

SOUTHLAWN INDUSTRIAL AREA Feasibility Study

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Acknowledgments

This plan was prepared for

The City of Rockville

This plan was prepared by

VHB

BAE Urban Economics

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Introduction

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1.1 Introduction

The following report documents the findings and recommendations for the Southlawn Industrial Area Feasibility Study. This study was completed over a 10 month period beginning in late spring 2015 and completed in early 2016.

The report includes the following components:

- ▶ Executive Summary
- ▶ Introduction
- ▶ Existing Conditions
- ▶ Scenarios
- ▶ Recommendations
- ▶ Implementation and Next Steps
- ▶ Appendices

1.2 Purpose of the Study

The purpose of the Southlawn Industrial Area Feasibility Study is to identify possible land use and traffic solutions to minimize negative impacts of industrial uses abutting the residential neighborhoods of East Rockville and Lincoln Park. This study is a follow on to recommendations that are included in the Comprehensive Master Plan.

These recommendations include:

- ▶ Assessing the feasibility of non-industrial uses as redevelopment occurs
- ▶ Identifying appropriate light industrial uses
- ▶ Reassessing traffic patterns and the road network to reduce truck traffic through the neighborhoods
- ▶ Identifying compatible height, size and scale of new development compared to the existing neighborhoods
- ▶ Buffering or other development regulations

In addition to the Comprehensive Master Plan, the 2007 Lincoln Park Neighborhood Plan and the 2004 East Rockville Neighborhood Plan discussed a number of recommendations and actions for further study. These include:

- ▶ Conduct a study of the Southlawn Industrial area to assess the feasibility of a mixed use, transitional industrial area to reduce impacts on the community
- ▶ Utilize buffers, setbacks and neighborhood scale development to function as a transition between industrial and residential properties
- ▶ Encourage residential, retail, and office uses while still retaining elements of industrial uses
- ▶ Conduct a transportation study to identify how commercial traffic can be managed to reduce impacts on the neighborhood
- ▶ Minimize negative impact of industrial and residential use proximity
- ▶ Dilute industrial services and eliminating automotive repair and manufacturing in favor of uses more compatible with residential

1.3 Project Description

The Southlawn Industrial Area is a 101 acre area generally bounded by Lincoln Street to the south, East Gude Drive on the east, Horners Lane on the west, and Lofstrand Lane and Dover Road to the north, Figure 1.1 provides a map of the study area and surrounding neighborhoods. The study includes physical, regulatory and transportation analysis of the study area and its surrounding context. In addition to the physical analysis, a market overview is also included to help provide a guidance on market-driven uses for this area.



1.4 Project Approach / Process

The project was completed through a process of six tasks (see Figure 1.2) each building on the previous one to prepare a comprehensive and supportable plan for the study area. The six tasks include:

- ◆ **Task 1:** Project Initiation: The project initiation included a kick-off meeting with the City staff, refining the project schedule, tour of the study area, and preparation of a Community Engagement Plan. The Community Engagement Plan is included in the Appendix of this Report.
- ◆ **Task 2:** Data Analysis and Mapping: The data analysis and mapping included review of previous plans and studies related to the Southlawn area. These included studies prepared both by the City of Rockville and

Montgomery County because the study area borders the County. This task also involved compiling existing GIS data from the City including:

- ▶ Roads
- ▶ Parking
- ▶ Sidewalks / Paths
- ▶ Parcels / Ownership
- ▶ Hydrology
- ▶ Topography
- ▶ Vegetation
- ▶ Major Utility Lines
- ▶ Hazardous Sites / Areas
- ▶ Aerial Imagery

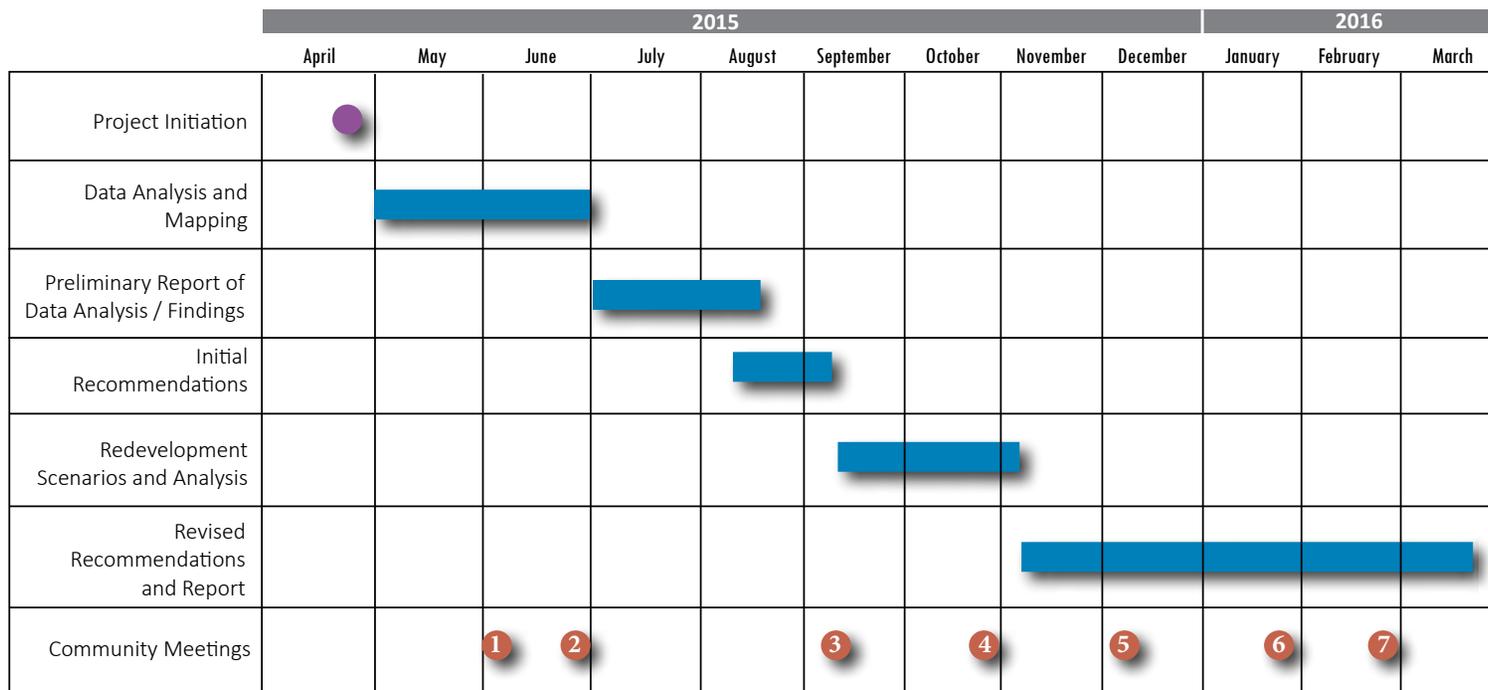


Figure 1.2
Project Process Diagram

Along with the physical analysis of the study area, a market analysis was prepared to characterize the market conditions for the study area.

In addition to the study area analysis, a series of interviews were conducted to gather direct feedback from a variety of interested stakeholders including residents, business owners, property owners, and organizational representatives. A summary of these interviews is included in the Appendix.

◆ **Task 3:** Preliminary Report of Data Analysis and Findings:

This task was to summarize the existing conditions data and key findings to support the development of the initial recommendations for the study area.

◆ **Task 4:** Initial Recommendations: Based on the analysis and community and stakeholder feedback, an initial set of recommendations was developed and presented to the community through a series of public meetings.

◆ **Task 5:** Redevelopment Scenarios and Analysis: Along with the initial recommendations, two Scenarios were prepared to illustrate potential approaches to implementing changes to the Southlawn Study area. These scenarios were presented to the community at a public meeting.

◆ **Task 6:** Revised Recommendations and Report: Based on input from the community and further technical analysis by the consultant team, the set of revised recommendations was prepared and documented in this report.

1.5 Community Engagement

In addition to the technical analysis, a robust public engagement process was also included as part of the project. This process included a total of seven public meetings with the community, Planning Commission and City Council. Above is the project schedule / process diagram that illustrates the timing of the community meetings.

Based on the community and stakeholder feedback received throughout the process key themes were identified. These include:

- ▶ Concerns about cut-through traffic
- ▶ Pedestrian safety near Maryvale Elementary School
- ▶ Interest in maintaining the existing industrial area and support of the smaller businesses
- ▶ Concerns about the relationship of some industrial to residential areas (views, noise)
- ▶ Concerns that changes in light industrial uses could create additional impacts and traffic concerns
- ▶ Opportunities for improving “gateways” into the neighborhood
- ▶ Concerns that some of the recommendations could create challenges for the businesses in the area
- ▶ A full summary of feedback received during the Community Engagement process is included in the Appendix A

section
2

Existing Conditions

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2.1 Transportation

The Southlawn study area is accessible by multiple transportation systems, including the roadway network, public transit services, bicycle facilities, and the public sidewalks network. A range of transportation facilities and options are necessary to support the transportation needs of various constituencies comprising the Southlawn community, including light industrial businesses, commercial properties, multi-family residences, single-family homes, and a public school. The close proximity of significantly different transportation modes, including truck traffic, school buses, public transit, and foot traffic (i.e. school children), suggests that planning should account for appropriate transportation systems for multiple user types.

2.1.1 Roadway Network

Vehicular access to the Southlawn study area is provided via a network of arterial, industrial, and residential streets. The study area is bordered by East Gude Drive, a 45 mph principal secondary or major roadway, controlled by Montgomery County and the City of Rockville. East Gude Drive provides primary access to the Southlawn area for drivers approaching from the north and east (see Figure 2.1).

Several roadways classified as Primary Industrial provide access from E Gude Drive to the Southlawn area. These streets include Taft Street, Southlawn Lane, and Dover Road. Lofstrand Lane is a Primary Industrial roadway that provides internal access to industrial parcels and connects Southlawn Lane to Taft Street. First Street, north of Taft Street, is a Primary Industrial roadway serving as an access to the David Scull Courts apartment complex.

First Street, south of Taft Street, and North Horners Lane are Primary Residential Streets, intended to collect traffic from intersecting roadways and provide access to residential properties. Lincoln Avenue is a Secondary Residential roadway. Lincoln Avenue, N Horners Lane, Southlawn Lane, First Street, and Taft Street are all 25 mph.

Daily traffic volume data for the roadways entering and exiting the Southlawn Study area was obtained from the City of Rockville or collected

by the planning team. The data from the City of Rockville was collected between 2011 and 2014. VHB collected data at several sites in the study area during October 2015. Figure 2.1 summarizes the average daily traffic volume conditions on the study area roadways. These data indicate that East Gude Drive currently serves almost 40,000 daily vehicles and North Horners Lane is the most active local street traveling through the Southlawn study area.

Observations of traffic activity on North Horners Lane suggest that the street is a primary cut-through route for traffic traveling between downtown Rockville or the Rockville Metro Station and residential areas to the north and east of the study area. Traffic congestion on several arterial roadways surrounding the Southlawn study area, including Rockville Pike (MD 355), Veirs Mill Road (MD 586), and First Street/Norbeck Road (MD 28), likely contribute to elevated cut-through activity on North Horners Lane.

To develop an estimate of cut-through traffic activity, daily traffic volume data were compared to planning-level trip estimates for the collection of land uses present in the Southlawn area and adjacent neighborhoods. This comparison suggests that a significant proportion of traffic in the Southlawn area is likely originating outside of Southlawn and its surrounding neighborhoods. These data suggest that approximately 30 percent of traffic on North Horners Lane is comprised of vehicles cutting through the area. A smaller proportion of cut-through traffic may be using other neighborhood streets. This represents a planning-level estimate of traffic activity, a more detailed data collection effort would be necessary to more accurately identify the amount of cut-through activity.

The City of Rockville has implemented several traffic calming measures on North Horners Lane to reduce vehicle speeds and enhance pedestrian safety. These measures include a temporary traffic speed camera and median refuge islands on North Horners Lane at several intersections, including Lincoln Avenue. Additional data collection would be necessary to establish the traffic speed profile on North Horners Lane, but the limited data collected suggest an 85th percentile speed in the 23-28 mph range.



2.1.2 Pedestrian and Bicycle Network

Several notable sources of regular pedestrian activity were observed in the study area, including the Maryvale Elementary School, public transit stops, and the David Scull Courts/Park. Pedestrian activity associated with the school is greatest during the periods of arrival and dismissal. Crossing guards are posted during these periods at both the First Street/Taft Street and First Street/Lincoln Avenue intersections. Limited bicycle activity was observed, but some activity was noted along North Horners Lane, and close to the Maryvale Elementary School and David Scull Courts/Park.

The Southlawn study area is served by a network of sidewalks provided along most of the roadways with crosswalks provided at many intersections. Most sidewalks in the study area are five feet wide. On-site observations indicated several gaps in the existing sidewalk network. Additionally, the sidewalk condition in some locations was poor, including cracked sidewalk surfaces and obstacles or debris obstructing the sidewalk. Crosswalks are provided at several intersections throughout the study area, but not necessarily on all approaches. ADA-compliant wheelchair ramps are provided at most crosswalk locations.

Several dedicated bicycle facilities are provided in the Southlawn study area. The Millennium Trail, a shared bicycle and pedestrian facility that encircles the City of Rockville, is located along the west side of Gude Drive, adjacent to David Scull Courts and Park. Additionally, a shared-use path connecting to the Millennium Trail is provided on the north side of Dover Road, between Gude Drive and North Horners Lane. On-street bicycle lanes are provided on both sides of Lofstrand Lane (see Figure 2.3).

Two Capital Bikeshare stations are located in the study area, one on Taft Street on the south side of David Scull Park, next to the Millennium Trail, the other is located near the Lincoln Park Community Center, on Frederick Avenue. Figure 2.3 summarizes the location and type of existing bicycle facilities provided in the Southlawn study area.



View along Lofstrand Lane



View at 1st and Lincoln Street



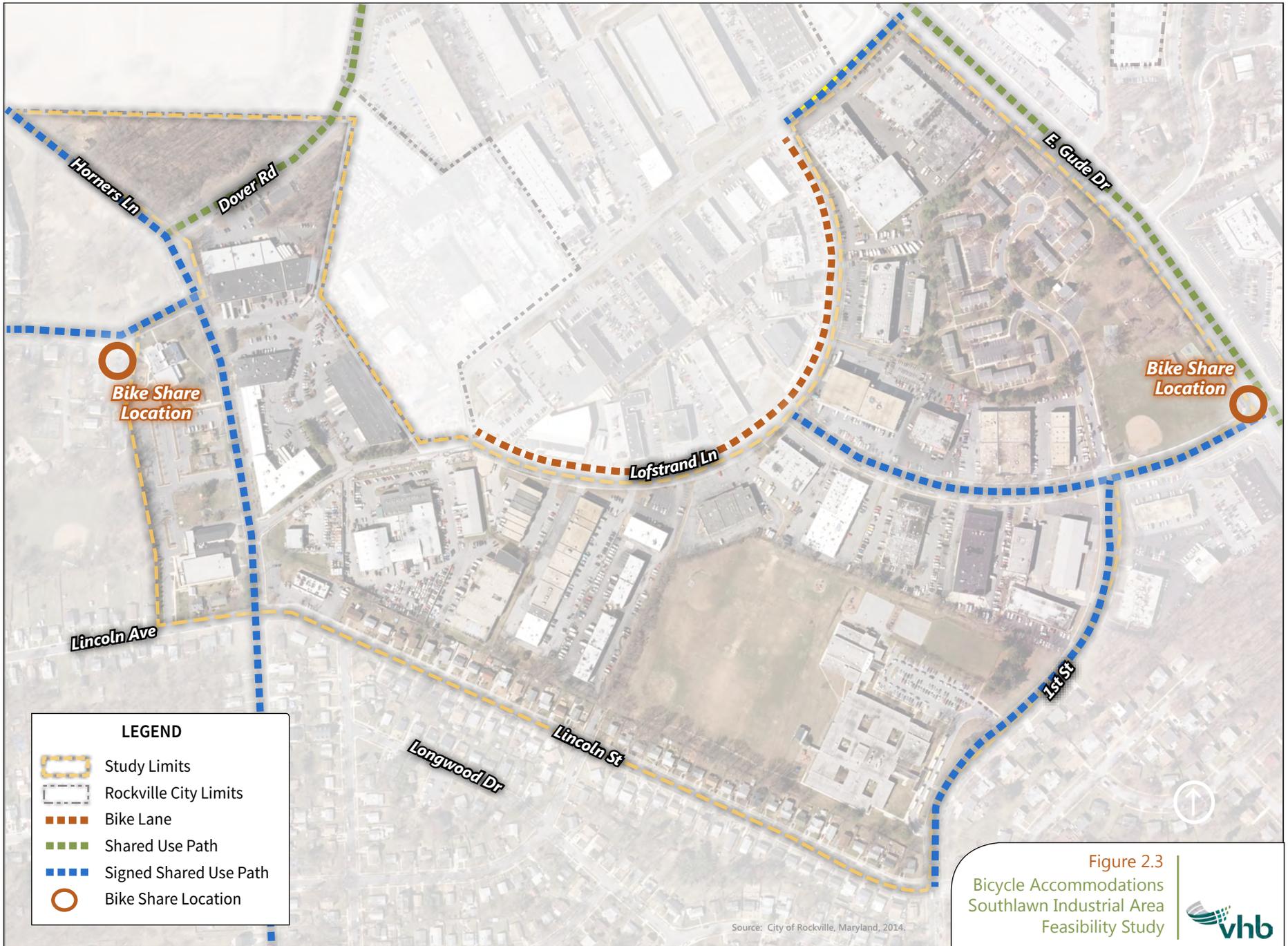
View along Lofstrand Lane



Figure 2.2
 Missing Sidewalk Locations
 Southlawn Industrial Area
 Feasibility Study

Source: City of Rockville, Maryland, 2014.







View along 1st Street



View at intersection of Lofstrand and Southlawn Lane



View at Intersection of 1st and Taft Streets

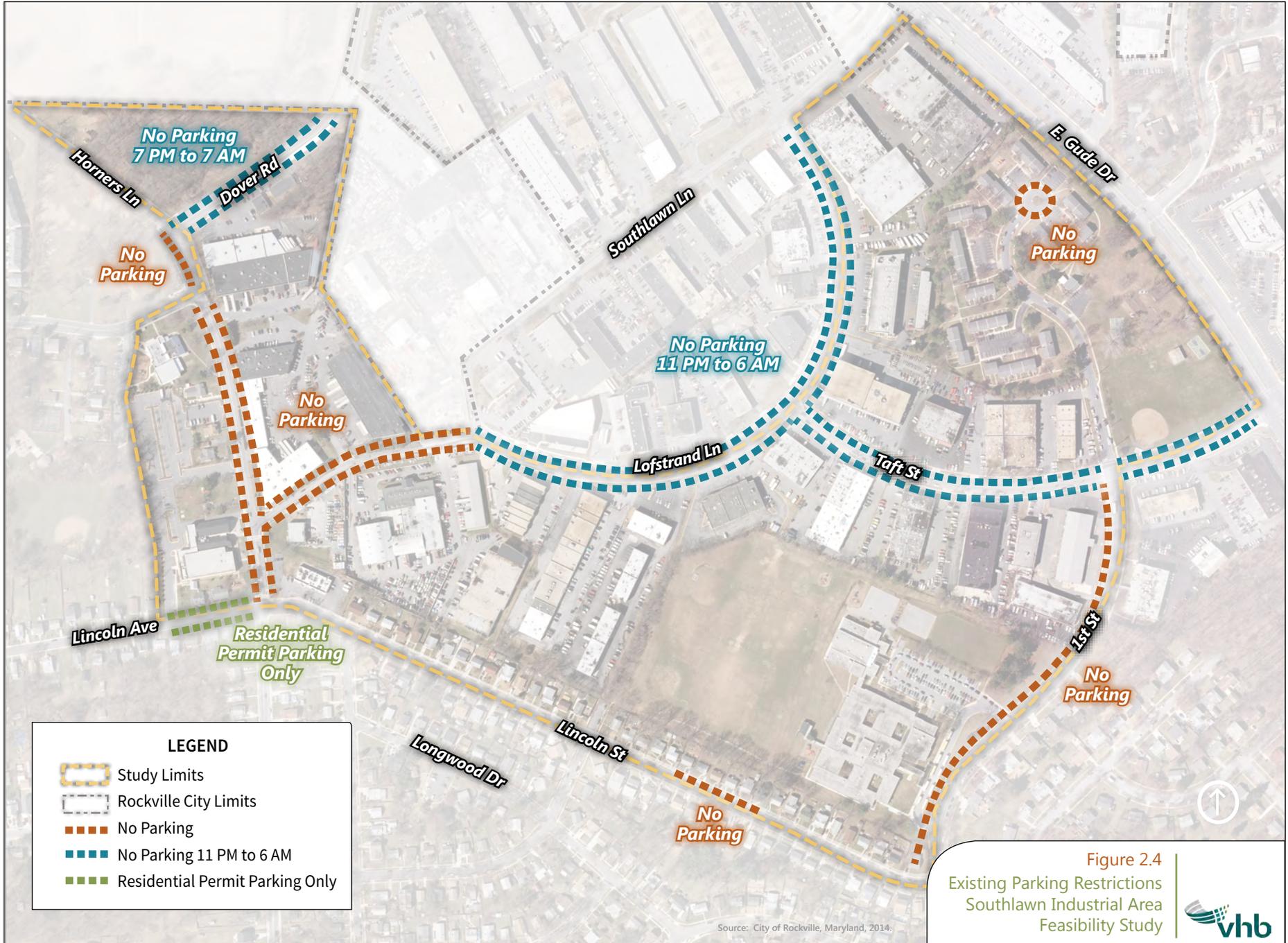
2.1.3 Parking

Parking restrictions are in place along several streets in the neighborhood. Those streets are outlined in Figure 2.4. The restrictions are time-based, presumably to prohibit overnight parking of vehicles on the street. There are areas without time-based parking restrictions, notably along First Street north of Taft Street. There are some segments within the study area with No Parking signage, notably in front of Maryvale Elementary, presumably to allow for pickup and drop-off; as well as along the western section of Southlawn Lane and the northern section of North Horners Lane, which are constrained to prohibit a parking lane.

