



Mayor & Council Meeting Date: July 18, 2022
Agenda Item Type: Discussion and Instructions
Department: Recreation & Parks
Responsible Staff: Tim Chesnutt

Subject

Discussion and Instructions - King Farm Farmstead Real Estate Market Analysis Report

Recommendation

Staff recommends the Mayor and Council receive a brief presentation to review the King Farm Farmstead Real Estate Market Analysis Report originally presented at their April 4, 2022 meeting and provide feedback and instructions.

Discussion

The City's consultant Partners for Economic Solutions (PES) will summarize the King Farm Farmstead Real Estate Market Analysis Report (Attachment A) presented to the Mayor and Council at their April 4, 2022 meeting. The PES consultants, Rockville Economic Development Inc. CEO Cindy Rivarde, and staff are available to answer questions.

Mayor and Council History

The King Farm Farmstead Real Estate Market Analysis Report was presented to the Mayor and Council on April 4, 2022.

Public Notification and Engagement

The King Farm Citizens Assembly and the community garden organizations have been notified of this agenda item.

Boards and Commissions Review

The Recreation and Park Advisory Board received the draft report in March 2022.

Next Steps

Mayor and Council discuss the report and provide direction to staff.

Attachments

Attachment 12.a: King Farm Farmstead PES (PDF)

A handwritten signature in dark ink, appearing to read "Rob DiSpirito", is written over a horizontal line.

Rob DiSpirito, City Manager

7/13/2022

King Farm Farmstead
Real Estate & Market Economic Analysis

Prepared for:

City of Rockville
Department of Recreation and Parks

March 22, 2022





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Executive Summary

The City of Rockville took control and responsibility for the King Farm Farmstead in the mid 1990s. Since then, the property has housed various operations, tenants have occupied a few structures, and the City has invested in rehabilitating selected buildings and necessary maintenance and upkeep. These efforts have proven to be quite expensive, and most recently the years of sitting empty further deteriorated the condition of some structures. To preserve historic resources, the best path forward is one of continual occupancy, which often prevents deterioration and damage attributable to unnoticed building decline such as roof leaks, other weather impacts, intrusions and vandalism. To that end, the City of Rockville hired Partners for Economic Solutions (PES) to understand the potentials for commercial and other building reuse that could help to maintain the historic structures while preserving the neighborhood park activities and providing benefits for area residents.

The reuse alternatives can be distinguished between revenue-generating and non-revenue generating activities. These two categories measure the ability of each use to contribute to the operating, maintenance and renovation costs associated with the former King Farm Farmstead property. The general costs associated with maintaining and operating the King Farm Farmstead property include building maintenance, landscaping, utilities and insurance. These costs are the “overhead” cost of managing and operating the property for the variety of uses evaluated, which apply across all the alternatives. With regards to alternative uses’ feasibility and ability to support these overhead costs:

- **Revenue-generating uses** include private or public/private commercial uses that can cover their own direct costs and also generate lease revenue for the City. When available, the revenues generated from these uses may serve as reimbursement to this funding source; however, it is more likely that these revenues will be needed for ongoing property costs.
- **Non-revenue-generating uses** include those that are able to cover their direct operational or programmatic costs (whether through use or entry fees, philanthropic funding, or other sources) but are not able to fund the overhead costs of managing and operating the portion of the site or buildings they occupy. Such uses as public gardens, hiking and biking trails, recreational fields and nature areas, therefore, require government subsidy or partnership structures sufficient to fill the financial gap. Typically, these are the uses that contribute significantly to enhancing Rockville residents’ quality of life and potentially offering a unique attraction for the general public.

