

The Real Cost of Town Center

**A Presentation by Drew Powell,
Candidate for Mayor of Rockville**



The Real Cost of Town Center

VisArts



City of Rockville leases 25,000 Square Feet of “Class A” Office Space to the Metropolitan Center for the Visual Arts (VisArts), formerly Rockville Arts Place Inc...

For *\$1/sq ft for 20 years*

First year Rent Free

Do the math: 20 Years – 1 Year Free = 19 Years x \$25,000/yr = \$475,000

Actual Market Value is at least \$30/sq ft

If leased at market rate over 20 years (not counting increases in sq ft costs):

25,000 sq ft x \$30/sq ft = \$750,000 per year x 20 Years = \$15,000,000

\$15,000,000 - \$475,000 = \$14,525,000 Lost Potential Revenue

The City of Rockville Paid \$2.3M from the general fund (cash from unfunded CIP projects)

**AND borrowed \$4.9M. When paid over a period of 20 years @ 4.12%,
Principal and Interest payments on \$4.9M = \$7.2M**

Real Cost of VisArts = \$9.5M Taxpayer Subsidy + Loss Revenue of \$14.5M

Sweetheart deal = Taxpayer Give-A-Way

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Pavers



Officials are trying to figure out what caused brick along Maryland Ave and Gibbs St to buckle less than six months after it was laid. Photo Credit: By Lois Raimondo - The Washington Post

City of Rockville contracts with construction firm Whiting Turner to install approximately 1.3 Acres of paving stones (pavers) on parts of Maryland Avenue, Gibbs Street and the Rockville Town Center Plaza

Per agreement with City officials pavers are not laid on concrete or asphalt, but installed on top of sand, gravel and plastic sheet.

Pavers experience severe “ground heave” due to freezing and buckle under the weight of cars, service vehicles and fire trucks.

Pavers on Maryland Avenue, Gibbs Street and sidewalk areas bordering shops are replaced at taxpayer expense of \$1.2M

Plaza Pavers (about 1/3 to 1/2 acre) are not replaced and continue to buckle. According to Whiting Turner plaza pavers are not scheduled or contracted to be replaced.

According to Art Chambers, Director of Community Planning and Development Services, plaza pavers will be replaced at an additional cost of \$300K, bringing the total to \$1.5M.

Total Additional Taxpayer outlay = \$1.5M

The Real Cost Town of Center

Parking Garages



Three Parking Garages Cost: \$34.9M

Financed over 29 years, interest payments = \$26.6M

Total expense to Taxpayers = \$61.5 M

\$61.5M / 30 years = \$2.1M per year average principle and interest payment

Reported operational costs vary wildly & can (but should not) include Town Center parking meter revenues

For FY 07 costs not due to debt service (\$2.1M) included:

\$186,780 for Personnel

\$174,903 "Operational" Costs

For Budgeted FY 08

\$320,700 Personnel

\$845,440 Operational Costs

\$82,400 Administration Costs

\$1,104,100 "OTHER"

Projection: FY 09 thru FY 36

At least \$1.5M Operational costs per year over the next

28 years. This is a low estimate. (\$43M+ over 29 yrs)

Factoring out Parking meters "Operational" Costs Equal or Exceed \$1.5M/Yr

Revenue 2007: \$0 for Garage Parking Spaces and \$90K in Taxes from FRIT

Revenue 2008: 975 spaces x \$1/hr x 12 hours/day x 22 days/month x 12 months divided by 2 (because garages are never at full capacity 24/7) = \$1.5M* divided by 2 again (because for FY 2008 garages did not charge for half year) = \$750K

***City of Rockville estimate is \$1.2M per year**

Revenue from parking garages does not even keep up with operational costs.

City Taxpayers Soaked for at least \$61.5M

The Real Cost of Town Center

Unfunded CIP



For Five Years Town Center sucked the economic life out of the City of Rockville. Many Capital Improvement Projects (CIP) were delayed and went unfunded until some future date (i.e. after Town Center completion).

These projects include but are limiter to:

Recreation and Parks	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Future Yrs
Civic Center Accessibility Improv.	-	-	-	-	1,252,264	974,821
Community Landscape Enhance.	-	-	-	-	11,849	-
Dog Park and Exercise Areas	-	-	-	-	64,691	-
F. Scott Fitzgerald Theatre	-	-	-	-	743,000	-
Gateway Welcome Signs	-	-	-	-	-	315,000
HVAC Replacement — City Buildings	-	-	-	-	-	102,797
King Farm "Farmstead" Park	-	-	-	167,000	5,000,000	10,000,000
Park Land Acquisition ¹	-	2,000,000	2,400,000	1,200,000	-	-
Potomac Woods Park Improvement	-	-	-	-	254,000	-
Roofing Replacement	-	-	-	-	1,000,000	-
Senior Center — Master Plan	-	1,604,100	-	-	250,000	-
Swim Center — Master Plan	-	-	-	-	514,610	-
Total	-	3,604,100	2,400,000	1,367,000	9,090,414	11,392,618