In addition to a survey of existing on-street parking utilization was prepared for the study area. Figure 2.5 illustrates the current on-street parking utilization by low, moderate and high utilization.

2.1.4 Truck Routes

Trucks with a laden capacity of over 1 ton are restricted on several streets in the Southlawn neighborhood. Signage prohibiting trucks over this size restriction are present south of Dover Road on North Horners Lane, as well along First Street and Lincoln Avenue. The remaining streets which service the industrial area are permitted to be navigated by large trucks. One of the themes of public comments were complaints about cut-through truck traffic being a neighborhood nuisance. Figure 2.6 illustrates the location of the existing truck restrictions below.



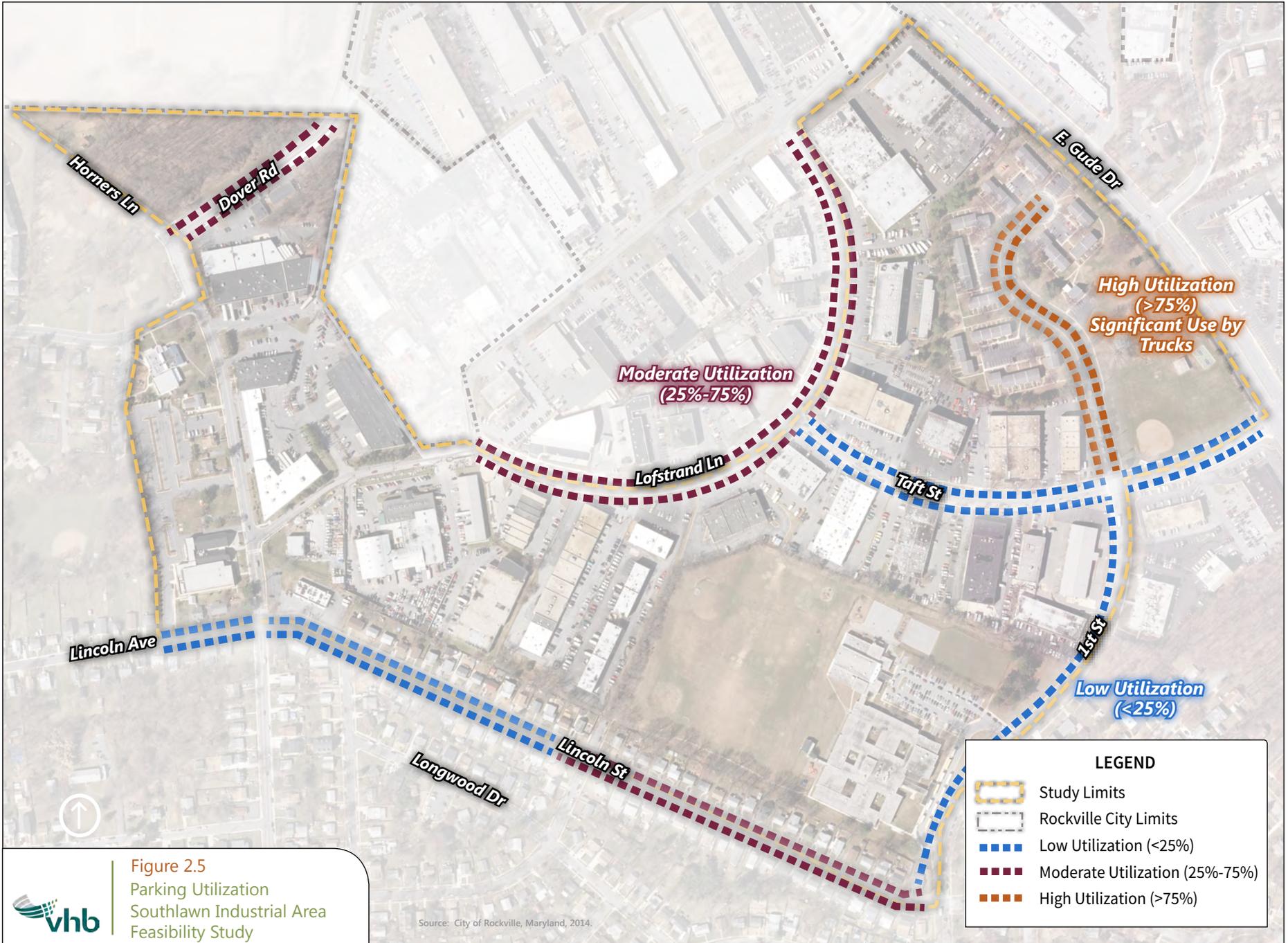


Figure 2.5
 Parking Utilization
 Southlawn Industrial Area
 Feasibility Study

Source: City of Rockville, Maryland, 2014.



2.2 Land Use

The Southlawn Study area is at the southern edge of a larger industrial and commercial area that extends into Montgomery County (see Figure 2.7).

This Study area is characterized by a range of light industrial and commercial uses (see Figure 2.8) including:

- ▶ Retail uses
- ▶ Automotive service and repair
- ▶ Construction, building materials and maintenance
- ▶ Professional and technical services
- ▶ Warehouse and storage
- ▶ Production

These uses are located in one to three story buildings. Many of the buildings are over 30 years old and are considered Class C buildings by real estate brokers.

The areas to the south of the Southlawn Study area are predominantly residential, with some supporting retail uses. The neighborhoods include the East Rockville and Lincoln Park neighborhoods. These neighborhoods are composed of modestly-sized single family houses on small lots. The neighborhoods are a mix of rental and owner-occupied homes.

Another major land use within the study area is the Maryvale Elementary School. Maryvale is a Montgomery County French immersion school. The school teaches students between kindergarten and fifth grade, with many of the students coming from other parts of Montgomery County and the City of Rockville. The school is bordered on the north by light industrial uses and to the south by the East Rockville Neighborhood.

2.3 Zoning

Most of the study area is zoned for light industrial use (see Figure 2.9) The purpose of the light industrial zone is to provide space for limited light manufacturing, warehousing and wholesaling facilities to serve residents of the City and surrounding area. In addition, the Light Industrial zone provides general retailing facilities for certain commodities appropriate to the industrial zone, and provides certain limited housing opportunities. There is a wide range of permitted uses in the light industrial zone. Other uses may be allowed by special exception or as a conditional use. The only use not allowed within the light industrial zone are Heavy Industrial uses.

As part of the Light Industrial zoning there are setback requirements, particularly where an industrial use abuts a residential parcel. The maximum height of a structure in the light industrial zone is 40 feet. Where an industrial use abuts a residential use there is a minimum of a 30 foot set back between the parcel boundary and the industrial structure. There are additional profile step-back requirements for facades on these structures as well. Within the light industrial zone is the David Scull Courts residential area, which is a non-conforming use within this zone. There is a residential area along the southern edge of the study area which includes the Maryvale Elementary School, and a small retail area on the northeast corner of the intersection of Lincoln Avenue and Horners Lane.

2.4 Existing Codes

One of the issues noted during Stakeholder interviews was related to existing code compliance. Many of the buildings were constructed 30 – 40 years ago and have not been significantly upgraded or renovated, and therefore may not meet all the current code restrictions. One of the key issues related to this are the cost implications of modifying the existing buildings and sites to meet current City codes. Not all renovations or reuses will trigger installation of fire suppression systems or stormwater compliance. However, retrofitting these are a big expense. Factors that determine if they are needed are the number of stories and the use(s) in the building. Based on recent inspection data, approximately 30% of the existing buildings within the study area contain a sprinkler system.

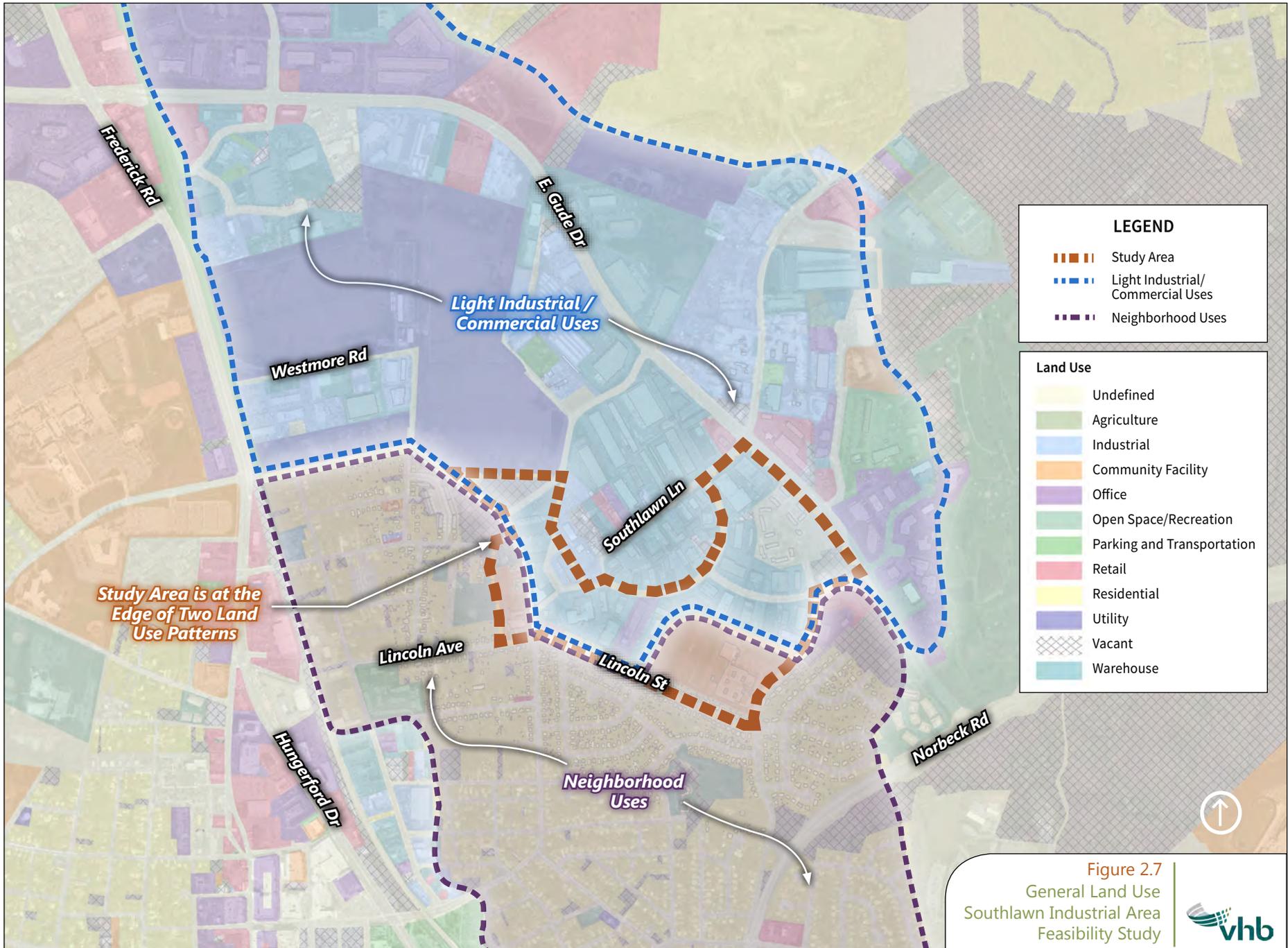


Figure 2.7
General Land Use
Southlawn Industrial Area
Feasibility Study



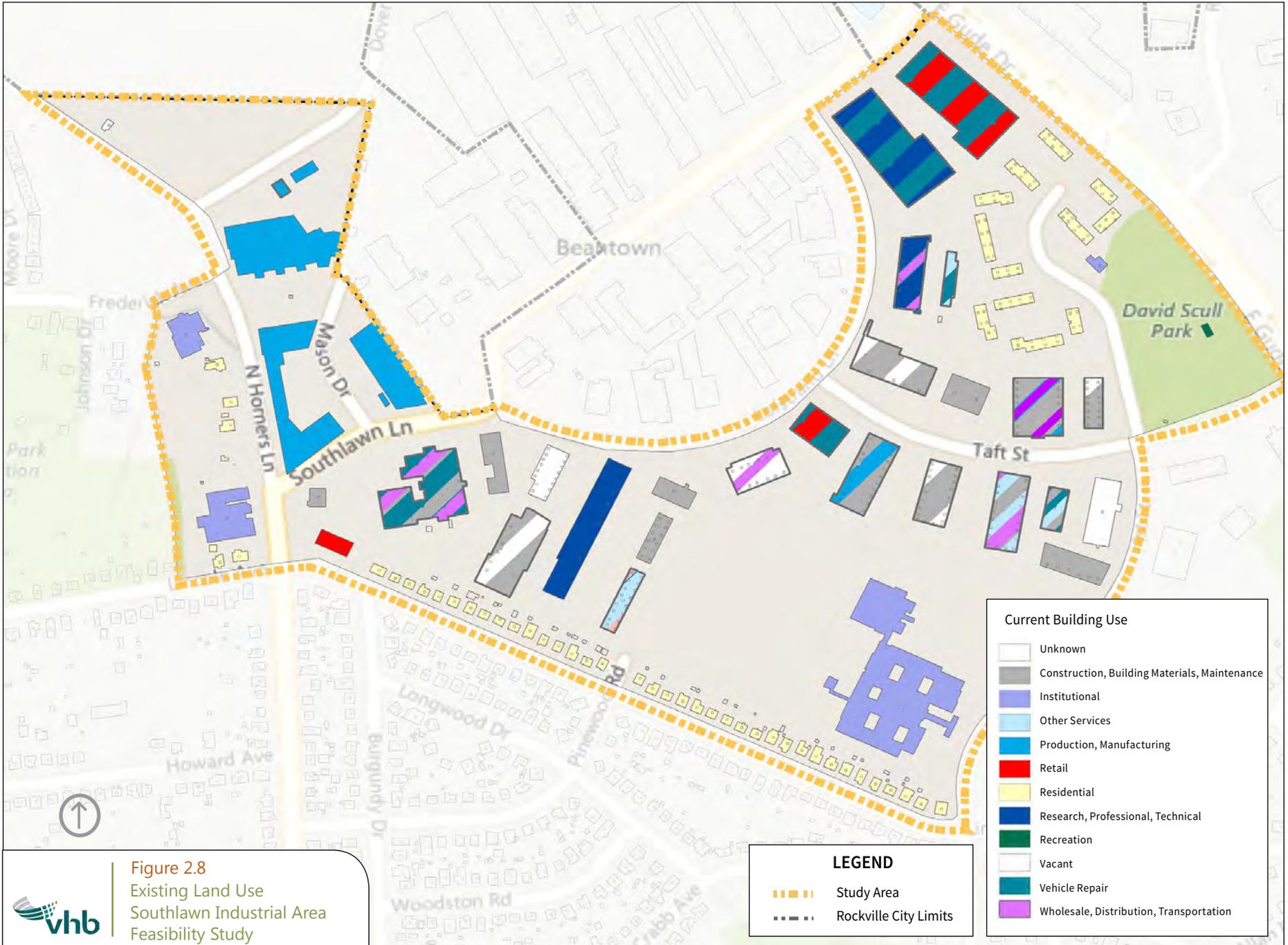
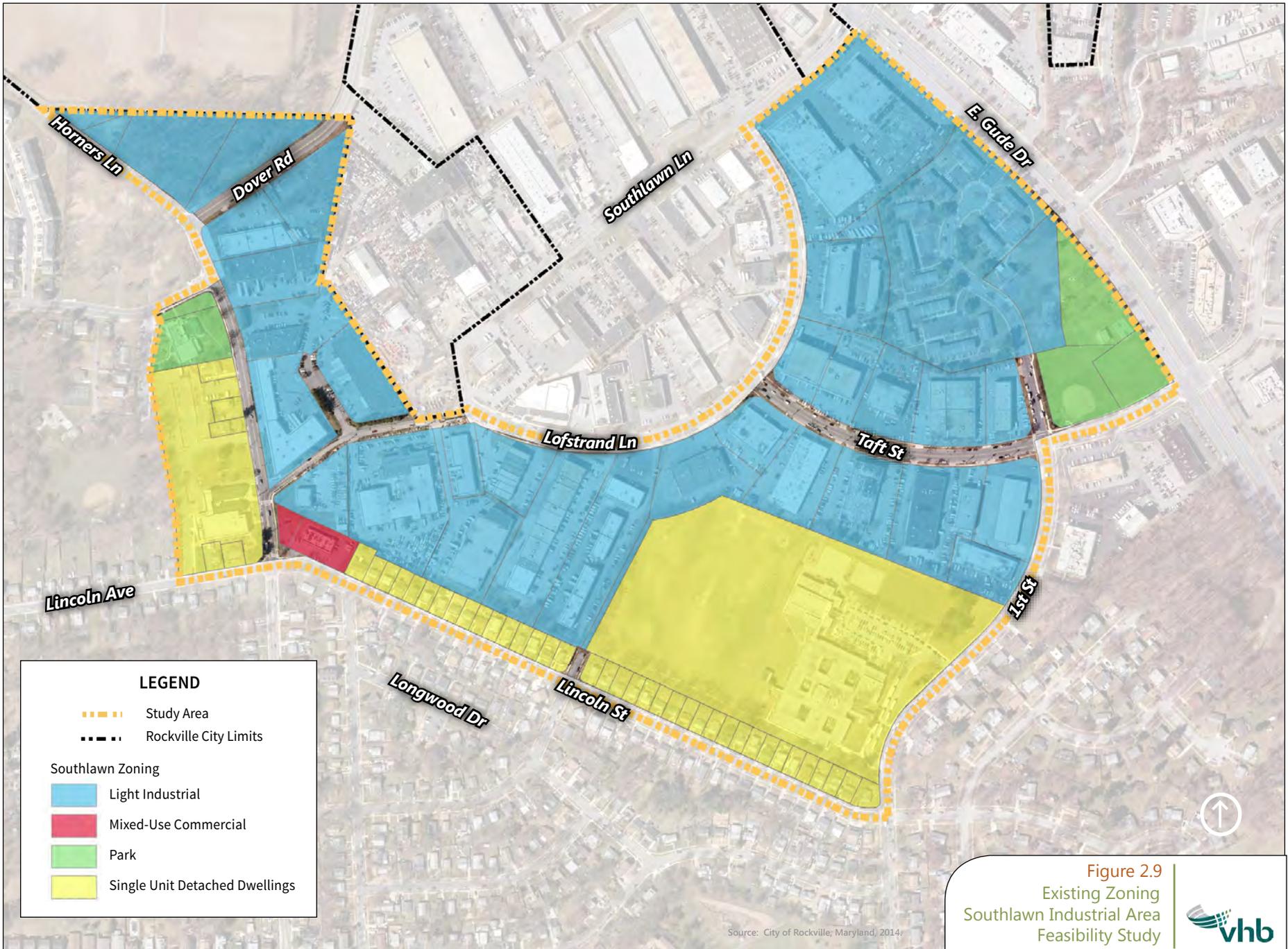


Figure 2.8
Existing Land Use
Southlawn Industrial Area
Feasibility Study





2.5 Hazardous Materials

The study area has supported industrial activities for 40 or more years and during that time the requirements for managing and addressing hazardous materials have evolved. Since the area contains many light industrial uses, a review of the existing environmental databases was conducted to determine the current conditions of the area and if there are any major impediments to future development. There are a number of sites that are listed on the Oil Control Program Database, the Resource Conservation and Recovery Act (RCRA) database, and several sites that have previously had or currently are occupied by cleaners and auto stations. Based on the information available through these sources it appears that there have been violations in the area, but many have achieved compliance with environmental statutes. Based on the historic uses found in this area and the data available for review, there is not any unusual or outstanding issue that creates specific concerns. It is important to note that any redevelopment of sites will require review of the property prior to construction. These reviews have the potential to encounter soil contamination from previous activities on the site. If found, remediation of the contamination will be required as part of the site development.

There are a few sites that have historically been used as cleaners and auto stations. Further analysis of these sites is needed prior to any development or redevelopment.

Overall, these findings are consistent with what would be expected for this type of area and should not hinder future uses or redevelopment of this area.

Additional information about Hazardous Materials is available in Appendix C.

2.6 Market Analysis

This evaluation of market context for the Southlawn study area investigates the real estate market environment that impacts the area's reinvestment, redevelopment, and economic health. The analysis examines the real estate supply and demand conditions that influence how businesses and property owners view the area as a place to locate and to make investments. The following questions guide the analysis:

- ▶ What market-based opportunities and challenges exist in promoting the goals of the study?
- ▶ How do market forces shape redevelopment possibilities in the Study area? Do market trends and forecast conditions suggest the possibility for market-driven land use change in the area, or are they likely to reinforce continued industrial use?