In addition to a tour and evaluation of the buildings, this reuse analysis began with review of the property conveyance documents that require the City to “construct recreational facilities on the Park Site designed to serve the current and future residents of the Subject Property and the general public.” King Farm Associates, LLC (KFA) reserved the right to



reasonable review of any plans before construction, using “best efforts to reach consensus on design.” A Task Force of Rockville citizens prepared an excellent scan of reuse opportunities and recommended a variety of reuse options that met the intent of the conveyance documents. PES reviewed all of those uses for market and financial feasibility and incorporated many of the proposed options in the following analysis of King Farm Farmstead property reuse potentials. Given the imperative to reduce the cost to the taxpayer, the analysis also considered additional commercial reuse options with greater potential to pay rent and support the costs of building rehabilitation, including those proposed in the City’s Request for Information, Ideas and Creative Direction for King Farm Farmstead Park reuse as well as unsolicited proposals for reuse of all or a portion of the property.

Market Screening of Revenue-Generating Alternatives

It should be noted that while the market may offer sufficient demand for a specific user or reuse alternative, the financial viability of those alternatives must be evaluated separately. Financial viability, which will be explored in the next phase of this analysis, includes not only the stabilized income generated but also consideration of the initial investment required and the ability of the City to recoup its investment over a period of time.

The screening matrix draws on experiences with other historic structures, arts and maker uses, event venues, urban farming, light industrial operations and other specialty uses to identify a wide range of opportunities. PES worked to identify potential uses that best meet the Task Force’s vision subject to the constraints imposed by transportation conditions and parking requirements. The list was then narrowed based on evaluation of local market support.

For many of the uses, the total amount of required parking reflects not only local zoning regulations but also market demands that would impact the use’s viability. Gorove Slade Associates provided parking estimates by use for the King Farm Farmstead property. Individual parking requirements based on the size (total square feet) of each use represent estimates for daily on-site parking and not special events. In some instances, parking may be shared among users and the parking space demand may be accommodated in the planned 47-space on-site parking lot being constructed by the developer of the adjacent property. Ultimately, the parking arrangements represents one limiting factor for the reuse of the entire King Farm Farmstead. Certain scenarios that combine uses with natural synergies (e.g., a restaurant and a performing arts theater) result in combined parking demand well in excess of spaces available on-site and would require reconfiguration of existing open lawn areas to accommodate more parking.

The following table details those reuse options reviewed for market support, including various commercial land use types (office, industrial, rental residential, retail) and public or nonprofit alternatives highlighted by the Task Force and potentially suitable for the King Farm Farmstead site. Most users consider specific criteria in selecting a location beyond the question of favorable lease terms.



Market Support & Property Suitability By Use		
	Market Support	Property Suitability
Office		
Medical office	Stable	Site lacks competitive advantage and compatible buildings
Co-working office	Limited	Site lacks competitive advantage and compatible buildings
Industrial		
Food production (e.g. Commercial Kitchen)	Strong	Competitive location that benefits from large open space
Food production (e.g. Vertical Farming)	Limited	Non-competitive property layout and problematic loading options
Alcohol production (Brewery / Distillery)	Strong	Competitive location for brewing, bottling, tasting room, and programming
Maker & art space	Stable	Competitive location that requires independent manager
Kennels	Stable	Competitive location with synergy to expand business with other uses
Storage	Weak	Non-competitive location but supplement to other uses may be viable
Retail		
Restaurant	Weak to Stable	Competitive location requires experienced entrepreneur
Food Hall	Stable	Competitive location requires experienced entrepreneur and manager
Furniture store	Weak	Non-competitive location as visibility may be too limited
Niche		
Events space	Weak	Direct competition, existing City properties meet demand
Rehearsal space and small performance	Stable	Non-profit demand, could meet City space needs
Blackbox theater	Weak	Non-profit demand, other City buildings may be appropriate
Child care / private school	Stable	Competitive location and require outdoor play spaces
Solar field	Stable	Questions on historic compatibility and potential shadows from larger structures
Residential		
Rental housing (artist housing)	Stable	Non-profit demand requires property management
Hospitality		
Boutique / Bed & Breakfast	Limited	Competitive location but building capacity may not warrant operator risk
Notes: Ranking for Market Support ranges from limited, weak, stable, to strong.		
Source: Partners for Economic Solutions, 2022.		