Transportation	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Future Yrs
Asphalt Pavement Maintenance	1,445,000	1,650,000	1,550,000	1,450,000	1,200,000	on-going
Bridge Rehabilitation	40,000	75,000	-	75,000	-	-
Concrete Repair Program	-	640,000	570,000	470,000	450,000	on-going
Curbs and Gutters ¹	-	-	-	-	-	8,500,000
Dawson Avenue Extended ¹	-	-	-	-	-	1,800,000
Maryland Extended ¹	-	-	-	-	-	2,000,000
Pedestrian Safety	150,000	150,000	150,000	150,000	150,000	5,700,000
Southlawn Lane ¹	-	-	-	-	-	2,600,000
Street Lighting Improvement	150,000	20,000	50,000	20,000	150,000	on-going
Traffic Calming	100,000	-	-	-	-	-
Traffic Controls: Citywide	150,000	-	-	-	-	-
West End Sidewalks	-	-	-	-	-	520,000
Total	2,035,000	2,535,000	2,320,000	2,165,000	1,950,000	21,120,000

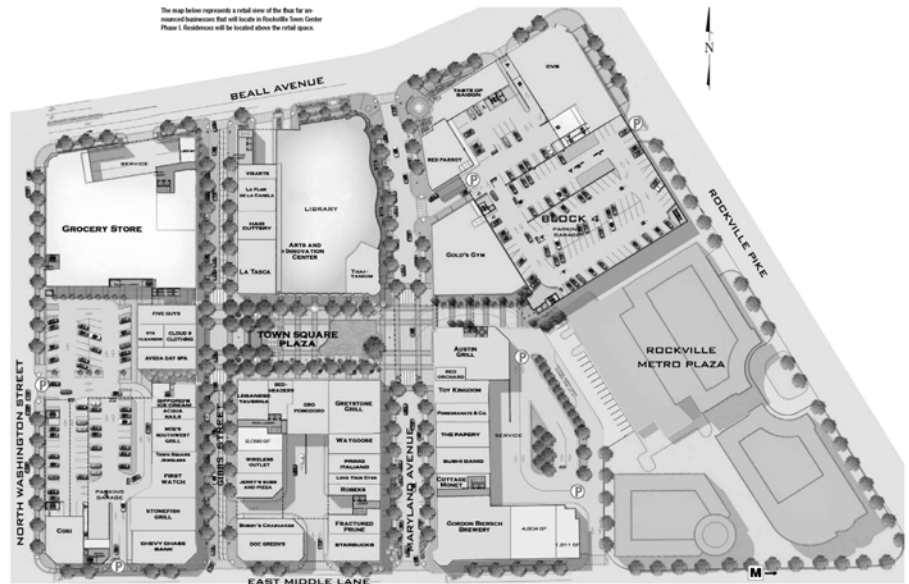
Unfunded Capital Improvement Projects (CIP)

FY2008 \$715,000
 FY2009 \$6,239,100
 FY2010 \$4,820,000
 FY2011 \$3,632,000
 FY2012 11,840,414

Future Years
 \$32,512,618

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Town Center Funding Overview



\$ 9.5M VisArts (\$2.3M “Cash” + \$4.9M in Bonds + \$2.3 in interest)

\$61.5M Parking Garages (\$34.9M in Bonds + \$26.6M interest)

\$ 1.5M Paver Repairs (Cash”)

\$ 6.1M Planning, Engineering, Land Acquisition, Landscaping, etc.

+

\$78.6M Grand Total including Financing

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Town Center “Return on Investment”



**Previous Tax Revenues for the Property that would become
Town Center (FY 2000): \$200K - \$300K**

Town Center Property Tax Revenues Estimate for FY 2008: \$850 - 950K

Town Center Property Tax Revenues per year (after 2008): \$1M - \$1.5M*

Town Center Property Tax Revenues Average: \$1.2M

For Taxpayer Return On Investment (How many years before we break even),

Do the Math:

$$\begin{array}{r} \$1,200,000 \text{ (Estimated Property Tax Revenues for Town Center)} \\ - \quad \$ 200,000 \text{ (Property Tax Revenues before Town Center)} \\ \hline \sim \$1,000,000 \text{ Net Property Tax Revenue per Year} \end{array}$$

\$78.6M Town Center Grand Total Cost including Financing

Divided by \$1M = 78 Years to Break Even

Town Center will pay for itself by 2082

* Per Gavin Cohen, Rockville Director of Finance, October 4, 2007

Authority: Friends of Drew Powell • Todd S. Harrison, Treasure