The market analysis suggests that current market trends and redevelopment patterns in Rockville and the county reinforce the current industrial land uses pattern as the most appropriate for the Southlawn study area, at least in the short to mid-term time horizon. While Rockville is anticipated to experience continued employment and household growth over the coming decades, existing and pipeline development in Rockville is expected to meet short and medium-term pressure for additional space without exerting strong redevelopment pressure on the study area.

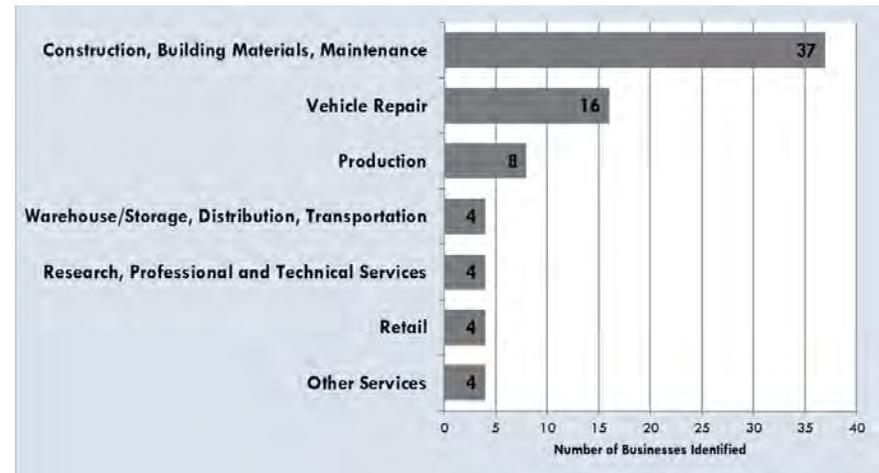
Planned redevelopment in Rockville and nearby areas of southern Montgomery County are fulfilling anticipated market demand for residential and commercial space that is in close proximity to Metro. At the same time this ongoing redevelopment activity has been tightening the competitive supply of industrial space. Therefore, market conditions suggest very limited potential for new construction to drive large scale, market-driven land use change in the area. The study area's older industrial building stock is not only in demand, it serves as an important and diverse building supply for the city. However, the relatively low rent levels that these industrial properties command can be a constraint to property owner reinvestment in their buildings. In the short to medium

term, recommended market-based action to strengthen the study area focuses on encouraging the broadest range of uses within the existing industrial building supply, in order to diversify the demand base, bring the possibility of neighborhood services, and potentially drive renewal and reinvestment in older properties.

2.6.1 Current Snapshot

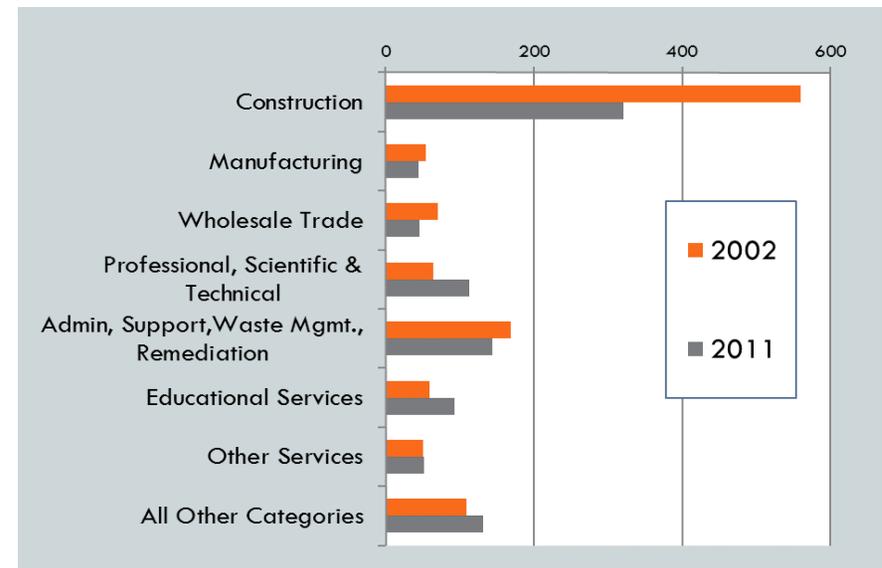
The Southlawn study area is predominantly comprised of industrial properties, and these properties house a variety of businesses and industries that are typically found in smaller, older industrial buildings. A windshield survey identified 77 individual businesses operating within the study area. About half – 37 businesses - were construction-related businesses, including sales of building materials and maintenance. Vehicle repair shops accounted for the next largest category of businesses, at 16, and eight identified businesses were small scale manufacturing and production. The remaining businesses were evenly split between warehouse/distribution businesses, professional and technical services, other services, and retail. See Figure 2.10. Different categories of businesses are interspersed throughout the study area.

Employment data available for the study area found that construction also accounts for the largest share of study area employment. About a third of all workers employed in study area businesses were employed in the construction industry, which more narrowly includes firms hired for construction projects, rather than firms hired for maintenance, or firms that sell material or equipment. The remaining two thirds of workers were fairly evenly split across a range of broad industry categories. See Figure 2.11. Overall, statistics indicate that there were 945 workers employed by study area establishments in 2011. Factors such as the recession, increasing productivity levels, and possibly a changing mix of businesses in the area have been changing the area’s employment base over time: 2011 employment levels were 17 percent lower in the study area than in 2002. There was a significant drop in construction industry employment between 2002 and 2011, but slight increases in other industry categories such as professional and technical services.



Source: VHB, 2015

Figure 2.10
Types of Businesses Located in the Study Area



Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics ; BAE 2015

Figure 2.11
Employment by Industry Sector in the Study Area

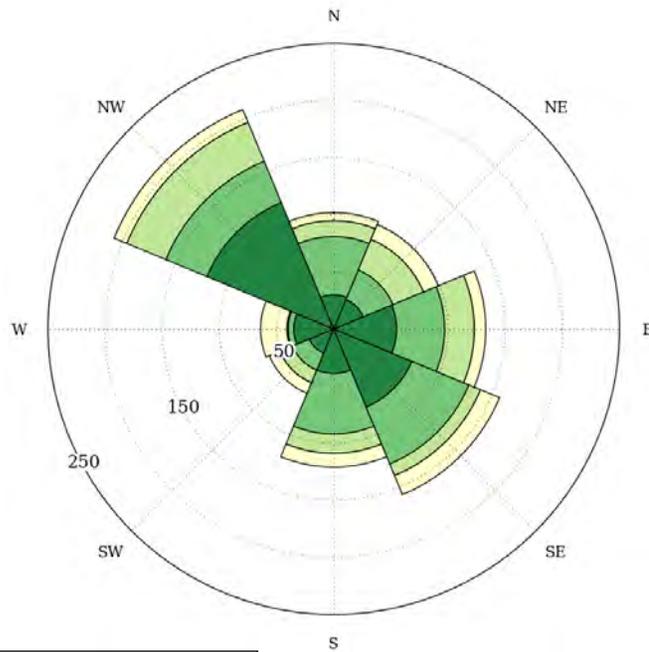
Many workers reside within a short commuting distance from their Southlawn jobs, with 43 percent commuting fewer than 10 miles. However, 11 percent commute more than 50 miles. Figure 2.12 graphically depicts the concentration and direction of commutes.

Private buildings in the study area are predominantly general use industrial properties. When they were built, they were designed with features such as high ceiling heights, open floor plates and loading dock configurations that made them suitable for a variety of uses. There are many contemporary industrial and non-industrial businesses that find the

physical characteristics of these buildings suit their needs well, evidenced by the types of businesses found in the Southlawn area. The size, layout and age of these buildings determine the types of users that find them attractive and appropriate. Some users, such as modern warehousing, biotech and research functions, and large scale manufacturing, seek properties that are larger, have higher ceilings and wider column spans than those found in newer buildings, and have better access to interstate highway networks. Tenants seeking out industrial properties in and around Southlawn, on the other hand, tend to have smaller operations and seek out the combination of access to dense urban markets.

There are 27 industrial properties within the study area boundaries as tracked by CoStar, a proprietary provider of commercial real estate statistics.

- ▶ Of the 27 industrial properties, only one property is classified as “flex” space, meaning that it has at least half of its building area dedicated to office space, and suitable for businesses that have significant non-industrial functions such as sales or research.
- ▶ The median size of the study area’s industrial buildings is about 25,000 square feet, with most buildings ranging in size between 10,000 and 40,000 square feet. See Figure 2.13 and Table 2.1.
- ▶ All of the industrial buildings were constructed more than 25 years ago, with about half built between 1980 and 1990. The other half were mostly built since 1960. See Table 2.2.



Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, BAE 2015.

Figure 2.12
Worker Commute Distances and Direction

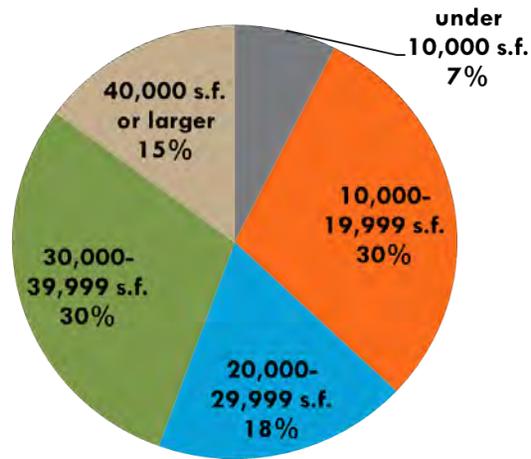


Figure 2.13
Study Area Industrial Buildings by Size

Table 2.1
Study Area Industrial Buildings by Size

| Rentable Building Area (RBA) | Number | Percent |
|------------------------------|---------------|----------------|
| 0 - 4,999 sq. ft. | 1 | 3.7% |
| 5,000 - 9,999 sq. ft. | 1 | 3.7% |
| 10,000 - 19,999 sq. ft. | 8 | 29.6% |
| 20,000 - 29,999 sq. ft. | 5 | 18.5% |
| 30,000 - 39,999 sq. ft. | 8 | 29.6% |
| 40,000 - 49,999 sq. ft. | 2 | 7.4% |
| 50,000 sq. ft. or more | 2 | 7.4% |
| Total | 27 | 100.0% |
| Median RBA | 25,000 | sq. ft. |
| Average RBA | 26,538 | sq. ft. |

Source: CoStar; BAE, 2015
Note: Data include properties for which RBA information is available.

Table 2.2
Study Area Industrial Buildings by Age

| Year Built | Number | Percent |
|---------------------------|-------------|---------------|
| Before 1940 | 0 | 0.0% |
| 1940 to 1950 | 1 | 3.8% |
| 1950 to 1960 | 0 | 0.0% |
| 1960 to 1970 | 4 | 15.4% |
| 1970 to 1980 | 7 | 26.9% |
| 1980 to 1990 | 14 | 53.8% |
| 1990 or later | 0 | 0.0% |
| Total | 26 | 100.0% |
| Median Year Built | 1980 | |
| Average Year Built | 1977 | |

Source: CoStar; BAE, 2015
Note: Data include properties for which year built information is available.

2.6.2 Industrial Market Trends in Study Area and County

The Southlawn study area is nested within a larger industrial area within Rockville and Montgomery County. Market conditions within this broader industrial landscape influence and can be compared to conditions within the study area. Figure 2.14 shows the boundaries of two distinct industrial submarkets tracked by Costar; the study area is within the Rockville industrial submarket but abuts the North Rockville submarket to the north. These three geographies are presented to describe the industrial market conditions of which the study area is a part.

The Southlawn study area comprises less than eight percent of the buildings and less than seven percent of the square footage (rentable building area, or RBA) within the Rockville and North Rockville industrial landscape. Table 2.3 and Figure 2.15 describe how the study area has slightly weaker market fundamentals compared to its two submarket benchmarks. The data suggest that these weaker conditions may be due to differences in the quality and the types of buildings found in the study area; the small size of the study area may also skew statistics, with the relatively poorer condition of one or two buildings having a more noticeable impact on the aggregate.

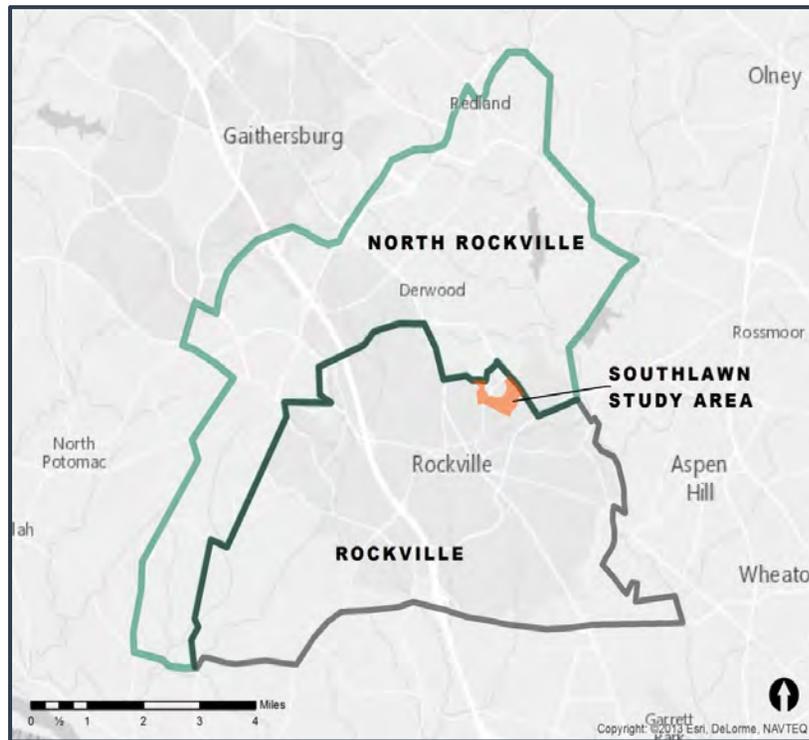


Figure 2.14
Industrial Submarkets

Table 2.3
Industrial Market Snapshot: Key Study Area Submarket Statistics

| | Study Area | North Rockville | Rockville |
|---|------------|-----------------|-----------|
| Total Buildings | 27 | 168 | 190 |
| Total Rentable Building Area (RBA) | 716,530 | 6,715,587 | 4,334,309 |
| Building Class | | | |
| Class A | 0% | 1% | 1% |
| Class B | 15% | 47% | 19% |
| Class C | 85% | 52% | 81% |
| Building Type | | | |
| Flex | 4% | 39% | 21% |
| Industrial | 96% | 61% | 79% |
| Vacancy Rate (Q1 2015) | 13.5% | 9.2% | 10.0% |
| Average Asking Rent (Q1 2015) | \$10.81 | \$13.86 | \$12.59 |

Source: CoStar; BAE, 2015

- ▶ Building class relates to the amenities the building provides as well as its condition, and is often related to the age profile of the buildings. The Rockville and North Rockville industrial landscape is almost exclusively lower-grade Class B and Class C buildings, due to their size and the period of time when these areas were developed. However, the study area's industrial buildings are 85 percent Class C, the lowest grade buildings, in contrast to 52 percent of North Rockville industrial properties.
- ▶ The two submarket benchmarks show much higher proportion of flex buildings compared to the study area: 40 percent and 21 percent of North Rockville and Rockville industrial buildings are classified as flex space, compared to four percent (one building) in the study area. Because of their office space component, flex buildings generally command higher rents and can attract a wider variety of high technology tenants.
- ▶ Average rents as of early 2015 show a slight discount in the study area compared to its submarket benchmarks, due at least in part to the differences in building type and quality described above.
- ▶ Vacancy in the study area is also slightly elevated compared to its submarket benchmarks: at the beginning of 2015, vacancy was more than four percentage points higher than in North Rockville, and 3.5 points higher than in the Rockville submarket. A view of vacancy trends over the past 10 years, shown in Figure 2.15, demonstrates the worsening vacancy conditions in the study area over time. Conditions are strongly influenced by the real estate cycle, and most recently by the recession that started at the end of the last decade and subsequent economic recovery. However, vacancy rates recently surpassed the benchmark geographies after several years where study area vacancy rates were lower.

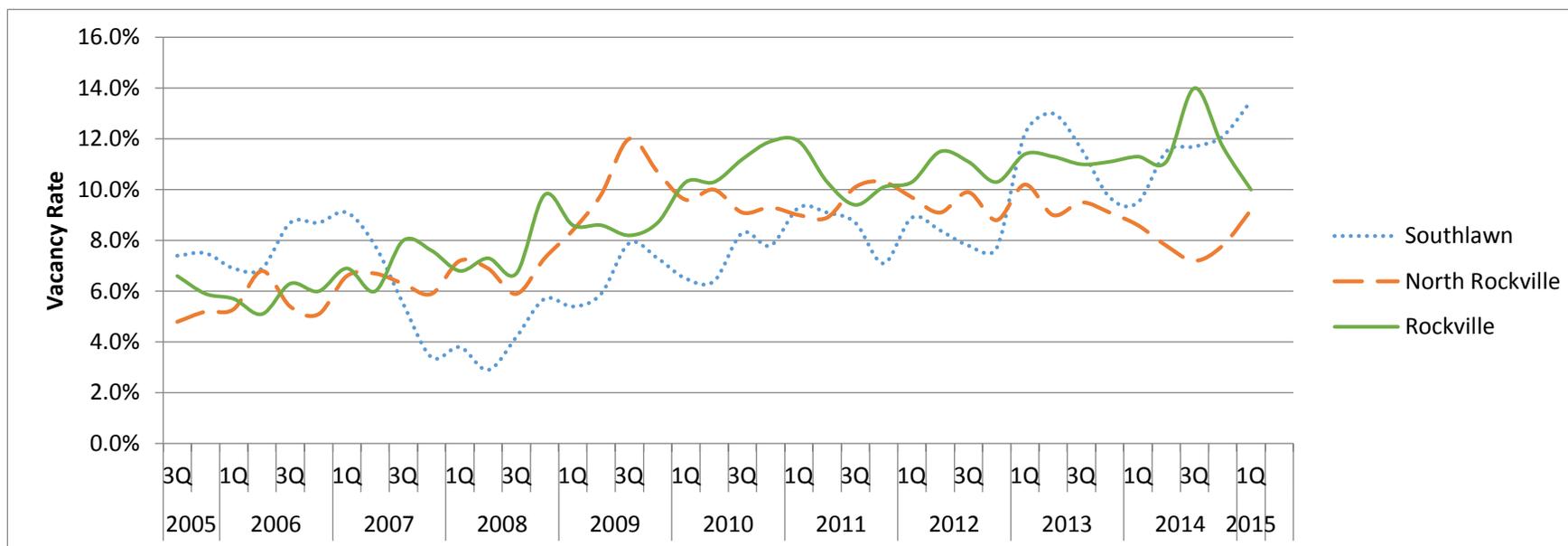


Figure 2.15
Vacancy Trend 2005 - 2015

County-wide, the inventory of industrial land has been decreasing in recent years as some industrial property has redeveloped. A study commissioned by the Montgomery County Planning Department in 2013 details recent shifts in the county's and the region's real estate supply.

- ▶ As of the end of 2012, the county had 14.3 million square feet of industrial space. As described above, the bulk of that space is within the two industrial submarkets surrounding the Southlawn study area.
- ▶ The county's inventory had been growing through the 1990's and early 2000's. The decade from 2003 to 2012 saw modest growth that was offset by demolition of properties. There was a net loss of 124,000 square feet industrial space in the county from 2009 to 2012.
- ▶ Loss of industrial land has been greatest in more densely developed areas experiencing mixed use redevelopment: 57 percent of industrial land use conversions occurred within a mile of Metro stations.
- ▶ Overall, there is a rent premium for industrial properties in the county compared to other inner ring suburbs. This premium is in part related to the greater concentration of higher value flex space in the county compared to other areas, but also on the location premium that businesses wanting close proximity to their customers are willing to pay.

2.6.3 Rockville Development Context

Development activity in Rockville is putting redevelopment pressure on industrial properties in the path of mixed use redevelopment close to Metro stations, while also providing a pipeline supply of residential and commercial space that appears to be meeting Rockville's growth needs. As a result, these conditions appear to be reinforcing market interest in the industrial properties in and around the Southlawn study area while providing a path for residential and commercial growth outside of the Southlawn area. Anecdotal reports by local industrial real estate professionals indicate that the loss of service industrial buildings due to redevelopment around the Twinbrook Metro station is prompting more

industrial tenants to seek space in and around the Southlawn study area, the closest area where there is industrial space availability. At the same time, the pipeline of approved projects in three areas of the City – adjacent to the Twinbrook Metro Station, in Town Center, and in the King Farm area at the City's northern end – account for most of the City's recent and planned development activity.

Employment and household forecasts for Rockville anticipate the City's continued need for more office space and housing in the coming decades. Despite the fact that Rockville is a mature city with little land for "greenfield" development, recent employment and household projections predict that demand will result in a net addition of 31,000 new jobs and 10,000 new households within the City in the 30-year period between 2010 and 2040.