To determine the highest and best reuse options for the King Farm Farmstead, this effort evaluated the financial feasibility for each reuse alternative, distinguishing between revenue-generating and non-revenue-generating options. A key concern is whether each reuse alternative could cover operating costs and provide a return on all or a portion of the City's capital investment.

The reuse alternatives include market-supported uses that will require an initial capital investment to rebuild buildings for structural integrity, restore the exteriors, renovate the interiors and provide utility connections. Interior fit-out expenses to finish the space for the specific use are a separate expense that may be funded partially or in full by the prospective user.

The financial analysis considers the return on investment for the future reuse options on the King Farm Farmstead property and the potential to recapture a portion of the public investment by use.



Costs & Revenue Potential By Use				
	Initial Building Costs	Ability of User to Fund Fit Out		Revenue Potential
Office				
General office	Moderate	None		Moderate
Industrial				
Food production (e.g. Commercial Kitchen)	High	Partial	\$ \$ \$	High
Alcohol production (Brewery / Distillery)	Moderate	Full	\$ \$ \$ \$ \$	High
Maker & art space	Low	Partial	\$ \$ \$	Low
Kennels	Low	Full	\$ \$ \$ \$ \$	Moderate
Storage	Low	Full	\$ \$ \$ \$ \$	Low
Retail				
Restaurant	High	Full	\$ \$ \$ \$ \$	High
Food Hall	High	Partial	\$ \$ \$	High
Niche				
Events space	Moderate	None		Low
Rehearsal space and small performance	Moderate	None		Low
Blackbox theater	Moderate	None		Low
Child care / private school	Moderate	Partial	\$	Low
Solar field	Low	Full	\$ \$ \$ \$ \$	Moderate
Residential				
Rental housing (artist housing)	High	None		Low
Hospitality				
Boutique / Bed & Breakfast	High	Partial	\$ \$	Low
Notes: Ranking for initial building costs and revenue potential range from low, moderate, to high. Contribution to fit out costs represent either none; partial (between one \$ to four \$ \$ \$ \$ representing percent of contribution); and five \$ \$ \$ \$ \$ for full contribution.				
Source: Partners for Economic Solutions, 2022.				

Financial Analysis

To test the financial feasibility of different programs of building use, the following alternatives were formulated:



King Farm Farmstead Scenarios				
	Scenario A	Phase	Scenario B	Phase
Main House (5,000 SF)	Private School / Day Care	2025	Residential Rental	2025
Tenant House 1 (875 SF)	Residential Rental	2026	Artist Housing	2025
Tenant House 2 (515 SF)	Residential Rental	2026	Office	2028
Horse Barn (5,244 SF)	Commercial Kitchen	2029	Brewery / Distillery	2026
Dairy Barn 1 (6,300 SF) (Small)	Restaurants	2028	Maker Space	2025
Dairy Barn 2 (7,100 SF) (Large)	Brewery / Distillery	2027	Rehearsal Arts Space	2027
Garage (2,020 SF)	Residential Rental	2024	Residential Rental	2024
Outdoor Lawn	Community Garden	2023	Community Garden	2023
	Scenario C	Phase	Scenario D	Phase
Main House (5,000 SF)	Boutique B&B	2025	Office	2027
Tenant House 1 (875 SF)	Residential Rental	2024	Residential Rental	2024
Tenant House 2 (515 SF)	Residential Rental	2025	Residential Rental	2024
Horse Barn (5,244 SF)	Kennel	2026	Blackbox Theater	2028
Dairy Barn 1 (6,300 SF) (Small)	Rockville Recreation	2028	Food Hall / Retail Stalls	2026
Dairy Barn 2 (7,100 SF) (Large)	Food Production	2027	Brewery / Distillery	2025
Garage (2,020 SF)	Residential Rental	2024	Residential Rental	2024
Outdoor Lawn	Outdoor Events	2031	Community Garden	2023

Source: Partners for Economic Solutions, 2022.

