration of No Further Need for the County property located at 14900 Broschart Road, Gaithersburg, Maryland 20878 is approved and the property may be disposed of as described in the material terms provided to the Council on July 20, 2021, the memorandum dated October 27, 2021, and in Executive Order 004-21 as published in the County Register on May 4, 2021.

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

October 27, 2021

TO: Tom Hucker, President
Montgomery County Council

FROM: Marc Elrich, Montgomery County Executive

SUBJECT: Declaration of No Further Need – Disposition of 14900 Broschart Road

On July 20, 2021, I transmitted material terms to Council and provided notice that I intend to sell approximately two acres of County-owned property at 14900 Broschart Road, Gaithersburg to Adventist Healthcare for \$3,045,000.

As required under Section 11B-45 of the Montgomery County Code, an Executive Order declaring that the County-owned site is no longer needed for public use must be issued. Attached please find Executive Order 004-21 which was published in the *County Register* on May 4, 2021 to give notice of my intent to proceed with the sale to Adventist Healthcare.

The site contains a power plant that serves the power needs of three buildings developed in the Shady Grove Life Sciences Center. The County constructed the facility and entered a long-term lease with Shady Grove Adventist Hospital, Inc. (“Tenant”) in 1979. The County has recouped the cost of constructing the power plant. The Tenant has made a series of improvements over time, and currently operates and maintains the facility. The Adventist HealthCare Shady Grove Medical Center is planning significant capital investments over the next several years including upgrades to the power plant. In an effort to create sustainable and resilient facilities, DGS is recommending the County sell the parcel to Adventist HealthCare. Please note Executive Order 004-21 published a value of \$3,480,000 which was based on a county appraisal conducted in 2020 and used comparables from 2018. Since that time, there has been a private market transaction for FAR in the LSC. The transaction established a more current market comparable valuation of \$3,045,000.

I hope this information is helpful. If you have any questions, please contact Greg Ossont, Deputy Director, Department of General Services, at 240.777.6192 or greg.ossont@montgomerycountymd.gov.

Enclosure: Executive Order No 004-21
Material Terms Memo dated July 20, 2021

cc: David Dise, Director, Department of General Services
Greg Ossont, Deputy Director, Department of General Services
Ronnie Warner, Division Chief, Department of General Services
Cynthia Brenneman, Division Chief, Department of General Services
Jennifer Bryant, Director, Office of Management and Budget
Michael Coveyou, Director, Department of Finance
Kimberly Williams, Controller, Department of Finance
Greg Wims, Director, UpCounty Regional Services Center



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

July 20, 2021

TO: Tom Hucker, President
Montgomery County Council

FROM: Marc Elrich, Montgomery County Executive

SUBJECT: Material Terms – Disposition of 14900 Broschart Road, Gaithersburg

In accordance with the provisions of 11B-45, Property Disposition, the purpose of this memorandum is to provide the material terms of the disposition of approximately two acres of County-owned property at 14900 Broschart Road, Gaithersburg (the “County Property”). I am recommending the County sell the Property to Adventist Healthcare under the terms described below.

This parcel of land contains a power plant that serves the power needs of three buildings developed in the Shady Grove Life Sciences Center. The County constructed the facility and entered into a long-term lease with Shady Grove Adventist Hospital, Inc. (“Tenant”) in 1979. The County has recouped the cost of constructing the power plant and the Tenant has made a series of improvements over time, and currently operates and maintains the facility. The Adventist HealthCare Shady Grove Medical Center is planning significant capital investments over the next several years including upgrades to the power plant. In an effort to create sustainable and resilient facilities, I am recommending the County sell the parcel to Adventist HealthCare for the value of \$3,045,000.

Attached please find Executive Order No. 004-21 which is advertised in the County Register on May 4, 2021. All County Departments and County Agencies were informed and invited to propose a reuse of the property. No responses were received.

I hope this information is helpful. If you have any questions, please contact Greg Ossont, Deputy Director, Department of General Services, at 240.777.6192 or greg.ossont@montgomerycountymd.gov.

Enclosure: Executive Order No. 004-21
Memorandum - Agencies and Departments

cc: David Dise, Director, Department of General Services
Greg Ossont, Deputy Director, Department of General Services
Ronnie Warner, Division Chief, Department of General Services
Jennifer Bryant, Director, Office of Management and Budget
Michael Coveyou, Director, Department of Finance
Kimberly Williams, Controller, Department of Finance
Catherine Mathews, Director, UpCounty Regional Services Center



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Disposition of County Property: 14900 Broschart Road	Executive Order No. 004-21	Subject Suffix
Montgomery County Department of General Services	Department No.	Effective Date 5/4/21

BACKGROUND

WHEREAS, the County owns a parcel of land at 14900 Broschart Road, Gaithersburg (“the Property”) that is improved with a power plant that serves the power needs of three buildings developed in the Shady Grove Life Sciences Center; and

Whereas, the Property is an approximately two-acre parcel of land, depicted on Plat No. 19648 dated March 1995; tax identification number 09-03095236; and

WHEREAS, the County constructed the power plant and entered into a long-term Lease with Shady Grove Adventist Hospital, Inc. (“Tenant”) in 1979; and

WHEREAS, the County has recouped the cost of constructing the power plant and the Tenant has made a series of improvements over time, and currently operates and maintains the facility; and

WHEREAS, the Adventist HealthCare Shady Grove Medical Center is planning significant capital investments over the next several years including upgrades to the power plant; and

WHEREAS, in an effort to create sustainable and resilient facilities, the County will sell the Property to Adventist HealthCare for the value of \$3,480,000; and

WHEREAS, the material terms of the sale of the Property are as stated above; and

WHEREAS, in accordance with the provisions of Montgomery County Code Section 11B-45, Disposition of Real Property, the County Executive must issue an Executive Order declaring that County owned or controlled land is no longer needed for County use.

ACTION

In consideration of the above recitals, the County Executive hereby declares that the County Property, approximately two acres located at 14900 Broschart Road, Gaithersburg, Maryland, is no longer needed for County use and is available for disposition and sale to Adventist HealthCare subject to the material terms described above.



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Disposition of County Property: 14900 Broschart Road	Executive Order No. 004-21	Subject Suffix
Montgomery County Department of General Services	Department No.	Effective Date 5/4/21

Approved as to Form and Legality
Office of the County Attorney

By: Neal Anker
Date: 5/3/2021

APPROVED

A. Jerome Fletcher
A. Jerome Fletcher, Assistant Chief Administrative Officer
Date: 5/4/21