- ▶ Although household growth is forecast to slow from the 2000-2010 rate, the 10,000 projected new households will represent a 40 percent increase in Rockville households, resulting in stronger growth on a percentage basis than the county or region will likely experience.
- ▶ New employment is forecast to increase the City's employment base by 42 percent during the 30 year time period, which is slightly slower than the projected employment increase in the county (44 percent) or Gaithersburg (65 percent).
- ▶ Nearly 26,000 jobs are forecast to be jobs in offices, and much of the employment growth is anticipated along Rockville Pike corridor
- ▶ On average, forecast growth will result in about 867 net new office jobs and 334 new households per year during the 30 year forecast period.

At the same time, significant new construction and planned development have occurred in Rockville. Development tracking reports from the City of Rockville, summarized as part of this analysis, tally the pipeline of major development projects that have gone through a planning review process in the past five years.

Figure 2.16 maps the location of this development. Recent construction near the study area includes one newly constructed industrial property immediately adjacent to the study area.

The pipeline of approved but not yet built development meets the short to medium term demand anticipated by employment and household growth forecasts. In comparing average annual projected growth to the pipeline of approved but unbuilt development, pipeline residential units can accommodate over seven years' of projected household growth (at an average of 334 units per year). Assuming an average of 200 square feet of office space allotted to each office worker, the pipeline supply of approved but unbuilt office space meets about a year and a half of demand for space to house new office workers (at an average of 867 workers a year). However, office demand will can be met by existing, vacant office space, as further described in Table 2.4.

Table 2.4
Recently Built and Approved Development

| Development Type | Built Since 2010 | Approved But Not Yet Built |
|------------------|---|----------------------------|
| Residential | 1,463 multifamily units 16 single family homes | 2,469 |
| Office | 541,000 square feet | 254,000 square feet |
| Retail | 76,000 square feet | 153,000 square feet |
| Industrial | 13,500 square feet | |

Source: City of Rockville, July 2015; BAE, 2016.

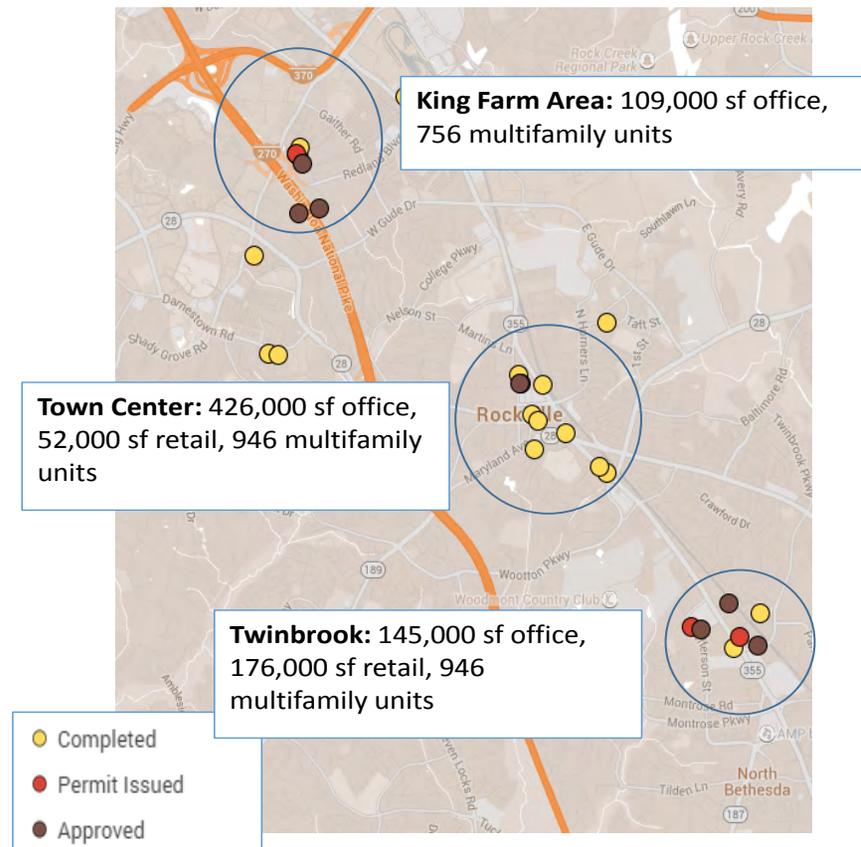


Figure 2.16
Map of Recently Completed, Permitted and Approved Development

2.6.4 Potential Redevelopment and Reinvestment Drivers

Further examination of market conditions and location attributes provides additional evidence that the potential for market-driven change to commercial land uses in the study area is weak, at least in the short to medium term time horizon.

Office

Recent office market conditions in Montgomery County suggest little support for suburban office development, particularly for a smaller building that is not in close proximity to Metro, due to changes in office demand and a glut of existing and approved office supply. Demand drivers are changing, as the federal government implements policies to shrink the space used and leased for federal agency, and as the overall demand for space per worker decreases due to more efficient space layouts and increased reliance on telework. A 2015 study released by the Montgomery County Planning Department in 2015 found the following:

- ▶ At the time of the study, there was 11 million square feet of vacant office space in the county, with 2.1 million of that space in properties that were completely vacant.
- ▶ Conditions vary greatly, due at least in part to location. Within and around Rockville, buildings accessible to the Rockville Metro station had some of the county's lowest vacancy, around eight percent, while the North Rockville office submarket has one of the highest (17.5 percent).
- ▶ The county as a whole has 22.7 million square feet of proposed office space in 92 projects approved but not yet built. The study calculates that this unbuilt inventory is equivalent to 30 years' worth of demand, although much of it will likely not be built.
- ▶ Demand in the future will be met with buildings in prime, transit-accessible locations.

These conditions are dampening the value of office property and increasing the market risks that new properties face, severely curtailing developer and lender interest in speculative office development.

Retail

Retail market conditions are stable, but new retail development is not likely to be a driver of significant redevelopment activity due to lack of prime retail sites in the study area. Table 2.5 provides a snapshot of nearby retail market conditions.

Retail along Gude Drive takes advantage of smaller retail spaces and heavy traffic volume to meet convenience-oriented needs of drivers and nearby residents. Table 2.5 shows flat levels of retail construction and absorption, and healthy occupancy levels, both in nearby Gude Drive retail and in the larger 3-mile radius. These statistics reflect the area's built-out condition, where there has not been either significant new residential or retail construction that changes the demand or supply characteristics of the area. Rents are also stable, reflecting the limited supply of available space. It is important to note that no sites within the study area have the visibility of retail centers along Gude Drive, and therefore would not command the same rent and occupancy levels, thereby posing risks to owners considering the financial viability of retail development over current industrial operation. However, some existing industrial space in the study area currently function as retail space, indicating that the lower rental rates for industrial space make it attractive for commercial and retail users who do not need the location and price premium associated with a high visibility, accessible location.

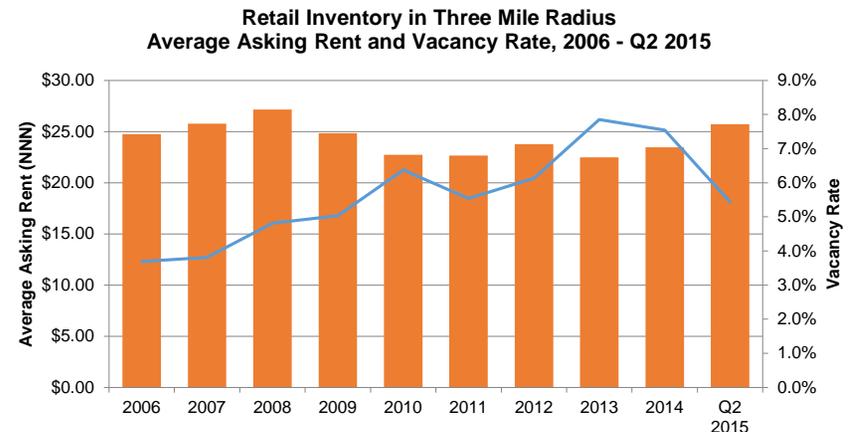


Figure 2.17
Retail Inventory in Three Mile Radius

Table 2.5
Retail Market Overview

| Summary, Q2 2015 | 3 Mile Radius | Gude Dr (a) |
|-------------------------------------|---------------|-------------|
| Inventory | 5,628,746 | 241,595 |
| Occupied Stock | 5,322,871 | 225,593 |
| Vacant Stock | 305,875 | 16,002 |
| Vacancy Rate | 5.4% | 6.6% |
| New Construction | 5,025 | - |
| Asking Rents (b) | | |
| Avg Asking Rent, NNN (psf), Q2 2014 | \$23.47 | \$25.00 |
| Avg Asking Rent, NNN (psf), Q2 2015 | \$25.71 | \$24.22 |
| Percent Change | 9.5% | -3.1% |
| Net Absorption | | |
| Net Absorption 2013 | (22,193) | 2,366 |
| Net Absorption, 2014 | (30,735) | (16,773) |

Sources: CoStar Group; BAE, 2015.

Notes:

(a) Includes nearby properties on Gude Drive.

(b) Asking rents reflect NNN leases.

2.6.5 Alternative Industrial Uses

The variety of existing uses within the Southlawn study area’s industrial properties points to the potential for expanding the attractiveness of these existing buildings beyond their traditional tenants. The small size and rent levels of certain industrial properties, like many of the ones found in the study area, lend them to uses such as:

- ▶ Gyms, children’s play spaces and other recreational and athletic uses
- ▶ Showrooms and specialty retail
- ▶ Biotech and research and design support functions and startups
- ▶ Small scale food and beverage production with retail sales outlets on-site
- ▶ Incubators and shared space/shared support for small scale manufacturing

It is difficult to quantify demand for this array of non-traditional industrial uses, but the type of tenants that are occupying and seeking space in the study area suggests that it is contributing to demand. The Rockville Economic Development Inc. reports inquiries from businesses seeking industrial space for these non-traditional uses, and notes that retention of industrial space provides the diversity in space configurations and rent levels that is important to business attraction efforts within the City. Emerging business models, including craft food and beverage production and niche recreational and athletic activities find the open floor plans, high ceilings, and loading docks, combined with relatively low rents, meet their needs better than office or retail space. However, the regulatory environment for older, light industrial areas such as the Southlawn study area needs to be proactive in ensuring that the somewhat different set of needs – in terms of parking and permission to operate a wider range of food/beverage and retail service functions, for example – can be met.

New Construction and Vacancy Rate, 2006 - Q2 2015

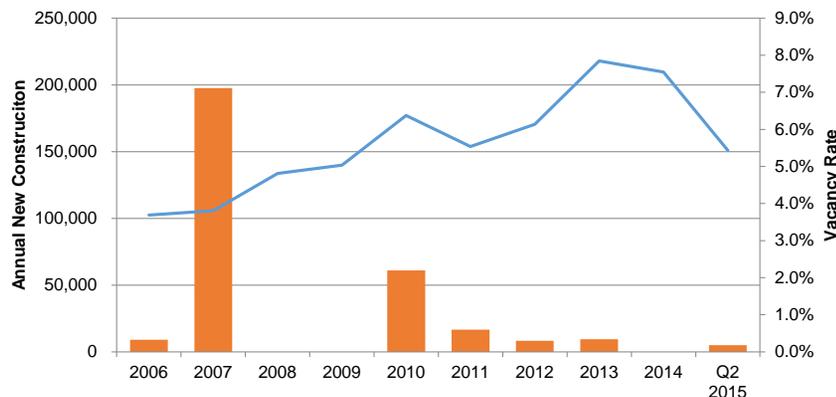


Figure 2.18
New Construction and Vacancy Rate

2.7 Summary of Opportunities and Constraints

As described above, the market environment supports continuation of industrial real estate as the predominant land use in the study area. Although there is significant growth and mixed use development occurring in Rockville, redevelopment has been planned and is predominantly occurring in Metro-accessible locations with denser development patterns than would be suitable for the study area and its surroundings. In addition, alternate commercial land uses that could drive renewal of the Southlawn area through redevelopment would be a poor choice given the current market environment and the locational attributes of the study area. These conditions together suggest little market-based pressure for developers and landowners to consider significant reinvestment in conversion, demolition and new construction of the existing building stock in the area, given that most buildings have healthy occupancy levels with their existing tenants. Furthermore, continued redevelopment of other areas of Rockville and Montgomery County may continue to diminish the supply of industrial buildings similar to those found in the Southlawn area, making the supply in the study area more attractive to tenants and more important to the City from an economic development perspective.

Therefore, in the short to medium term, interventions that improve the existing environment for industrial properties are recommended over strategies to change the industrial land use that predominates, which will

require significant public funding and would not be supported by the market. Recommended interventions might improve the physical attractiveness of the study area as well as the market attractiveness of individual properties by encouraging property reinvestment and promoting a wide range of uses to enhance the base of demand. The market analysis suggests that the industrial properties within the study area may be at a slight competitive disadvantage to other properties in the larger industrial landscape surrounding it, based on their occupancy rates, their rents, and mix of building types, and the property class profile. Despite their market attractiveness, reinvestment in older industrial properties can present challenges: a property owner will need a motivation to reinvest, with an increase revenue or retention of a property's market competitiveness balancing the cost of improvements, as well as a comfort level with the market and financial risks that may come with making a significant investment.

In addition to the market implications for the study area there are several physical opportunities and constraints of note. As was described in the transportation analysis and highlighted by the community the cut through traffic along Horners is a constraint and key issue for the study area. A number of existing conditions have created this challenge over the years due to the impacts of street modifications from the construction of the Metrorail red line along Rockville Pike and the congestion along Norbeck Road, Veirs Mill Road, and Rockville Pike makes Horners Lane a reasonable option to avoid some of the bottlenecks in the area.

section

3

Scenarios

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3.1 Introduction

During the planning process two Scenarios were developed to illustrate and analyze potential changes to the Southlawn Study Area. These Scenarios are intended to test ideas or changes to existing physical and policy frameworks that apply to the Southlawn Study area. These scenarios provide ideas related to:

- ▶ Roads and Traffic Circulation
- ▶ Parking Restrictions
- ▶ Streetscape and Pedestrian Infrastructure
- ▶ Zoning
- ▶ Organization and Economic Development Strategies

3.2 Scenario A

Scenario A illustrates a series of concepts and ideas that offer an approach to addressing the land use and transportation issues in the area. These concepts and ideas are intended to be modest in scale and cost to increase the feasibility and likelihood of their implementation.

The following are the key elements of Scenario A:

- ▶ Implement Traffic Modification Strategies
- ▶ Change some parking restrictions within the Southlawn Study Area
- ▶ Improve Streetscape and Pedestrian Safety at 1st and Taft Streets
- ▶ Add missing sidewalks
- ▶ Rezone David Scull Courts to residential and create additional options for screening adjacent uses
- ▶ Consider broadening allowable uses in Light Industrial to encourage more retail / neighborhood serving uses
- ▶ Implement organizational and economic development incentives

3.2.1 Traffic Modifications

The traffic modifications entail implementing a series of changes and improvements that are intended to help discourage traffic from cutting through the Southlawn area on North Horners Lane. These strategies include three categories: signage, street modifications and traffic operations. Figure 3.1 illustrates these potential concepts and locations.

The first strategy entails installing directional signage to indicate that drivers approaching the Southlawn area from the north and south should use Gude Drive, Norbeck Road (MD 28), and Veirs Mill Road (MD 586) to travel to major destinations, including the Rockville Metro Station and Rockville Town Center. The directional signage is proposed at three locations:

- ▶ Along southbound Gude Drive, approaching the Gude Drive intersections at Dover Road and Southlawn Lane, to direct destination-bound traffic to stay on Gude Drive
- ▶ On southbound Southlawn Lane, approaching Gude Drive, to direct destination-bound traffic onto Gude Drive
- ▶ On Park Road, approaching Stonestreet Avenue, to direct traffic toward Gude Drive via Stonestreet Avenue

Coordination with the Montgomery County DOT would be necessary to install new directional signage on county roadways.

The street modification strategies include the concept of installing mini-roundabouts at two locations along North Horners Lane:

- ▶ North Horners Lane at Southlawn Lane
- ▶ North Horners Lane at Crabb Avenue

Mini-roundabouts are intended to help reduce overall traffic speeds and discourage cut-through traffic activity, but can be designed to allow buses or other essential large vehicles to continue using the corridor. Additionally, should redevelopment opportunities emerge adjacent to the North Horners Lane/Southlawn Lane intersection, a roundabout at this location could be designed to provide a desirable gateway element.

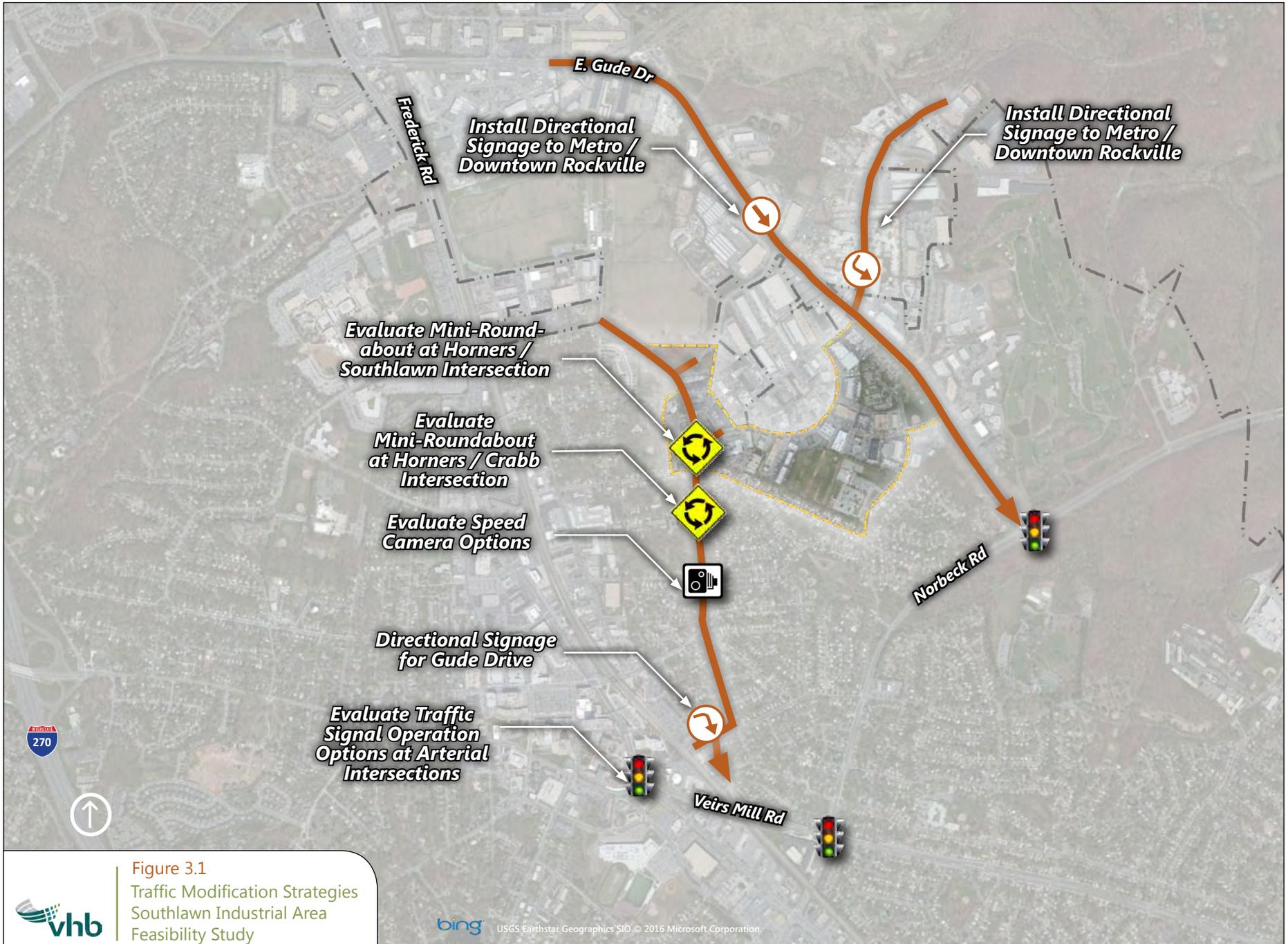


Figure 3.1
 Traffic Modification Strategies
 Southlawn Industrial Area
 Feasibility Study

bing USGS Earthstar Geographics SIO © 2016 Microsoft Corporation

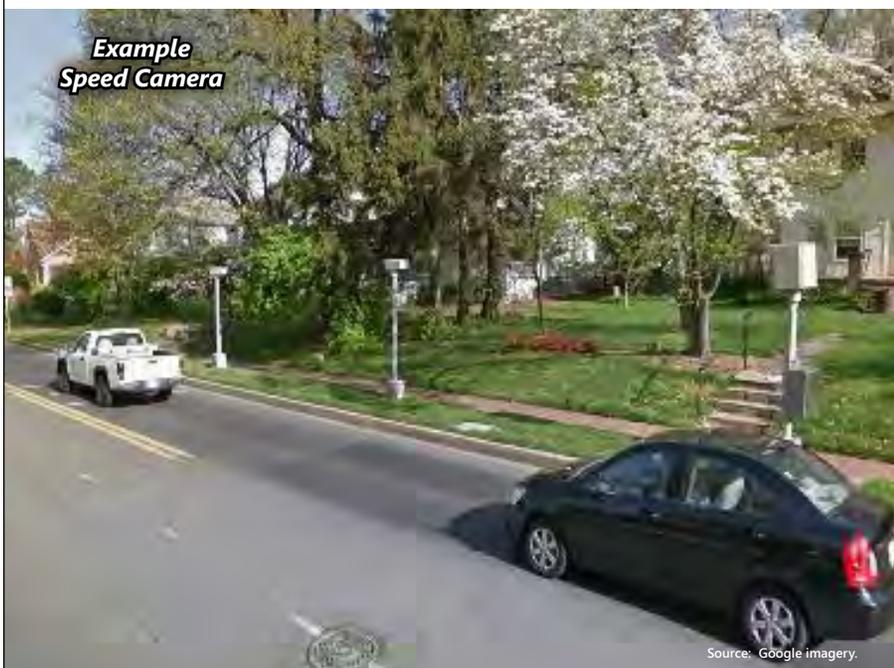


Figure 3.2
Traffic Modification Implementation
Southlawn Industrial Area
Feasibility Study



It was noted during several community meetings that there should also be consideration for installing speed humps on North Horners Lane. Based on the existing City of Rockville guidance for installing speed humps, North Horners Lane is considered an unlikely candidate because it is a primary residential street with significant public transit activity and may not meet the City's required speed criteria.