Returns on Investment

The following table summarizes the results of the cash flow analyses for the four alternative mixes of uses. The first row shows the Net Present Value of future revenues from all of the building leases. Net Present Value relates to the time value of money and the concept that a dollar received today is more valuable than one received in a year or two. The Net Present Value represents an equivalency of today's dollars versus the dollars spent over a period of time. Then the Net Present Value of total capital costs for building renovations, exterior landscape improvements and tenant fit-out is shown assuming that they are all funded by the City. The difference is the current value of the future cash flow to the City. The returns for the four alternatives range from -\$4,158,000 for Scenario D to -\$934,000 for Scenario B. Negative values shown indicate that the City would not recoup its investment from future revenues. (Note that this is not the traditional private-market calculation of return because it does not consider the value of the City-owned land or the dollars that have already been invested by the City to stabilize and repair the dairy barns, abatement within the Farmstead manse, property infrastructure, utilities, etc. It relates only to the future investment going forward.) For comparison, the Net Present Value of the required improvements to renovate and preserve the buildings with no tenants and no interior fit-out would be -\$7,715,000, including on-going property maintenance costs.



Net Present Value of Future Cash Flow By Scenario				
	Scenario A	Scenario B	Scenario C	Scenario D
Total Revenue Inflows	\$14,341,000	\$12,951,000	\$12,020,000	\$11,112,000
Total Cost Outflows	\$16,163,000	\$13,205,000	\$13,613,000	\$15,270,000
Net Present Value of Cash Flow	-\$1,529,000	-\$934,000	-\$1,905,000	-\$4,158,000
Net Present Value of Cash Flow with Tenant Fit-Out	\$577,000	-\$459,000	-\$1,565,000	-\$3,481,000

Source: Partners for Economic Solutions, 2022.

The final row reflects the fact that some specific users may be able to fund their own tenant improvements or fit-out after the City's building renovation creates a "warm-vanilla shell" with walls, ceiling and finished floors. The cash flow analysis for each scenario tested this option, when market indicators suggested that the category of tenant/end-user typically funds the tenant improvements. Generally, the residential units, child care center, Bed & Breakfast, rehearsal space and black-box theater were not expected to be able to fund their interior fit-out costs. Deducting those tenant contributions for building fit-out costs yields the Net Present Value of the City's investment. Scenario A would generate the largest return to the City at \$577,000, showing that it could recoup the City's future investment.



I. Introduction

In approving the King Farm development, the City of Rockville took control and responsibility for the Farmstead in the mid 1990s with the intent of providing a neighborhood park while preserving a historic property. Rehabilitating the eight remaining structures has proven to be quite expensive, and the years of sitting empty furthered their deterioration. To preserve historic resources, the best path forward is one of continual occupancy, which often prevents deterioration and damage attributable to unnoticed building decline such as roof leaks, other weather impacts, intrusions and vandalism. The City of Rockville needs to understand the potentials for commercial and other building reuse that could help to maintain the historic structures while preserving the neighborhood park activities and providing benefits for area residents and minimizing the impact on the City budget.

The reuse alternatives can be distinguished between revenue-generating and non-revenue generating activities. These two categories measure the ability of each use to contribute to the operating, maintenance and renovation costs associated with the former King Farm Farmstead property. The general costs associated with maintaining and operating the King Farm Farmstead property include building maintenance, landscaping, utilities, and insurance. These costs are the “overhead” cost of managing and operating the property for the variety of uses evaluated, which apply across all the alternatives. With regards to alternative uses’ feasibility and ability to support these overhead costs:

- **Revenue-generating uses** include private or public/private commercial uses that can cover their own direct costs and also generate lease or fee revenue for the City. For the purpose of this study, the renovation costs associated with each building spent by the City of Rockville to-date are assumed to be repaid partially. In many instances users will need additional grants or another funding source to supplement cost recovery available from operating revenue. When available, the revenues generated from these uses may serve as reimbursement for initial capital funding; however, it is more likely that these revenues will be needed for ongoing property costs.
- **Non-revenue-generating uses** include those that are able to cover their direct operational or programmatic costs (whether through sales, use or entry fees, philanthropic funding, or other sources) but are not able to fund the overhead costs of managing and operating the portion of the site or buildings they occupy. Such uses as public gardens, hiking and biking trails, recreational fields and nature areas, therefore, require government subsidy or partnership structures sufficient to fill the financial gap. Typically, these are the uses that contribute significantly to enhancing Rockville residents’ quality of life and potentially offering a unique attraction for the general public.

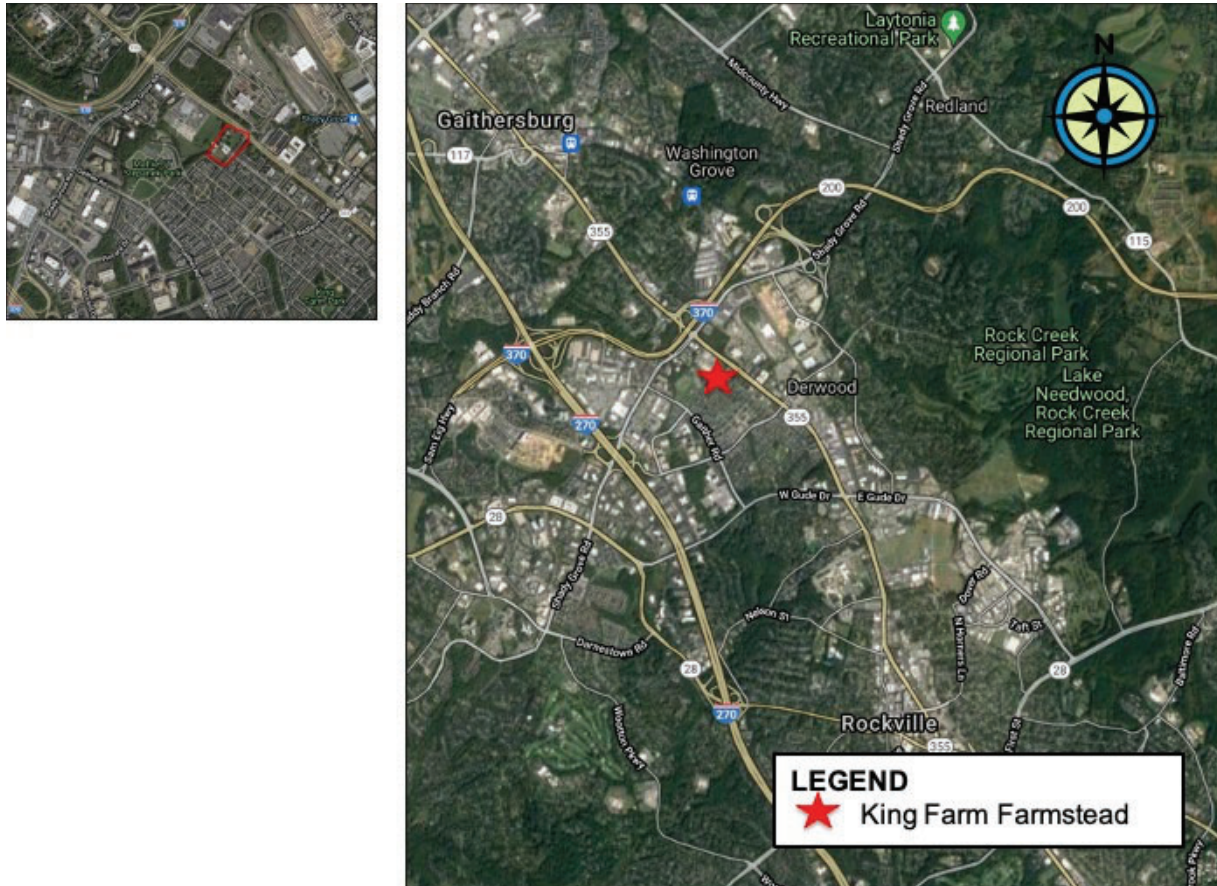


The challenge for ensuring the financial self-sufficiency and long-term sustainability of the King Farm Farmstead property is determining the best alternative(s) for reuse that cover at least a portion of the overhead costs while providing an asset to the City of Rockville.