The traffic operations strategy involves possible traffic signal timing modifications at several major intersections on the arterial street network bordering the Southlawn area. This strategy would require studying the traffic signal operations and timings settings at three major intersections:

- ▶ Gude Drive at Norbeck Road (MD 28)
- ▶ Norbeck Road (MD 28) at Veirs Mill Road (MD 586)
- ▶ Veirs Mill Road (MD 586) and Rockville Pike (MD 355)

Minor traffic signal timing modifications at these intersections may reduce traffic delay on currently congested turning movements that likely contribute to some cut-through traffic in the Southlawn area. Any recommendations for traffic signal timing modifications would need to be shared with the Maryland State Highway Administration and Montgomery County DOT, and these agencies may need to conduct separate traffic operations analyses to confirm that overall traffic progression and coordination aren't significantly impacted. Coordination with these agencies would be required to make any signal timing modifications.

3.2.2 Parking Restrictions

Adjusting existing parking restrictions (see Figure 3.3) is proposed to help address two issues within the study area. These first address the concerns of trucks parking for long periods of time on First Street just north of Taft Street which creates some safety concerns for children walking to school, and has impacts on the visual "gateway" into the study area. It is recommended that the portion of First street north of Taft Street not allow for commercial vehicle parking. The goal of this adjustment would be to allow parking for residents and park users to use the parking areas adjacent to the David Scull Park.

The second recommendation would support the idea that on-street parking could be included in calculating parking supply to meet onsite zoning parking requirements. One of the issues in this area is that uses such as gyms, retail uses, or food and beverage-related uses require more parking than many of the existing sites currently can support. Since there is parking available on the street, it might be good to allow parking along the streets to extend until midnight or 1:00 AM to align with the hours of the gym, retail or food establishment operations. It is recommended that restrictions on overnight parking remain in place to discourage the parking of trucks, or other service vehicle associated with the other light industrial uses, from parking on the street for extended periods of time.

3.2.3 Streetscape and Pedestrian Safety Improvements

Incorporating additional pedestrian and streetscape amenities are proposed to improve the visual environment within the study area, provide a distinctive visual element that is a gateway into the Southlawn area, and provide a visual feature that will encourage the vehicular traffic to reduce their speeds when entering and driving through the Southlawn area.

Improvements are proposed at the intersection of Taft and First Streets (see Figures 3.4, 3.5, and 3.6). The existing streetscape which has sidewalks and street trees would be further improved to include bump outs at the intersection, continental crosswalks for visibility, and gateway features such as pylons or other features that would signal to drivers that they are entering a unique area.

This intersection is also an important and active crossing with school children going to and from Maryvale Elementary School and David Scull Courts. One of the specific issues in this area is the trucks that tend to remain parked just north of Taft Street on First Street obscure children from vehicles as they are walking toward the First Street and Taft Street Intersection. Changes in the overnight parking restrictions as noted above will also contribute to addressing this issue.

As future improvements are made to David Scull Park, there should be consideration given to improving the buffer between the park and First and Taft Streets.

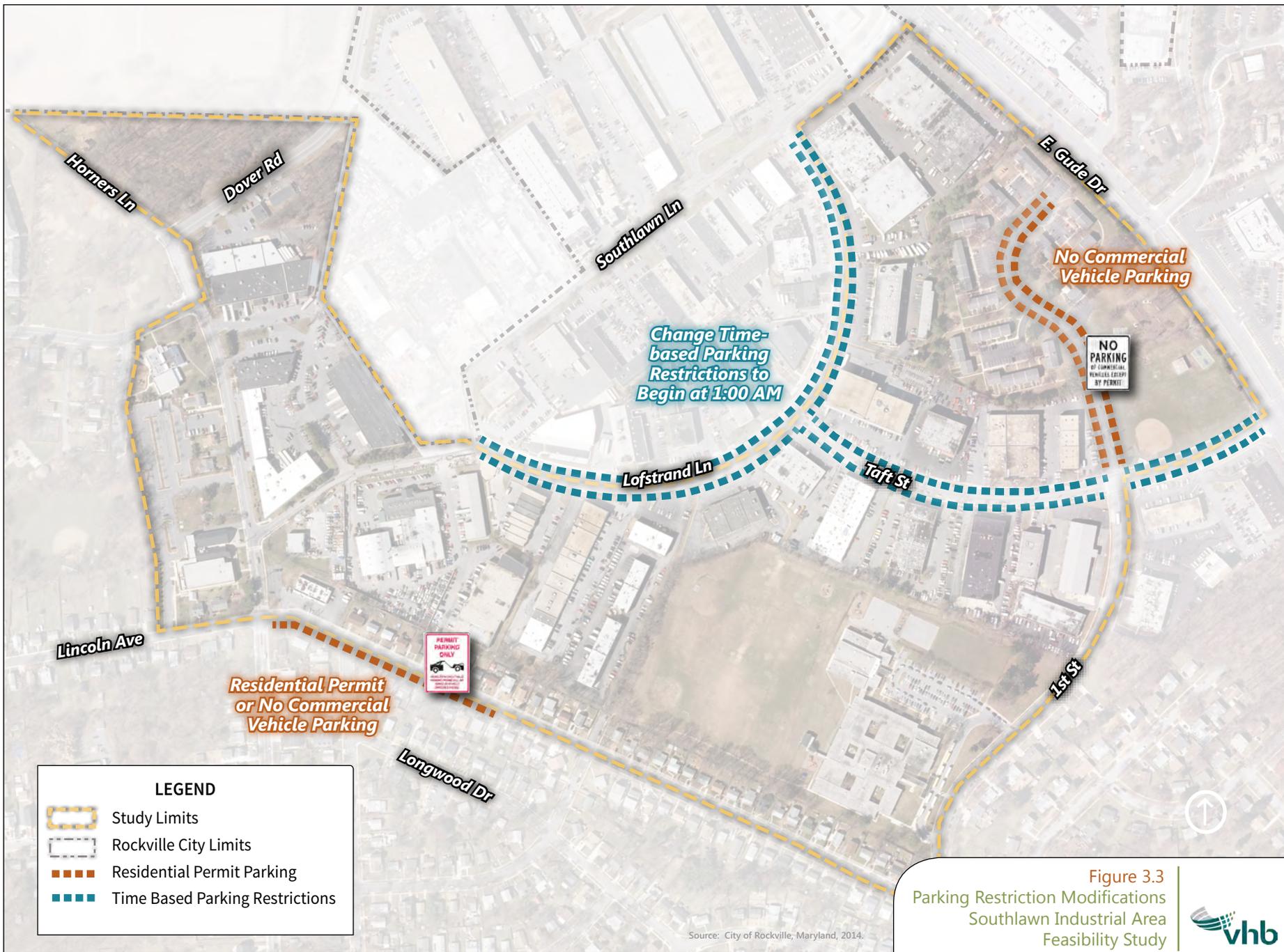


Figure 3.3
Parking Restriction Modifications
Southlawn Industrial Area
Feasibility Study



Source: City of Rockville, Maryland, 2014.



Figure 3.4
Existing Conditions at Taft Street and 1st Street
Southlawn Industrial Area
Feasibility Study



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Figure 3.6
1st Street and Taft Street Improvements
Southlawn Industrial Area
Feasibility Study



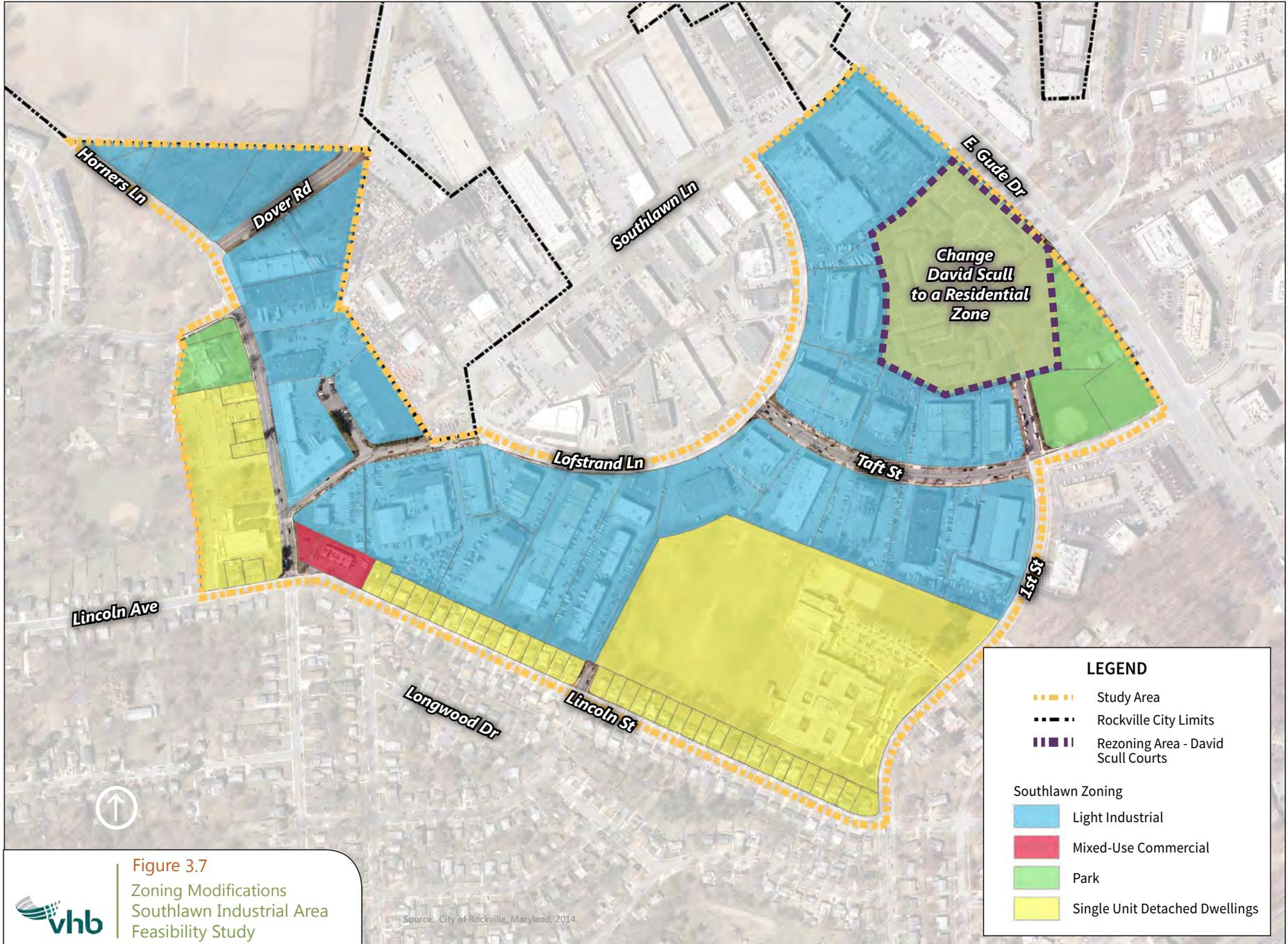
3.2.4 Zoning Changes

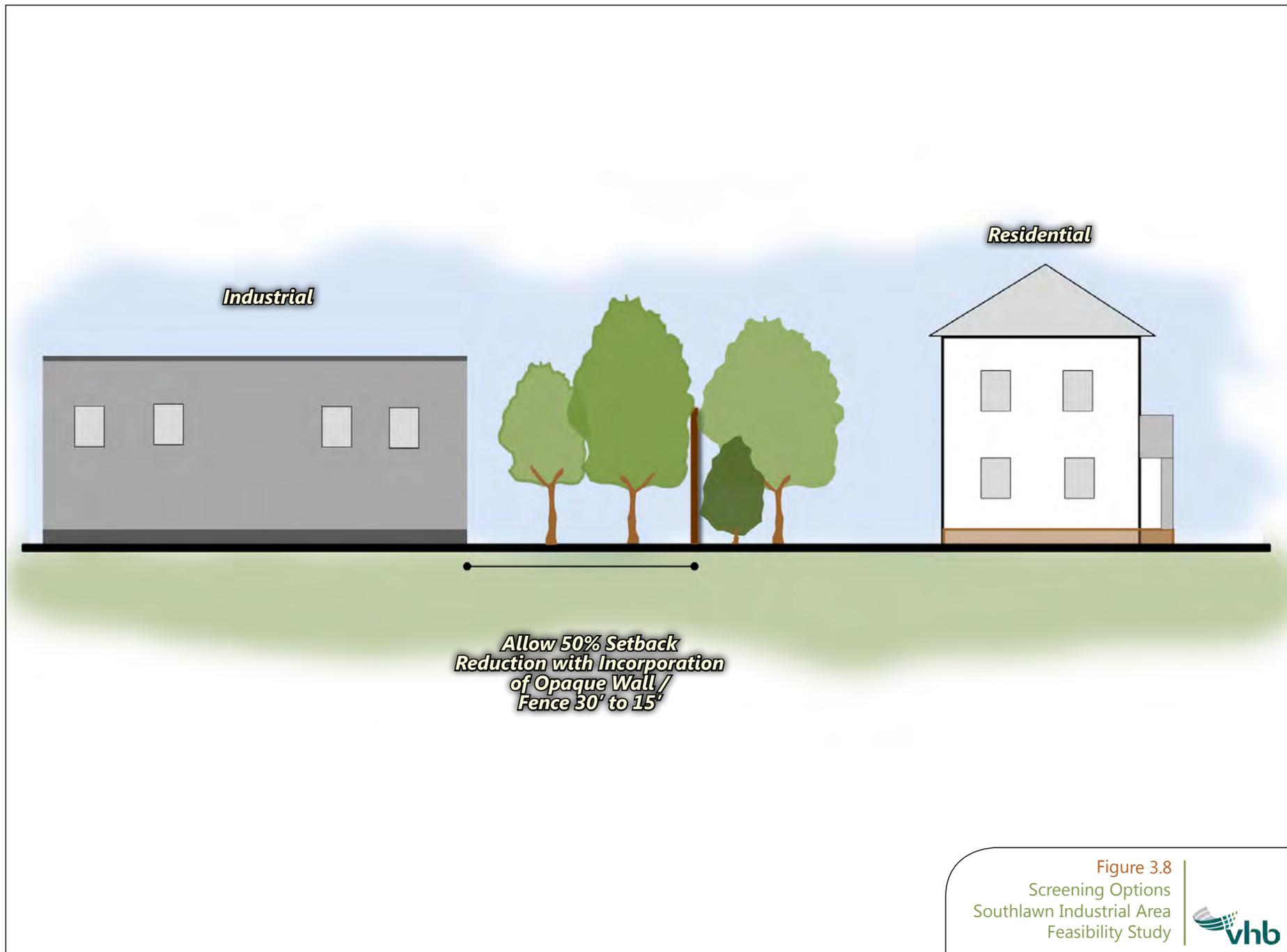
As noted in Section 2.3, the study area is comprised of light industrial, mixed-use commercial, residential and park / open space zoning categories. Most areas are aligned with the existing zoning except for Maryvale Elementary School and David Scull Courts. Rockville went through a citywide re-zoning process in 2007-2008, the City adjusted all existing schools to be within the Residential zone across the entire City. It is not recommended to make any adjustment to that zoning.

The David Scull Courts is zoned Light Industrial, but since the site is owned by Rockville Housing Enterprises it is considered a public use. This means that they have the legal right to exist as a residential use, despite what the underlying zoning states. While this may be the case, it is recommended the City consider rezoning the David Scull Courts to a zone that is consistent with the use of the site (see Figure 3.7). Assuming the City and Rockville Housing Enterprises intend to continue to own and operate housing on this site for the foreseeable future, it may make sense to align the zoning with the use. If the City decides not to pursue the zoning change, the facility can continue to operate in this zone without a legal issue.

The long-term question for the David Scull Courts site is to decide if there is a preference to continue to have a residential area located here or if Rockville Housing Enterprises may decide to leave this site and sell the property, in which case the site may be returned to an industrial use. Any decision regarding changing future use of David Scull Courts may have impact on the adjacent park land and bus traffic that is accessing Maryvale Elementary school via the Taft and First Street intersection.

In addition to the rezoning, to address the concerns about the required setbacks of the industrial parcels, it is recommended that the zoning also include an option to reduce the setbacks from 30 to 15 feet when including an opaque fence of a minimum height between the industrial uses and the residential areas (see Figure 3.8).





3.2.5 Organizational and Economic Development

Organizational

A key finding of the Southlawn Industrial Study is that there historically been limited contact and communication between stakeholders, residents, businesses within this study area. An important recommendation of this study is to find ways to increase communication and collaboration among these groups. A number of benefits will result from this interaction:

- ▶ Better understanding of each stakeholder's goals, concerns, and ideas for the area
- ▶ Potential to create a working group of interested parties and stakeholders that can begin to discuss and identify approaches and ideas for improvements to the area
- ▶ Coordinated effort by the Southlawn area to approach the City and/or State agencies to address specific issues or to encourage funding of priority projects in the area
- ▶ Improve marketing of properties in the study area

A key element of this recommendation is to establish a Southlawn Business Association. The Lincoln Park and East Rockville Neighborhoods have established Neighborhood Associations that allow for the community to collectively communicate with each other, the City, or other appropriate parties. The Business Community within Southlawn is a diverse set of stakeholders that have to individually talk with the City or neighbors. By establishing a Business Association, there could be better communication for all the businesses in the community. This association could be a forum for issues to be raised in a coordinated way between the City, residents, and the business community. The Southlawn Business Association could work closely with the Rockville Economic Development Inc. to advocate for funding and support to existing and future businesses in the area.

Economic Development

Based on discussions with Rockville Economic Development Inc.(REDI) and the Rockville Chamber of Commerce, there was support to retain and encourage the Southlawn area as an important economic engine for the City of Rockville. As discussed in the Market Analysis, Section 2.6, the Southlawn Industrial Area provides an important and cost-effective location for a wide range of businesses. REDI is working on developing additional strategies and tools to help support this area. It is recommended that these should include:

- ▶ Encourage / support the establishment of a Southlawn Business Association (potentially as part of the Chamber of Commerce)
- ▶ Advocate to address regulatory challenges facing alternative users in the industrial area such as food/beverage, gyms or other maker spaces
- ▶ Support businesses through financial or technical support to implement facade improvements and code compliance requirements
- ▶ Actively recruit the appropriate industrial and commercial businesses including those being displaced from Twinbrook and down county redevelopment to Southlawn area including use of incentives

3.3 Scenario B

3.3.1 Road Network Changes

Scenario B is an aggressive approach based on the number one comment from stakeholders. It is proposed to address the issues of cut-through traffic on N Horners Lane by disconnecting N Horners Lane from Dover Road and Southlawn Lane. This approach will require removal or blocking of some street connections, and construction of new connections to address potential impacts to the street network. This approach will require extensive collaboration and coordination with Montgomery County and the State Highway Administration (SHA) to implement. The Department of Public Works Traffic and Transportation Division has not fully reviewed this proposal to disconnect North Horners Lane from Dover Road and Southlawn Lane and does not agree with such a scenario at this time. While this approach does have the potential to reduce much of the cut-through traffic it also does have the potential to create new impacts on the existing neighborhoods.

Figure 3.9 provides an illustration of the road changes that are proposed within this Scenario. It should be noted that this is one set of changes, and there may be others that could be identified that would achieve a similar reduction in cut through traffic. It also important to note that this study has been done based on planning concepts and ideas; more detailed traffic engineering and analysis will need to be completed to determine the feasibility and potential impacts of these roadway changes.

The road changes include the following:

Disconnections

- ▶ Remove the connection between Dover Road and N Horners Lane. This includes removal of several hundred feet of Dover Road directly east of N Horners Lane. This could also be achieved by blocking off this portion of the street.
- ▶ Removal of the connection between N Horners Lane and Westmore Road.
- ▶ Remove a small portion of Southlawn Lane near the intersection of Mason Drive.

New Street Connections

- ▶ New street connection from Old Dover Road to Westmore Road.
- ▶ New street connection between Southlawn Lane and Dover Road from the intersection of Lofstrand Lane and Southlawn Lane extending north to Dover Road.

One of the factors that will need to be considered is making sure there are appropriate emergency egress connections to the Westmore Industrial area. This may require allowing access for emergency vehicles from N Horners Lane to Westmore Avenue.

The road network modifications is that the land use along N Horners Lane between Lincoln Street and Westmore Road would no longer be connected to the adjacent Industrial Areas. These parcels would be part of the existing Lincoln Park Neighborhood and should be adjusted to support residential uses.

These changes would only make sense with the disconnection of N Horners. If that change does not occur these uses should remain as light industrial as part of the Southlawn Industrial Area. To provide a concept to help visualize these potential changes in land use Figure 3.10 and Figure 3.11 illustrate potential redevelopment of these areas as a multifamily residential townhomes and apartments. The specific design and density of this redevelopment should be further considered as part of any rezoning or land use changes.

The new road connection between the intersection of Southlawn Lane and Lofstrand Lane would bisect the existing recycling facility located in Montgomery County. If this road connection were implemented it is likely that the recycling facility might experience some redevelopment in response to the road changes. For illustration purposes the concepts shown in Figures 3.10 and 3.11 show light industrial buildings fronting on the new road connection.



Figure 3.9
 Street Connection Modifications
 Southlawn Industrial Area
 Feasibility Study



Existing Conditions



Future Concept

Figure 3.10
N Horners Lane Redevelopment
Southlawn Industrial Area
Feasibility Study





Figure 3.11
N Horners Lane Redevelopment
Southlawn Industrial Area
Feasibility Study



3.4 Scenario Evaluation Summary – Fiscal and Economic Impact

3.4.1 Summary

This analysis considers the likely financial and economic impacts to the City of Rockville associated with the scenarios presented. Financial Impacts would include:

- ▶ Direct City costs associated with implementing the scenario, such as changes or improvements to roads and streetscape
- ▶ Changes in tax revenue associated with changes or improvements the scenario envisions
- ▶ Impacts to municipal operating expenses associated with significant changes in the size of the population (residential and employment) to which the City provides services

The fiscal impacts analysis estimates the impact of revitalization and redevelopment on the City’s General Fund operating budget. The revenue analysis focuses on the two largest sources of General Fund revenue: 1) real property tax revenue and 2) the City’s portion of income taxes received from the State of Maryland for returns filed in Rockville. These two revenue streams have comprised about two thirds of the City’s total revenue in recent years, and are budgeted to comprise 68 percent of the City’s FY 2016 budget. Impacts to these two revenue sources due to changes in use, value and occupancy of property are also direct and quantifiable. For the scale of changes contemplated in the scenarios presented, impacts to General Fund operating expenses are more difficult to quantify. A methodology for quantifying operating budget impacts was developed and employed to consider the comparative differences in servicing the different mix and density of residents and workers found before and after redevelopment in Scenario B . The fiscal impact analysis is a simple, static view of annual revenues and expenses using the City’s current tax rates and budget structure, and using current dollar values.

Estimated impacts are summarized below for each scenario.

Scenario A

Implementing this scenario would require capital and operating budget expenditures by the City of Rockville, and could reasonably lead to increased revenues from private investment in property improvements and rising property values.

Municipal Revenue Impacts. The aim of the improvements contemplated by Scenario A is to improve the quality of life in the Study Area and around its borders, which could increase the desirability and value of area property. Modest appreciation in Study Area property values would have a minimal impact on municipal property tax revenues. Study area properties in total currently pay approximately \$239,000 in property taxes. As a point of reference a five percent increase in property values would yield about \$12,000 in additional real property tax. Property tax revenue gains could be larger if the contemplated improvements had a broader impact in enhancing residential property values adjacent to the Study Area, but are unlikely to be a significant impact on the City’s annual property tax revenue stream, estimated to be \$38 million in FY 2016.

Municipal Costs. The City of Rockville would be the entity that would bear primary or sole responsibility for streetscape improvements and other capital costs. The City would also bear the costs associated with funding and administering incentives and economic development assistance in the Study Area. A package of economic development incentives is under review on a City-wide basis, but their value and cost to the City have not yet been estimated. Other than the direct costs of economic development assistance, the impact to the overall provision of services by the City of Rockville is likely to minimal.

Scenario B

The more intensive changes and investments in this scenario will have a larger capital cost to the City than Scenario A. The redevelopment and land use changes associated with this scenario will also have broader impacts on municipal revenue and operating expenses. Estimated changes are summarized below, with more detailed explanation of methodology and findings presented in Appendix B.

Municipal Revenue Impacts. In addition to the small and unquantified impact of property value increases discussed with Scenario A, the analysis estimates the revenue municipal impacts of the illustrative redevelopment of property along North Horners Lane. Given a set of assumptions made about the value and occupancy of redevelopment, the analysis estimates that the illustrative redevelopment program could yield a net increase of nearly \$6.5 million in assessed value, a \$28,000 annual net increase in real property tax, and \$28,000 in new income taxes annually associated with the gain in households. The greater impact of interventions under this scenario are likely to result in greater quality of life and property value improvements for the surrounding residential areas than in Scenario A. Given the size of the City's budgeted real property tax and income tax transfer revenue in FY2016, these estimated net revenue gains will not materially impact the city's revenue.

Municipal Costs. The redevelopment in Scenario B will require significant infrastructure modifications that will be the responsibility of the City. Also, the contemplated redevelopment, under current market conditions, is not likely to be financially attractive to current property owners or a private sector redeveloper without public subsidy. Operating expenses associated with redevelopment would be minimal, given the relatively small change in the household and worker population that the City would need to service. Using a methodology that calculates the cost of municipal services on a per worker and per resident basis, there would be a net increase in the estimated cost of service obligations associated with the change in land use: over \$21,000 for Parks and Recreation services, \$10,000 for Police services, and nearly \$8,000 for Public Works services. However, these increased costs would be less than estimated revenue increase. The illustrative redevelopment is assumed to bring about 160 new residents and yield a net loss of over 100 workers.

3.5 Evaluation Summary

During the public meetings held on December 9, 2015 and January 28th, there was a wide range of feedback provided on the two Scenarios. The following summarizes the input received.

3.5.1 Scenario "A"

Street Modifications

- ▶ While many of the community thought there was some value in making some street modifications as outlined in the scenario, they also felt that those changes would have a very modest impact on the cut through traffic.
- ▶ There were other modifications suggested such as incorporating speed bumps or questions about making smaller changes to the road network than outlined in Scenario B, such as making a direct connection between Stonestreet Avenue and Westmore Road.

Zoning

- ▶ The proposed change in zoning of David Scull Courts received a significant amount of feedback from both the residents and the business community. The residents were largely in favor of the idea and thought it might help to bring the David Scull neighbors more directly into the adjacent neighborhoods. The business community opposed this idea because it would potentially make future development and use of the adjacent industrial land more difficult. There was also concern that this would be the first step in additional zoning changes to the area. Lastly, the business community did not feel that David Scull was currently impacted by and the parcel being zoned for light industrial use.

Other Comments

- ▶ It was noted that Maryvale Elementary School is being planned for reconstruction, and the proposed school plan includes an increase of 100 additional students and staff. Maryvale School indicated that there would also be an increase of approximately 15-17 buses accessing the school daily.

- ▶ Another person suggested that one approach might be to begin by implementing some of the ideas in Scenario “A”, and then over the longer term implementing ideas included in Scenario “B”.
- ▶ There was general support for creation of a Southlawn Business Association or similar type of organization to support the local business community.

3.5.2 Scenario “B”

Street Modifications

- ▶ There was some support and some opposition to the idea outlined in Scenario “B” to disconnect Horners Lane from Dover Road and Southlawn Lane. While some residents and businesses thought it might be the only way to reduce cut-through traffic, others noted that it would create new challenges, such as increasing the time it takes residents of North Lincoln Park to get to Gude Drive /Gaithersburg area. It was also noted that the change could have side effects by increasing traffic on Stonestreet Avenue, or other neighborhood streets that connect between Horners and First Street, as a means of connecting downtown Rockville to Gude Drive.
- ▶ There was also concern as to how the changes in the street system might impact property values.

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section

4

Recommendations

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Based on the feedback and the analysis of the scenarios described in Section 3.0, the following summarizes the recommendations for the Southlawn Industrial Area.

4.1 Transportation / Parking

4.1.1 Transportation

Due to the complex planning, required collaboration and coordination, and costs associated with making significant changes to the area road network as describe in Scenario B, it is recommended that those changes be considered as long term ideas that will require more detailed study and coordination. At present, the Department of Public Works' Traffic and Transportation Division does not agree with this proposal. In particular, a detailed traffic study would need to be done to determine the feasibility and potential impacts of any changes to the road network. While these challenges exist, it is also worth including this as a future option that should be further studied to determine feasibility.

In the shorter term, the City of Rockville, working with the County and SHA, should study and implement the traffic modifications suggested in Scenario "A". These modifications may require refinement based on further study of the specific changes and how they may be implemented.

4.1.2 Parking Restrictions

There are two recommended changes to the existing parking restrictions:

- ◆ All parking on First Street north of Taft Street and along Taft Street between First Street and Gude Drive should prohibit commercial vehicle parking. These areas are a main gateway into the community and also an area with pedestrian activity during school hours. To minimize collisions, reduce visual clutter, and eliminate potential blind spots due to larger commercial vehicles being parked in these locations, it is recommended to not allow commercial vehicle parking.

- ◆ The other recommendation is to adjust the time-restricted parking on Taft Street west of First Street and Lofstrand Lane to allow parking until 1 am to support the potential for commercial or retail users to park on the streets near those establishments (such as the existing Brewery). The morning parking restriction of 6 am should remain in place.

4.2 Zoning / Setbacks

The zoning recommendations include three changes to: zoning designation, setbacks, and parking.

4.2.1 Changes to Zoning Designations

Assuming David Scull Courts remains a public housing area for the foreseeable future, it is recommended that its zoning should be changed to a residential land use. The most appropriate category is RMD-25. While there are concerns from the adjacent property owners about this change, it is recommended because it creates a better alignment between the use and the zoning designation. To address concerns of the adjacent property owners, it is recommended to make concessions to setback restrictions as part of any zoning change.

4.2.2 Setbacks

The City requires a 30' setback of an industrial use that abuts a residential property. There are several places along the edges of the Southlawn Industrial Area that do not meet this requirement. It is likely these uses were put in place prior to this zoning requirement being put into effect. To help address concerns of redevelopment of the industrial sites reducing the potential for building sites within their property, it is recommended that there be a modification to zoning that allows for a reduced setback, when coupled with constructing an opaque wall or fence at the property line. The wall or fence should be of appropriate height to block views of the industrial parking and buildings when standing at grade on the residential site. This condition would require an 8 – 10 foot wall. This modification to zoning could also help to address the specific concerns of the property owners whose property abuts David Scull Courts.

4.2.3 Parking Requirements

In addition to the recommendations related to changes of parking restrictions in the study area as described in Section 4.1.2, it is also recommended that the City consider allowing for some portion of the on-street parking in the light industrial zone to be applied toward the parking requirements of the users of the site. This may provide some flexibility to help meet the parking requirements of uses such as gyms, food services, breweries or other assembly uses that have higher parking requirements. Making this change along with extending the parking hours may help attract some additional businesses to the Southlawn area.

4.3 Gateways / Streetscape

It is recommended to make the proposed streetscape improvements to Taft and First Streets. These improvements will need to be coordinated with the City of Rockville Transportation Department to implement the bump outs and crosswalk enhancements. There should be close coordination with the Parks Department to collaborate on any improvements that will help to further delineate the park from the street areas.

4.4 Economic Development / Organizational

A key recommendation is to work closely with Rockville Economic Development and the Rockville Chamber of Commerce to support and encourage the ongoing vibrancy of the Southlawn Industrial Area. These organizations together with a Southlawn Business Association and the Neighborhood Associations should work together to support the business community and coordinate improvements and other mitigation measures to allow the businesses and residential areas to continue to prosper. Specific recommendations including:

- ▶ Encourage / Support the establishment of a Southlawn Business Association (potentially as part of the Chamber of Commerce)
- ▶ Support Businesses through financial or technical support to implement facade improvements and code compliance requirements.

- ▶ Implement incentives to attract appropriate businesses in collaboration with REDI
- ▶ Actively recruit the appropriate industrial and commercial businesses including those being displaced from Twinbrook and down county redevelopment to Southlawn area
- ▶ Advocate to address regulatory challenges facing alternative users in the industrial area such as food/beverage, gyms or other maker spaces.
- ▶ Create a package of incentives that improve condition of properties and recruit new businesses.

4.5 Cost Estimates

To provide additional information about the potential public improvements outlined in the two Scenarios and included in the Recommendations, cost estimates have been prepared for each element. These estimates are in current (2016 dollars) and do not include any land acquisition costs. These estimates have been done as a planning level estimate and are subject to further refinement and changes based on more detailed planning and design of each of these potential projects.

Table 4.1
Cost Estimate Summary

| Description | Unit Price | Unit | Quantity | Cost | Design | Mobilization | Contingency | Total | Comments |
|--|--------------|------|----------|-----------|----------|--------------|-------------|-----------|---------------------------------------|
| Additional Sidewalks | \$50.00 | LF | 5130 | \$256,500 | \$25,650 | \$2,565 | \$25,650 | \$310,365 | |
| Road Removal -Dover | \$25.00 | SY | 2800 | \$70,000 | \$7,000 | \$700 | \$7,000 | \$84,700 | 700' L x 36' |
| Road Removal - Southlawn Ln | \$25.00 | SY | 550 | \$13,750 | \$1,375 | \$138 | \$1,375 | \$16,637 | 200'L x 24' |
| New Road Connections - Southlawn to Dover | \$750.00 | LF | 815 | \$611,250 | \$61,125 | \$6,113 | \$61,125 | \$739,612 | excludes easement/row |
| New Road Connections - Old Dover to Westmore | \$750.00 | LF | 925 | \$693,750 | \$69,375 | \$6,938 | \$69,375 | \$839,437 | excludes easement/row |
| Mini roundabout - Horners and Crab | \$150,000.00 | EA | 1 | \$150,000 | \$15,000 | \$1,500 | \$15,000 | \$181,500 | impact area = 23,200SF |
| Mini roundabout - Horners and Southlawn | \$50,000.00 | EA | 1 | \$50,000 | \$5,000 | \$500 | \$5,000 | \$60,500 | impact area = 15,000 SF |
| Directional/way finding signs | \$2,000.00 | EA | 3 | \$6,000 | \$600 | \$60 | \$600 | \$7,260 | |
| Bump outs/pavement markings | \$15,000.00 | EA | 4 | \$60,000 | \$6,000 | \$600 | \$6,000 | \$72,600 | 1st and Taft/ 4 curb extensions |
| Street Trees/Tree Box | \$1,500.00 | EA | 5 | \$7,500. | \$750 | \$75 | \$750 | \$9,075 | trees along Taft between 1st and Gude |

Sources: VHB 2016.Notes:

- (a) Design assumed at 10% construction cost.
- (b) Mobilization assumed 1% of construction cost.
- (c) Contingency assumed 10% of construction cost.

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*Appendix A -
Meeting Notes*



Place: Lincoln Park Community Center, Rockville, MD

Date: June 3, 2015

Project #: 38040.01 – Southlawn Feasibility

Attendees: Clark Larson and Susan Swift (City of Rockville)
Paul Moyer, Dan Lovas, Nate Foster (VHB)

An open-house-style meeting was held at Lincoln Park Community Center on June 3rd to solicit opinions on issues facing the Southlawn area of Rockville. Four exhibit stations were set up displaying maps highlighting specific elements citizens could discuss. City and VHB personnel were placed at these exhibit areas to facilitate discussion about different issues they were facing, and to document the issues raised in the discussion.

Project Overview (Board 1)

- Height restrictions of non- residential (with x feet of residential)
- Truck traffic
 - Especially near Wetmore/Stone street
- Stone street near metro – please include in study to connect all parts to east Rockville
- Impact of Traffic from Dover Rd
 - Southlawn onto Lincoln
- More welcoming pathways to residential areas
 - Truck traffic – Horners & Lincoln Ave needs to be enforced
- Staggered Zoning – Residential→
 - Mixed/Commercial→Light Industrial
- Adequate aesthetic buffers of 500' to residential neighborhoods
- Expand recommendation/ study area to area east of 1st and south of Taft
- Rezone David Skull to residential
- Add David Skull to East Rockville neighborhoods and neighborhood plan area

Transportation (Board 2)

- Trucks using Elizabeth and Ashley St to connect between Stone street and Dover Rd
- Traffic noise/truck noise
- Lack of sidewalk on N Horners, northern part of study area
- Traffic volume on N Horners Lane seems high
- Speeds on N Horners can be high and influence feeling of unsafety as a pedestrian, even on sidewalk
- Interest in understanding bike share usage, particularly on Taft St.
- Trouble about additional bike share locations
- On-street parking on Ashley Ave constrained by road width and limits truck circulation and impacts residents
- Signage from Stone street to Ashley could help
- No sidewalk on Dover road
 - Limits pedestrian access
- What enforcement options exist for truck noise? Can it be monitored?
- Millennium trail is an asset – condition is mostly well maintained, vegetation can be a bit of an issue
- Cut-through truck traffic on Lincoln Ave to/from Stone St-
- Need more communication with and between industrial operators
- Need to restrict truck traffic to traveling only to/from Gude Dr.

- Can bike/pedestrian network be used to connect between several neighborhoods around this study area?
- Truck traffic on residential streets causes premature deterioration of pavement
- Why does truck traffic use local streets? Does GPS direct trucks through neighborhood?

Visual (Board 3)

- Buffer should be "attractive" and add to streetscape
- Dumpster door noise → buffer
- Height restrictions on proposed development with topography of siting/roadway
- Community use of business driven by zoning on edges
- Dover Rd recycling center → needs fence (across from Gude connector)
- Ineffective fencing
- Furniture store – fire rebuilding timeframe
- Trees – adequate heights
- Above ground utility buffer around new construction
- Light pollution from adjacent developments
- Zoning law change in regarding adjacent zoning types
 - i.e. Distances – 500' separating residential from industrial
- Open space aids aesthetic/noise/traffic
- Concerns about spills in Industrial area
- How area relates to "visual identity of Rockville"
 - Purpose-driven aesthetic
- Unified planning/land use vision
- Welcoming pathways into residential neighborhoods – need upkeep (signage)
- Parking restrictions on street business parking (work vans/tow trucks)
- Sound barrier and lighting buffer behind Lincoln St residential dwellings
- Residential neighborhood welcome signage
 - Lincoln Ave/Horner intersection needs to be spruced up

Land Use/Zoning (Board 4)

- Green space at Dover and Horners should not be industrial
 - Current well maintained
- Many trucks coming in via Stone street and Horners Ln
- Concern about potential new users and their transportation impacts (esp. auto body and tow trucks)
- Taft & 1st: potential opportunity for retail because of visibility and traffic
- Add industrial at northwest park
- Importance of tax base impacts on land use
- Entrance into neighborhood
 - Industrial or mixed use
 - Transition
- Distance protections from school
- Height restriction on property next to residential
- Be part of east Rockville



Place: David Scull Community Center,
Rockville, MD

Date: July 9, 2015

Project #: 38040.01 – Southlawn Industrial
Area Feasibility Study

The responses to these comments included the following:

- It was reiterated that the purpose of the study is twofold and is based on recommendations from the East Rockville Neighborhood Plan and the Lincoln Park Neighborhood Plan, they include:
 - Assessing the feasibility of implementing mixed-use transitional industrial areas to reduce impacts on the adjacent community.
 - Examining the road network to identify ways to manage truck traffic in the area.
- The study area is based on recommendations and boundaries from the previous plans
- It was noted that an issue with the self-storage facility was the proposed height.
- This study will feed into the City Master Planning process that was recently initiated.
- There will be a number of future opportunities where the community and business owners will be able to be involved in the process. These sessions were the 2nd of 7 planned meetings.
- It was noted and reiterated several times that the purpose of this study is not to rezone properties and eliminate the industrial uses.

A Public Meeting was held at David Scull Community Center on June 25, 2015 to solicit feedback on issues and opportunities for the Southlawn Industrial area in Rockville, MD. There were two meeting sessions – the first occurred at 4 pm and second started at 6:45 pm. The goal of these meetings was to engage the business community and surrounding neighborhood. Attendees signed in for each of these meetings, with a total of 33 people attending the two meetings. The presentation that was made at the meeting is available on the Project Website <http://www.rockvillemd.gov>

Following the presentation, there was an opportunity for open discussion. Below is a summary of the discussed topics and comments received during the meetings:

- Concerns that this study will recommend further restrictions on industrial uses which would make it more difficult for small businesses in the study area to operate.
- Questions were raised about the purpose of this study, individuals voiced concern that the goal was to initiate a zoning change or establish other policies restricting uses in the area.
- The observation was vocalized that much of the traffic that passes through the study area, particularly on North Horners Lane, is just passing through the area and not associated with local use.
- Ideas were mentioned for turning Southlawn Drive into a cul-de-sac to help reduce through-traffic.
- Concerns were noted that the result of this study and follow-on actions could negatively impact property values. An example noted is the Hostess site that was bought for the purposes of development but was ultimately not approved.
- It was also noted that a goal of this study is to find ways to improve the entrances into the community and improve the visual quality. It was noted that many businesses do a good job of this but some are not “good neighbors”.
- It was noted that some of the industrial uses have been in the study area for 40 years and they serve an important function for the local community and region.
- It was discussed that in many other locations, industrial use areas have changed when they are in proximity to a Metro station.
- Questions were raised regarding how the study area boundary was identified.
- Several comments were made about missing sidewalks in the area.