City of Rockville Department of Recreation and Parks hired Partners for Economic Solutions (PES) to prepare a feasibility study to identify and evaluate alternative uses.

The seven-acre property off of Frederick Road represents the remains of a 122-acre dairy farm with eight out-buildings including the two dairy barns, main house, a stand-alone garage, a horse barn and two small tenant houses. A hay-drying barn has been adapted for a picnic shelter. A community garden uses a portion of the site. While the property and buildings are maintained, they are all unoccupied.

Map 1. King Farm Farmstead Site





II. Market Screening

In addition to a tour and evaluation of the buildings, this reuse analysis began with review of the property conveyance documents that require the City to “construct recreational facilities on the Park Site designed to serve the current and future residents of the Subject Property and the general public.” King Farm Associates, LLC (KFA) reserved the right to reasonable review of any plans before construction, using “best efforts to reach consensus on design.” A Task Force of Rockville citizens prepared an excellent scan of reuse opportunities and recommended a variety of reuse options that met the intent of the conveyance documents. PES reviewed all of those uses for market and financial feasibility and incorporated many of the proposed options in the following analysis of King Farm Farmstead property reuse potentials. Given the imperative to reduce the cost to the taxpayer, the analysis also considered additional commercial reuse options with greater potential to pay rent and support the costs of building rehabilitation, including those proposed in the City’s Request for Information, Ideas and Creative Direction for King Farm Farmstead Park reuse as well as unsolicited proposals for reuse of all or a portion of the property.

It should be noted that while the market may offer sufficient demand for a specific user or reuse alternative, the financial viability of those alternatives must be evaluated separately. Financial viability, explored in Section III of this analysis, includes not only the stabilized income generated but also consideration of the initial investment required and the ability of the City to recoup its investment over a period of time.

Screening Matrix

The screening matrix draws on experiences with other historic structures, arts and maker uses, event venues, urban farming, light industrial operations and other specialty uses to identify a wide range of opportunities. PES worked to identify potential uses that best meet the Task Force’s vision subject to the constraints imposed by transportation conditions and parking requirements. The list is then narrowed based on evaluation of local market support.

This section reviews market conditions for various commercial land use types potentially suitable for the King Farm Farmstead site. It does not consider specific reuse of buildings for public use, such as City of Rockville storage, recreation facilities or open space. Following is a list of the uses considered in Table 1.



Table 1. Market Support & Property Suitability By Use

	Market Support	Property Suitability
Office		
Medical office	Stable	Site lacks competitive advantage and compatible buildings
Co-working office	Limited	Site lacks competitive advantage and compatible buildings
Industrial		
Food production (e.g. Commercial Kitchen)	Strong	Competitive location that benefits from large open space
Food production (e.g. Vertical Farming)	Limited	Non-competitive property layout and problematic loading options
Alcohol production (Brewery / Distillery)	Strong	Competitive location for brewing, bottling, tasting room, and programming
Maker & art space	Stable	Competitive location that requires independent manager
Kennels	Stable	Competitive location with synergy to expand business with other uses
Storage	Weak	Non-competitive location but supplement to other uses may be viable
Retail		
Restaurant	Weak to Stable	Competitive location requires experienced entrepreneur
Food Hall	Stable	Competitive location requires experienced entrepreneur and manager
Furniture store	Weak	Non-competitive location as visibility may be too limited
Niche		
Events space	Weak	Direct competition, existing City properties meet demand
Rehearsal space and small performance	Stable	Non-profit demand, could meet City space needs
Blackbox theater	Weak	Non-profit demand, other City buildings may be appropriate
Child care / private school	Stable	Competitive location and require outdoor play spaces
Solar field	Stable	Questions on historic compatibility and potential shadows from larger structures
Residential		
Rental housing (artist housing)	Stable	Non-profit demand requires property management
Hospitality		
Boutique / Bed & Breakfast	Limited	Competitive location but building capacity may not warrant operator risk
Notes: Ranking for Market Support ranges from limited, weak, stable, to strong.		
Source: Partners for Economic Solutions, 2022.		