Southlawn Industrial Feasibility Study
Stakeholder Meetings Summary
 August 14, 2015

The following is a summary of the comments received during the stakeholder interviews that were held on August 14, 2015 for the Southlawn Feasibility Study. Stakeholder interview attendees included:

- Kashi Way – East Rockville Civic Association
- Meta Lim – Rockville Housing Authority
- John Loudon – EU Services
- Stephen Fisher – Burgundy Knolls
- Bob Harris – Lerch Early & Brewer
- John Kossow – Kossow Management
- Steve Karr – Steven Karr Architecture

The following summary of the comments is grouped into the following topic areas:

- Neighborhood
- Business Uses / Activity
- Economic Development
- Policies

Neighborhood

- Neighborhood representatives described some of the concerns related to the proposed self-storage facility which include the building height – 4 stories, visual quality of building and concerns about the building use. It was noted that a retail oriented use would be preferred in this location since it is a gateway into the community.
- Suggested the idea of a transition zone between the taller buildings and the existing 1 story neighborhood buildings. Transition zone should put height restrictions on Taft Street. Transition should also incorporate landscaping buffer treatment.
- There are concerns about cut-thru traffic particularly on Horner Street within the Study Area. It was noted that the origin of the cut-thru traffic is likely beyond the study area.
- Some issues were noted with truck access – mostly related to tight truck turning radiuses (Bel Pre was noted as one location where there are challenges with truck access due to a tight turn into their parking.
- It was noted that on occasion there is noise particularly from trash trucks in the very early morning hours.
- General comments was provided about improving the visual quality of the area and the lack of existing water amenities in general in the City of Rockville (ponds, lakes, streams)
- The area offers an opportunity for more uses like a distillery. Expanded hours for affiliated uses like restaurants are needed.
- School bus traffic can be pretty heavy during the school year and back up around the intersection of 1st and Taft.

- David Scull Courts is mostly disconnected from the nearby neighborhoods. Would like to see it better connected both physically and organizationally (noted it should be part of the East Rockville Neighborhood).
- David Scull Courts will likely remain in its current location and configuration for the foreseeable future.
- David Scull Courts consists of 105 units of public housing. There is currently no tenant association
- RHE noted that David Scull Courts used to be a “terrible neighborhood” but has improved in recent years.
- There are some relationships with businesses in the Industrial area such as the foodbank.
- One note that while beyond the study area – it would be good to get a sidewalk on Southlawn since the Rockville Housing Authority is located there and it there is not a continuous sidewalk connection to the David Scull Courts.
- David Scull Courts residents have access to a variety of retail amenities and community facilities, in the area, including the church, the Lincoln Park community center, and retail along Gude Drive.

Business Activity / Uses

- Some of the uses have been located in the Southlawn area for many years
- Uses in the study area including some larger single occupancy buildings such as ECS and some that are multitenant smaller uses such as those that are managed by Kossow
- Some of the businesses have been active in the community, ECS noted their involvement with the Lincoln Park Neighborhood.
- Some buildings have active / local owners while others may not have much direct involvement in the local area.
- There are some unique situations where access is part of an easement through other property, EUS noted that the adjacent junk yard has an easement through their property.
- Staff of the local businesses likely commute from a variety of locations. EUS noted that many of their employees commute from the upper county areas such as Frederick, MD
- EUS noted that at times when the intersection of Horners and Southlawn that traffic will cut thru their internal streets causing some safety concerns.
- EUS has a 24/7, 3 shift operation involving about 20 daily truck pickups/drop-offs from their facility.
- EUS employs 280 workers, down from 420 pre-recession EU Services business relocating in 3.5 years. John Loudon not sure what will happen with property – either he will make reinvestment for smaller industrial use, or sell the property.
- Kossow indicated that they have 95% occupancy in their buildings and believe there is plenty of demand for the types of spaces / buildings they can provide (smaller, multi-occupant buildings; 1200-2600 sf bays). They have about 40 tenants in their three properties in the area.
- Users of the Kossow buildings include storage and distribution, catering kitchens, light manufacturing, contractors.
- This is one of the few areas that offer space for these kinds of uses in the closer in suburbs. They own space in Silver Spring (Brookville), Gaithersburg and in Prince George’s County.

- Brookville is probably the most direct competition for this area in their opinion.

In some cases the users are looking for overflow space to support their businesses that are located along Rockville Pike.

Economic Development

- The Southlawn area is an important area within the overall options for Rockville to market. It provides lower cost, space for smaller users. REDI doesn't want to lose diversity of building stock or see the limited amount of industrial space diminished. The types of businesses that contact Economic Development that might consider this area are small startups, gyms or other exercise providers, breweries, daycare providers.
- These types of startup businesses are looking for space under the \$15 per s.f.
- Economic Development is looking to implement some type of incentive program to help Rockville compete with the neighboring jurisdictions who already have incentive programs. Incentives could include façade or placemaking improvements to individual property. It could also involve assistance to property owners to incent new uses and mitigate risks associated with trying a new use.
- Annexation is another potential strategy, generally Rockville has been reactive to this approach
- May be some interest in creating a program to encourage Southlawn businesses to organize as a group. This would help with marketing or lobbying for the area and also addressing conflicts with the local neighborhood.

Area has competitive advantage of access to federal labs and access to both DC and Baltimore markets. As an industrial area, the area commands a price premium because of its location. It's one of the few areas with good access to 270 and 495.

Policies

- One of the issues noted was that retail and assembly uses require a higher percentage of parking than industrial uses, which can make it difficult to support retail on many of the sites within the study area.
- Since many of the uses currently in the study area are small, "mom and pop" businesses, they do not have the capacity to deal with code compliance issues that may currently exist or part of what is required when doing modifications to their spaces. Aspects of the development review process are difficult to navigate.



Meeting Notes

Place: Lincoln Park Community Center
Rockville, MD

Date: September 10, 2015

Project #: 38040.01 – Southlawn Industrial
Area Feasibility Study

Paul Moyer led a presentation summarizing community input, stakeholder input, future plans and schedule. Nancy Fox led a presentation discussing existing and future market conditions for real estate within the study area and broader Montgomery County.

The following is a summary of the feedback received from the meeting participants:

- Local businesses like the way the area currently exists and do not want to see changes
- Businesses are concerned that this plan would push out some of the current tenants or make it harder to operate in the Southlawn study area.
- The overall goal of this study was to identify strategies or other recommendations to help the businesses and adjacent neighborhoods co-exist.
- Some business owners are concerned that the opposition and resulting change in zoning is a sign that there may be future changes that would impact their ability to operate or market their properties.
- There was a recommendation to make sure to reach out to the local businesses and encourage their engagement in this process so their interests can be heard and addressed.
- There were questions asked about the additional transportation analysis work that is being done for the area – which is planned to be done later in September.
- There were comments supporting the market analysis that was presented indicating the demand for industrial space in this area.
- Several participants also noted that the Southlawn Industrial area provides space for local businesses and employs local residents.

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Meeting Notes

Place: Maryvale Elementary School,
Rockville, MD

Date: October 29, 2015

Project #: 38040.01 – Southlawn Industrial
Area Feasibility Study

A Public Meeting was held at Maryvale Elementary School cafeteria on October 29, 2015 at 6pm to solicit feedback on issues and opportunities for the Southlawn Industrial area in Rockville, MD. The goal of these meetings was to engage the business community and surrounding neighborhood. The presentation that was made at the meeting is available on the Project Website <http://www.rockvillemd.gov>

Clark Larson from the City of Rockville introduced the presentation team and the goals of the meeting. David Levy was there to promote Rockville 2040 and address any long-range planning questions. Upcoming listening sessions for Rockville planning areas are scheduled for next few months. The next meeting for Southlawn feasibility is scheduled for December 9th.

VHB's Paul Moyer led the presentation of findings/concepts for the future of Southlawn. These emphasized transition areas along Horners and 1st St, and potential changes to traffic circulation.

VHB's Dan Lovas presented information on vehicular traffic per day. Questions were addressed about vehicular classification information and the method of collection.

A discussion of potential traffic configurations created some substantive discussion. Option 1 discussion mostly focused on access to/from north industrial properties, the possibility of a new connection to Route 355 over the Metro rails, and what impact closing the Southlawn/Dover-Horners connection would have on Gude/Norbeck. Discussion of traffic calming concepts along Horners Lane were tempered by its classification as a primary residential class I road, which isn't eligible for traffic diversion.

Nancy Fox with BAE led a presentation pushing for a merchants association or area specific commercial association to help lobby the city/county for redevelopment incentives.

Open comments on the presentation came from residents, city officials, and commercial interests. The following is a summary of the overall comments received during the meeting:

- There were both support for and some concerns noted related to the idea of David Scull Courts being rezoned to residential. The positive feedback was that this would then be "officially" part of the residential areas to the south. The concern was then the adjacent industrial uses will not comply with the requirements of being next to a residential zone.
- Pursuing changes in traffic patterns such as the potential to disconnect the Southlawn "loop" from Horners could entail significant impacts to traffic and existing businesses. Additional

1



Meeting Notes

evaluations would be needed to quantify cut-through traffic and fully consider implications for residents, businesses, and public services.

- o There needs to be discussion with the County on the potential Mason Drive extension between Southlawn Lane and Dover St. There are some opportunities and challenges with pursuing this connection.
- o There were concerns noted that with the disconnection of Horners from Dover or Southlawn – the industrial areas to the north would have no way to connect with Gude Drive. The idea was discussed of “re-connecting” across the metro tracks to Route 355, but several participants noted the major challenges with that connection and the potential that it might introduce new cut-through traffic seeking to avoid congestion on Route 355.
- o Several attendees noted that neighborhood cut-through issues were minimal 20 years ago, but have worsened as the surrounding arterial network congestion has increased. There was a suggestion to focus on traffic improvements at the Route 28/Veirs Mill/ Route 355 intersection to mitigate this congested area, rather than focus on mitigating the neighborhood cut-through traffic.
- o There was a suggestion to signalize Dover/N Horners and N Horners/Southlawn to discourage the left turn movement. A traffic warrant study would be required and preliminary traffic volume data appears unresponsive of this treatment.
- o There was a suggestion to focus on specific available incentives for businesses that already may exist, or outline ideas for enacting those incentives with the City.
- o There was general support for an entry or signage to the neighborhood at 1st/Taft as well as adding bump-outs at that intersection.

The meeting adjourned around 8pm.

Place: Lincoln Park Community Center, Rockville, MD

Date: December 9, 2015

Project #: 38040.01 – Southlawn Industrial Area Feasibility Study

Following the presentation of the PowerPoint that summarized the community feedback and the two potential planning scenarios, the community was encouraged to offer feedback on the scenarios at two exhibit stations.

The City’s consultant VHB and BAE were available to answer questions and provide further clarification on the information presented. VHB wrote down the comments received on easel pads. Below is a summary of the comments:

Scenario A:

- Like idea of Southlawn Business Association
- Value of Property – concern about zoning and impacts of the changes
- It was noted that putting in directional signs will not work
- Don’t like closing off Dover Rd – cuts off neighborhood
- Adding 100 students and 100 staff – 15-17 more buses (at Maryvale ES) based on future plans
- Want to connect Westmore with Stone Street
- Start implementing “A”, but continue to B
- Like zoning David Scull as residential
- Grandfather adjacent businesses to minimize impact of setback requirements
- 1st St residents – Scenario B isn’t beneficial to them
- Scenario A does not address significant traffic issues in East Rockville
- No reason to rezone David Scull Court
- Rezone for residential protections to David Scull residents/students

Scenario B:

- Still potential for increased residential traffic – need to restrict truck traffic
- Why not disconnect Taft north of 1st Street?
- The trip from N Lincoln Park north to Gaithersburg becomes longer in this scenario, want to leave the Dover connection open for through trips.
- No truck enforcement needs to be focused on, rather than disconnecting the streets
- Old Dover Rd connection is key, if connection doesn’t exist then N Stone St traffic will still be high.
- Concerns about the effects of these changes on industrial and residential property values
- Cut-thru traffic still an issue-this scenario addresses it – increases quality of life with fewer cut-thrus, and improved multi-modal safety
- Business concerns about set-back changes due to changes in zoning
- Need to incentivize the business changes and development to make it more appealing



Meeting Notes

Place: David Scull Courts, Rockville, MD

Date: January 28, 2016

Project #: 38040.01 – Southlawn Industrial Area Feasibility Study

- Would a one-way restriction accomplish the same thing as disconnecting the streets?
- Does this make 1st/Taft Maryvale area less safe (more cut-through on Lincoln)
- Scenario creates a “community” that separates land use, eliminates trucks on Horners with pedestrians crossing
- Focus placemaking/landscaping/signage on Horners
- Concerns noted about safety on Lincoln – maybe a restriction on parking one side of the street
- Would rezoning David Scull Courts change redevelopment plans? Is this part of a larger plan to change David Scull Courts
- Much more coordination with County on this plan – too difficult?
- Scenario B concern about emergency egress with disconnecting of streets
- Scenario B Preferred – need long-term strategy

Following the PowerPoint presentation of the Draft Recommendations, the community was encouraged to offer feedback during an open session.

The City’s consultant VHB and BAE were available to answer questions and provide further clarification on the information presented. VHB wrote down the comments received on easel pads. Below is a summary of the comments received:

- There were questions and concerns noted about the rezoning of David Scull Courts. Some participants wondered what the purpose of the rezoning was since the residential area currently functions within the Light Industrial Zone.
- There was also concern that rezoning David Scull Courts would be the start of the process to rezone other portions of the Southlawn Area.
- In addition to concerns there were some participants that felt that rezoning of David Scull Courts would help that area become better connected to the adjacent residential areas such as the East Rockville Neighborhood and to Maryvale Elementary School.
- There were comments suggesting additional tactics to helping reduce cut through traffic such as by adding speed bumps to Horners and Southlawn Lane
- Another idea that was offered was to close Horners Lane and Lincoln Street instead of cutting off Southlawn just east of Horners Lane. This would allow residents of Lincoln Park to get to Dover Lane / Gude Drive without having to go around the East Rockville Neighborhood.

*Appendix B -
Fiscal Impact Analysis*

FISCAL IMPACT ANALYSIS METHODOLOGY

As described below, a fiscal impact analysis model estimated the potential changes in municipal tax revenues and service costs associated with the Scenario B land use changes.

With the land use changes envisioned by the scenario come potential changes in property value, as well as changes in the number of workers and residents who occupy the property. Changes in the mix of workers and residents will impact the City taxes generated from the property and the City services required. In addition, the scenario contemplates the annexation of property to Rockville upon the property's redevelopment, increasing the amount of property that can be taxed by the City of Rockville but also the developed property that requires municipal services.

A methodology for quantifying operating budget impacts was developed and employed to consider the comparative differences in servicing the different mix and density of residents and workers found before and after redevelopment in Scenario B, and the differences in tax revenue associated with conditions before and after redevelopment. The fiscal impact analysis is a simple, static view of annual revenues and expenses using the City's current tax rates and budget structure, and using current dollar values.

Assumptions

In connection with the transportation changes described, Scenario B envisions the demolition of certain industrial and retail properties, residential redevelopment of property fronting Horners Lane, and improvement or construction of industrial buildings on the remainder of the impacted area that is serviced by the new street network serving the industrial area. Figures 3.9 and 3.10 in Chapter 3 illustrate potential land use changes. The proposed street network changes in Scenario B impact three properties outside of the City of Rockville boundaries but also will allow fuller development of these properties.

The redevelopment program used for this analysis assumes the replacement of approximately 156,000 square feet of industrial space and 4,000 square feet of retail space with 75 residential units and 50,000 square feet of industrial space. Note that the existing industrial development within the City boundary totals about 138,000 square feet, with the remaining 18,000 square feet of space located on property that is currently outside of the City boundary. Properties outside City boundary are not included in the model of existing tax revenue calculation since these properties do not currently pay City property tax. However, the redevelopment program includes these non-City properties, which will be the location of the bulk of the industrial property (approximately 35,000 square feet out of 50,000) in the Scenario B redevelopment. Table 1 describes the existing and envisioned land use program for the impacted area.

As shown in Table 1, the population of residents and workers associated with the existing and redevelopment conditions varies in accordance with the development pattern. Assumptions about the number of residents per housing unit and the density of workers inside industrial and retail space are found in Table 2 along with inputs needed to model the municipal cost to service each worker and resident in the "existing" and "redevelopment"

| Existing Development [a] | |
|------------------------------|---------|
| Industrial (SF) | 138,000 |
| Retail (SF) | 4,000 |
| Estimated Service Population | |
| Workers | 325 |
| Residents | 0 |
| Proposed Redevelopment | |
| Townhomes (Units) | 25 |
| Apartments (Units) | 50 |
| Industrial (SF) | 50,000 |
| Within Rockville [a] | 15,000 |
| Outside Rockville [a] | 35,000 |
| Estimated Service Population | |
| Residents | 160 |
| Workers | 116 |

Notes:
a. Includes industrial redevelopment on parcels inside and outside the City boundary. Existing development program only includes development currently within City boundaries and paying property tax to City of Rockville.
Sources: VHB, BAE, 2016.

conditions. Table 2 also includes assumptions utilized to model tax revenues upon redevelopment: the assessed value of property upon redevelopment, and the household income levels of new residents (used to estimate income tax payments). These assumptions will be more fully explained in describing the methodology of estimating municipal tax revenues and expenses, below.

| | Note ref. | Input |
|---|-----------|-----------|
| Estimated Service Population Inputs | | |
| Persons Per Household, Townhouse | [a] | 2.4 |
| Persons Per Household, Apartments | [a] | 2.0 |
| Industrial Workers Per 1,000 SF | [b] | 2.33 |
| Retail Workers per 1000 sf | [b] | 1.00 |
| % of Municipal Expense Attributable to Non-Residential Use | [c] | 29% |
| % of Municipal Expense Attributable to Residential Use | [c] | 71% |
| Rockville Residents, 2015 | [c] | 62,867 |
| Workers Employed in Rockville, 2015 | [c] | 75,272 |
| Estimates of Assessed Value for Redeveloped Property | | |
| Townhomes Per Unit | [d] | \$355,000 |
| Apartments Per Unit | [d] | \$160,000 |
| Industrial Per SF | [d] | \$120 |
| Estimated Household Income | | |
| Average Per Townhouse | [e] | \$133,333 |
| Average Per Apartment | [e] | \$80,000 |
| Tax Rate | | |
| Real Property Tax per \$100 of AV | [f] | \$0.292 |
| Income Tax Revenue as % of HH Income | [g] | 0.39% |

Notes:
a. Based on coop forecast Round 8.2 and City of Rockville, as used in analysis prepared for Rockville Pike Fiscal Impact Analysis, by ERM and M&FSG, October 2014.
b. BAE estimate based on findings of land use density studies researched. Industrial assumes light industrial/R&D/ mfg but not warehousing.
c. Directs distribution of expenses to residential and non-residential uses. Based on analysis prepared for Rockville Pike Fiscal Impact Analysis, prepared by ERM and M&FSG, October 2014.
d. Estimate based on analysis of comparable development in the Rockville area.
e. Estimate assumes household income one third of market value of townhouse sale and 40 times monthly rent for apartment unit, using market comparables found in Residential Comparables worksheet.
f. Source: City of Rockville, FY 2016 Adopted Budget
g. Estimate created by dividing the total annual income tax revenue to the City of Rockville by total annual household income in Rockville. Income tax revenue derived from City of Rockville budget and total annual income derived from the American Community Survey (ACS) 5-year estimates (2010-2014).

Sources: City of Rockville; ERM/M&FSG; American Community Survey; BAE, 2016.

Estimating Municipal Revenue Impacts

The revenue analysis focuses on the two largest sources of General Fund revenue for the City of Rockville: 1) real property tax revenue and 2) the City's portion of income taxes received from the State of Maryland for returns filed in Rockville. These two revenue streams have comprised about two thirds of the City's total revenue in recent years, and are budgeted to comprise 68 percent of the City's FY 2016 budget. Impacts to these two revenue sources due to changes in use, value and occupancy of property are also direct and quantifiable.

Table 3 details the property tax revenues currently paid by properties that would be subject to redevelopment under Scenario B.

| Address | 2015 Assessed Value | | | Property Tax FY 2015 |
|---|---------------------|---------------------|---------------------|----------------------|
| | Land | Improvement | Total | |
| 202 Mason Dr | \$558,200 | \$1,504,400 | \$2,062,600 | \$6,022.79 |
| 627 N Horners Lane | \$740,200 | \$3,019,000 | \$3,759,200 | \$8,497.00 |
| 401 Dover Road | \$425,900 | \$683,400 | \$1,109,300 | \$3,613.70 |
| 421 Dover Road | \$665,000 | \$43,600 | \$708,600 | \$2,057.04 |
| 649 N Horners Lane | \$534,500 | \$1,646,000 | \$2,180,500 | \$5,336.88 |
| 655 N Horners Lane | \$579,600 | \$3,475,000 | \$4,054,600 | \$9,142.72 |
| 409 Lincoln St | \$75,200 | \$0 | \$75,200 | \$210.04 |
| 416 Lincoln St | \$251,100 | \$1,476,300 | \$1,727,400 | \$3,757.65 |
| Total: Horners Inside Rockville | \$3,829,700 | \$11,847,700 | \$15,677,400 | \$38,638 |
| 210 Mason Dr | \$490,500 | \$563,900 | \$1,054,400 | NA |
| 14495 Southlaw n Lane | \$196,400 | \$0 | \$196,400 | NA |
| 14500 Southlaw n Ln | \$344,700 | \$182,100 | \$526,800 | NA |
| Total: Horners Outside Rockville | \$1,031,600 | \$746,000 | \$1,777,600 | |

Source: City of Rockville; MD Department of Assessment and Taxation; BAE, 2016.

Table ____ associated

Table 4. Redevelopment Assessed Value and Property Tax Revenue

| | Assessed Value | Property Tax Revenue |
|-------------------|---------------------|----------------------|
| Townhomes | \$8,875,000 | \$25,915 |
| Apartments | \$8,000,000 | \$23,360 |
| Industrial | \$6,000,000 | \$17,520 |
| Total | \$22,875,000 | \$66,795 |

Source: BAE, 2016.

If we the marginally these the City of for number of Table 2 to estimate the income tax revenue gain to the City.

estimates assessed values and property taxes that would be with the redevelopment properties given the contemplated redevelopment program.

assume that the 25 townhomes and 50 rental apartments in redevelopment program house 75 households that increase the number of new households in Rockville, then households would yield additional income tax revenue to Rockville. The model uses the average household incomes townhome and apartment residents multiplied by the households and the estimated income tax rates found in

Estimating Municipal Costs

For the scale of changes contemplated in the scenarios presented, impacts to General Fund operating expenses are more difficult to quantify. A methodology for quantifying annual operating budget impacts was developed and employed to consider the comparative differences in servicing the different mix and density of residents and workers found before and after redevelopment in Scenario B. The model adapted a methodology used by previous fiscal impact analyses¹ that averages departmental costs on a per-resident and per-worker basis, and applies those costs to the number of workers and residents in each scenario. Table ____ below provides the average service calculations by department, per worker and per resident.

Table 5. Municipal Expense Estimates Per Service Population Unit

| Assumptions | General Fund Expense Category | 2016 Adopted Budget | | |
|--------------------------------------|--------------------------------------|---------------------|---------------------|-------------------|
| | | Total | Per Resident | Per Worker |
| Rockville Population, 2015 | 62,867 | | | |
| Employed in Rockville, 2015 | 75,272 | | | |
| Weighting of Municipal Expenses (a): | | | | |
| Residential Use | 71% | | | |
| Non-Residential Use | 29% | | | |
| | General Fund Expense Category | Total | Per Resident | Per Worker |
| | Mayor and Council | \$ 850,780 | \$ 9.61 | \$ 3.28 |
| | City Attorney | \$ 984,720 | \$ 11.12 | \$ 3.79 |
| | City Manager | \$ 4,029,910 | \$ 45.51 | \$ 15.53 |
| | CPDS | \$ 5,206,390 | \$ 58.80 | \$ 20.06 |
| | Finance | \$ 2,985,590 | \$ 33.72 | \$ 11.50 |
| | Human Resources | \$ 1,515,860 | \$ 17.12 | \$ 5.84 |
| | Information Technology | \$ 3,269,140 | \$ 36.92 | \$ 12.59 |
| | Police | \$10,063,070 | \$ 113.65 | \$ 38.77 |
| | Public Works | \$ 8,358,930 | \$ 94.40 | \$ 32.20 |
| | Recreation and Parks | \$21,149,230 | \$ 238.85 | \$ 81.48 |
| | Non-Departmental (less CIP and Debt) | \$16,176,380 | \$ 182.69 | \$ 62.32 |
| | Total | \$74,590,000 | \$ 842 | \$ 287 |

Notes:
a. Directs distribution of expenses to residential and non-residential uses. Based on analysis prepared for Rockville Pike Fiscal Impact Analysis, prepared by ERM and M&FSG, October 2014.
Sources: ERM&FSG; City of Rockville; BAE, 2016.

Not all City departments will be impacted directly and equally on an annual basis by changes in the service population. For this analysis, the General Fund costs that are considered most likely to vary based on the population (workers and residents) served are contained in the Police, Public Works, and Recreation and Parks Departments. Therefore, the analysis only includes per-service population costs for these three departments.

Comparison of Impacts: Existing Condition Vs. Redevelopment Scenario

Table 6 summarizes and compares the fiscal impacts of the existing land use pattern and the envisioned redevelopment land use pattern under Scenario B. Given a set of assumptions made about the value and occupancy of redevelopment, the analysis estimates that the illustrative redevelopment program could yield a net increase of nearly \$6.5 million in assessed value, a \$28,000 annual net increase in real property tax, and \$28,000 in new income taxes annually associated with the gain in households. For the three categories of departmental expenses calculated using the average cost method described above, redevelopment will result in a need for nearly \$40,000 in additional annual operating expenditures, but this amount is less than the \$56,000 increase in revenue modeled. It is important to consider these impacts in the context of the total City of Rockville adopted FY 2016 General Fund budget of \$74.6 million; in this context, these impacts would not be

¹ Rockville Pike Fiscal Impact Analysis by ERM and M&FSG, October 2014.

considered to be substantial. Furthermore, modeled increases in annual net General Fund revenue must be considered against the up-front costs associated with implementing Scenario B.

Table 6. Summary of Revenue and Expense Impacts

| | Existing | Redevelopment | Net Change |
|---|-----------------|-----------------|-----------------|
| Assessed Value [a] | \$16,423,400 | \$22,875,000 | \$6,451,600 |
| Workers [b] | 325 | 116 | -209 |
| Residents | 0 | 160 | 160 |
| Revenue [a] | | | |
| Property Tax | \$38,638 | \$66,795 | \$28,157 |
| <u>Income Taxes</u> | <u>\$0</u> | <u>\$28,309</u> | <u>\$28,309</u> |
| Total Tax Revenue | \$38,638 | \$95,104 | \$56,466 |
| Estimated Operating Expenses [c] | | | |
| Parks and Recreation | \$26,481 | \$47,668 | \$21,187 |
| Police | \$12,600 | \$22,681 | \$10,081 |
| <u>Public Works</u> | <u>\$10,466</u> | <u>\$18,840</u> | <u>\$8,374</u> |
| Total Expense | \$49,548 | \$89,190 | \$39,642 |

Notes:

a. Existing: FY 2015 assessed value and property taxes associated with impacted properties. Redevelopment: calculated tax revenue using redevelopment assumptions on Site Input and Assumptions table. Assumes that redevelopment parcels outside the City of Rockville will be annexed and pay City taxes after redevelopment. Assumptions do not include estimated income tax contribution associated with industrial employees residing in Rockville.

b. For Horners area, EU Services actual employment of 280 reported during August stakeholder discussions compares to calculated employment of EU Services buildings and small industrial and retail uses, using metrics in Assumptions table.

c. Applies per employee and per resident expense metrics from the Municipal Expenses table for categories of General Fund expenses.

*Appendix C -
Hazardous Materials*

Mr. Paul Moyer
 Director of Planning
 VHB
 8300 Boone Boulevard, Suite 700
 Vienna, VA 22182

Subject: Hazardous Materials Analysis, Southlawn Industrial Area Feasibility Study, Rockville, Maryland, Schnabel Project 15612052

Dear Mr. Moyer:

SCHNABEL ENGINEERING CONSULTANTS, INC. (Schnabel) is pleased to submit this letter detailing the findings from our desktop Hazardous Material Study. The Hazardous Materials Analysis was performed in accordance with the SubContractor Agreement dated July 31, 2015 and our proposal to you dated March 6, 2015.

PROJECT DESCRIPTION

The City of Rockville has requested a feasibility study whose goal is to help the City understand the potential for redevelopment or continued use of the Southlawn Industrial Area in northeast Rockville. A desktop study of the presence of hazardous materials for the subject property area is required as one element of the feasibility study. The site boundaries are depicted on Figure 1, Attachment 1.

SCOPE OF SERVICES

To support VHB in conducting the feasibility study, we completed the following:

- Identified the sites within Southlawn Industrial Area that are known or suspected as having hazardous materials or substances by reviewing a commercially available database report provided by EDR. This report assembles data from a wide variety of sources, including available city, county, state, and Federal agencies.
- Evaluated the information available from the EDR report to identify known or suspected hazardous conditions that may exist and could require remediation within the Southlawn Industrial Area.
- Identified the challenges that might exist with remediating these conditions and how they might impact redevelopment.
- Prepared this letter report that summarizes the results from the above.

Our review was limited to the Southlawn Industrial Study Area, as illustrated on Figure 2, Attachment 2.

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schnabel-eng.com

VHB
 Southlawn Hazardous Materials Analysis

CITY OF ROCKVILLE INFORMATION

On August 4, 2015, Mr. Clark Larson, GIS Specialist with the City of Rockville, was contacted to provide available environmental records for the subject property. Mr. Larson provided a GIS file that identified Maryland Land Restoration sites (LRP) within the vicinity of the subject site. MD LRP database includes sites that are in the voluntary cleanup program, national priority list, brownfields, formerly used defense site, State Master list, or groundwater investigations. One site, Microdyne, was listed on the subject property. The Proto Circuits site was listed on a northern adjacent property. No additional information was provided for the Maryland Land Restoration sites. A Maryland fact sheet is not available for these properties.

In addition, Mr. Larson provided a Maryland Emergency response record for the 1079 Taft Street site. The Emergency Response Record is provided as Attachment 3. According to the document, the release was a result of a building fire. Excess water from the fire operations and broken water pipes accumulated within the basement level of the building and displaced oil, anti-freeze and other automobile fluids from open containers. It was reported that approximately 150 gallons of petroleum products were released. Contaminated water was pumped from the auto bays and boom and pads were deployed to retrieve the petroleum products. The runoff entered the nearby dry pond and flowed to an outfall to Rock Creek. No additional information was provided for this release.

EDR REVIEW

The EDR report was reviewed for the subject property. The EDR report provides data from a wide variety of sources, including available city, county, state, and Federal agencies. A copy of the EDR report is provided as Attachment 4.

Oil Control Program (OCP) Database

Twenty-eight sites within the subject property were listed on the OCP database. The OCP database includes information regarding surface spills, storage tank operation compliance activities, and groundwater remediation/investigation cases. All of the cases were listed as having a "closed" status. No additional information was reported regarding the nature of the spills or releases.

RCRA Databases

Twenty-five sites within the subject property were listed on the Resource Conservation and Recovery Act (RCRA) databases. RCRA sets standards for the treatment, storage, and disposal of hazardous waste. The database includes select information on sites which generate, transport, store, treat and/or dispose of hazardous waste as defined by RCRA. With the exception of three sites, all of the RCRA database listings were listed as having no violations. The following sites were listed as having violations:

- Paintmaster Paint and Bodyworks – The site was listed as a small quantity generator for ignitable waste. On August 6, 2010 generator-pre-transport and container use management violations were identified for this site. The site achieved compliance in regards to these violations on August 27, 2010. No other violations were identified on this property. The site was not identified as having a release.
- EU Services – The site was listed as a large quantity generator for ignitable waste, cadmium, lead, benzene, 1,4 dichlorobenzene, methyl ethyl ketone, trichloroethylene, and tetrachloroethylene. On July 18, 2013 generator-pre-transport and container use

VHB**Southlawn Hazardous Materials Analysis**

management violations were identified for this site. The site achieved compliance in regards to these violations on August 14, 2013. No other violations were identified on this property. The site was not identified as having a release.

- o Simpson Gary Associates, Inc. – The site was listed as a small-quantity generator for ignitable waste, corrosive waste, and lead. In May of 1997, generator-pre-transport, general, and container use management violations were identified for this site. The site achieved compliance in regard to these violations during May through October of 1997. No other violations were identified on this property. The site was not identified as having a release.

CERCLIS-NFRAP/ MD SHWS / MD LRP

One onsite property and one northern site located within 1/8 of a mile were identified on the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) No further Remedial Action Planned (NFRAP), Maryland State Hazardous Waste Sites (SHWSs), and Maryland Land Reuse Program (LRP) databases.

The CERCLIS-NFRAP database includes a list of potentially hazardous waste sites that have been reported to the USEPA by states, municipalities, or private entities that have been archived from the inventory of CERCLIS sites. If a site has been archived, it means that the assessment has been completed and that EPA has determined that no further steps are required. The MD SHWS is the state equivalent to CERCLIS. MD LRP database includes sites that are in the voluntary cleanup program, national priority list, brownfields, formerly used defense site, State Master list, or groundwater investigations.

The following site information was provided in the EDR report.

- o Microdyne Corporation Site is located on the northern portion of the subject site at 627 Lofstrand Lane. The site is listed on CERCLIS-NFRAP, MD SHWS, and MD LRP databases. A preliminary assessment was conducted on the site in June of 1998. The assessment was completed in October of 1999. A determination was made that the site did not qualify for NPL based on existing information.
- o Proto Circuits Site is located north of the subject property at 14674 Southlawn Lane. The site is listed on CERCLIS-NFRAP, MD SHWS, and MD LRP databases. A discovery was made on March 15, 1991. No information regarding the discovery was provided. A preliminary assessment was conducted on the adjacent site in March of 1992. The assessment was completed in May of 1992. A determination was made that the site did not qualify for NPL based on existing information.

Historical Cleaner and Auto Stations

Several historical cleaners and auto stations were listed on the subject property. No pertinent information is provided regarding these listings.

FINDINGS AND RECOMMENDATIONS

According to the EDR report and information provided by the City of Rockville, there are no open OCP Cases on the subject property; however City of Rockville provided a document for a petroleum spill at 1079 Taft Street. This spill was not identified on the EDR report. In addition, there are several historical

VHB**Southlawn Hazardous Materials Analysis**

cleaners/auto stations listed on the subject property. No significant information was provided regarding these listings. A Maryland Department of the Environment (MDE) file review should be conducted on the OCP Case sites, historical gas stations/cleaners, and the Taft site to research the level and extent of residual contamination to assess potential impact to the subject property.

Several sites were identified on the RCRA database with violations, however these are not considered a concern because the sites achieved compliance and the sites have not been listed on any additional databases.

There is one CERCLIS-NFRAP/MD SHWS located onsite and one site on a northern property. Both listings had assessments completed in 1990s and no additional actions have been required by the EPA.

Since the subject site has been used for industrial purposes over 40 years, twenty-eight "closed" OCP cases were listed on the subject property, a significant spill was identified on Taft Street within the boundaries of the subject property, and historical gasoline stations/cleaners were present on the subject property there is a potential for residual areas of petroleum contamination throughout the subject property.

The EDR report did not provide background information for the onsite and northern offsite CERCLIS-NFRAP/MDSHWS listings. A MDE file review should be conducted to research the level and extent of known contamination to assess potential impact to the subject property.

We understand that the subject property is planned for redevelopment; it is likely that that soil contamination may be encountered during construction/redevelopment. If applicable, the following actions should be taken during construction/redevelopment:

- o An experienced environmental professional should be on-call during construction to evaluate any environmental concerns. Contaminated soil encountered during construction/redevelopment should be disposed of offsite at a permitted facility.
- o Underground storage tanks encountered during construction should be properly closed through MDE and disposed of offsite.
- o If significant contamination is encountered at a location not previously identified on the EDR report, the site should be investigated to evaluate the level and extent of contamination.
- o If groundwater is encountered during construction/redevelopment, the groundwater should be tested prior to discharge.

VHB
Southlawn Hazardous Materials Analysis

We appreciate the opportunity to be of service for this project. Please call if you have any questions regarding this report.

Sincerely,

SCHNABEL ENGINEERING CONSULTANTS, INC.

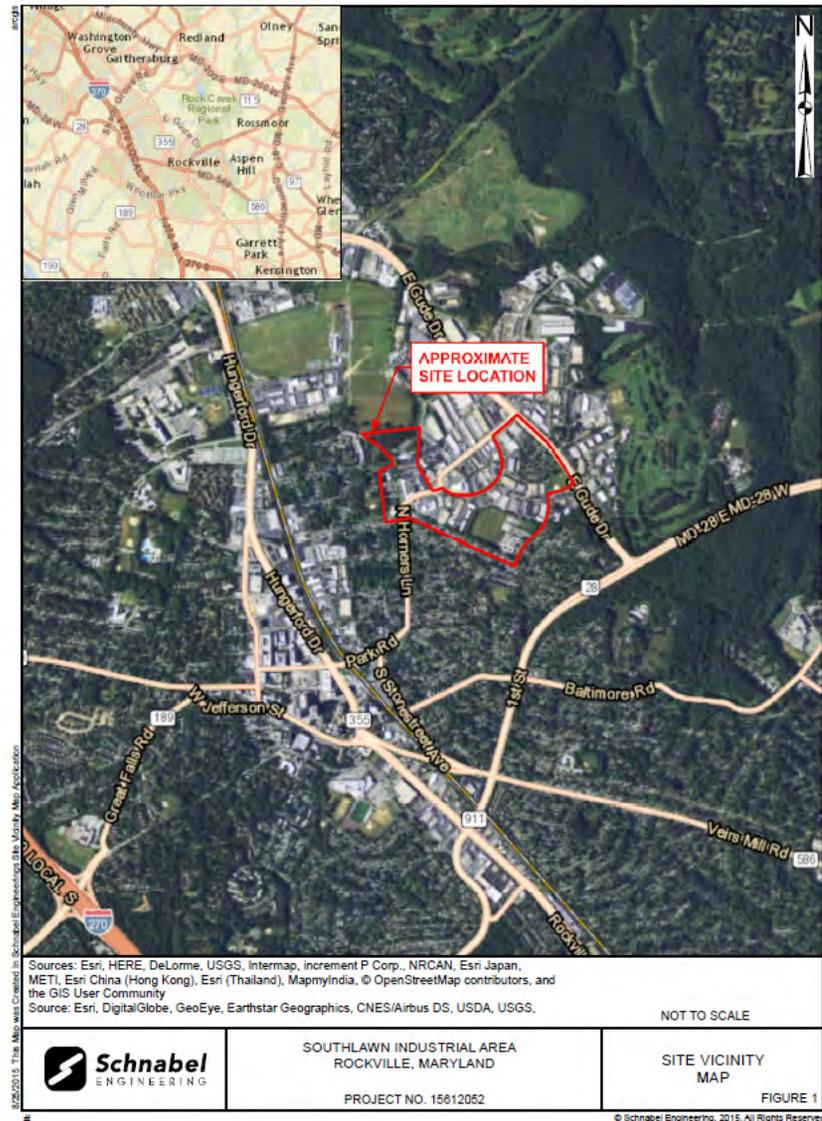
Matthew Ker
Matthew Ker
Senior Project Scientist

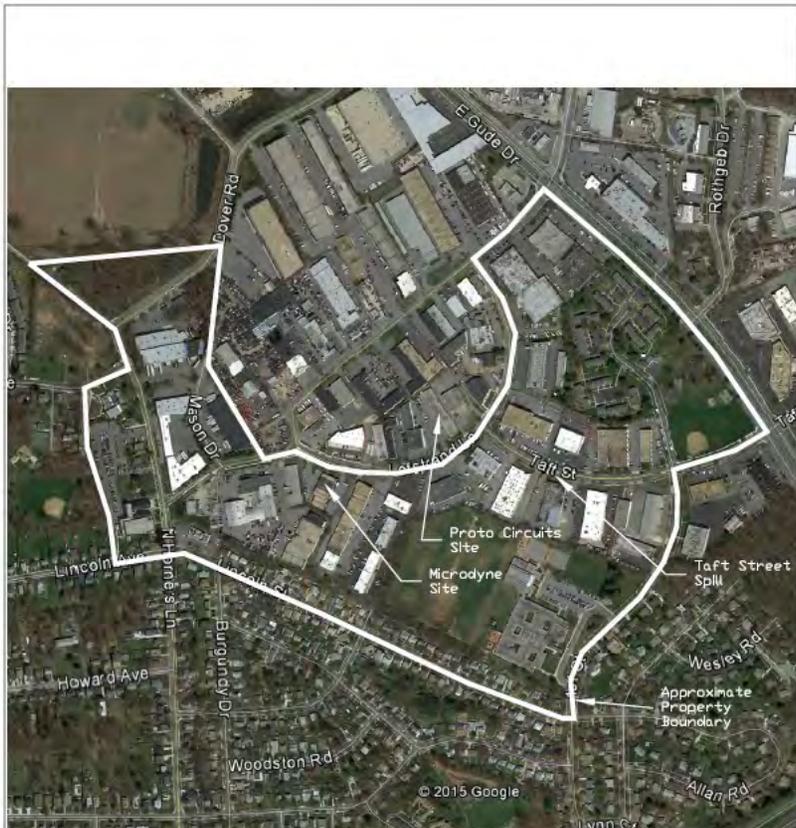
Raymond Knox
Raymond Knox, PG (SC#311)
Senior Associate

MK:RKnv
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Attachments:

- (1) Figure 1 (1 page)
- (2) Figure 2 (1 page)
- (3) Maryland Emergency Response Record (2 pages)
- (4) EDR Report





REFERENCE: Google Earth 2014

NOT TO SCALE



| | | |
|---|--|----------------------------------|
|  | SOUTHLAWN INDUSTRIAL AREA ROCKVILLE, MARYLAND | SITE FEATURES PLAN |
| | | PROJECT NO. 15612052 FIGURE 2 |

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