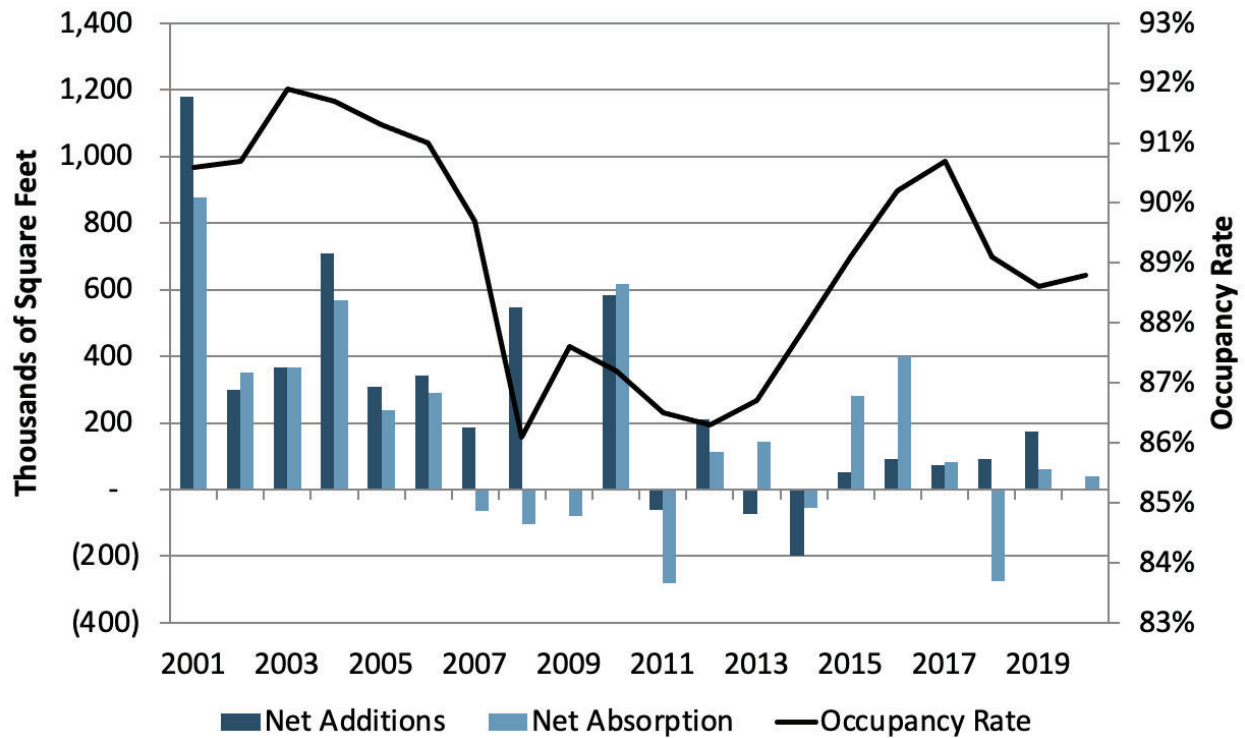
Office

The office market assessment includes general office market insights and review of neighborhood-serving offices in less traditional spaces. Much of the general market office space in the vicinity exists in commercial buildings along major thoroughfares and in traditional business parks with access and visibility along I-270 or in clusters near activity generators or mixed-use environments. The King Farm Farmstead site sits within the North Rockville office submarket, as defined by CoStar and shown in Map 2, which includes 22.9 million square feet of office space with an 89-percent occupancy rate. Compared to a standard of 90- to 92-percent occupancy in a market with a healthy balance of supply and demand, the submarket is showing an over-supply of office space, though not as severe as the overall county market with its occupancy rate of 83.4 percent. The North Rockville office submarket area's office spaces rent for \$26 to \$28 per square foot full-service on average. In comparison, the citywide office rents and Montgomery County office spaces rent for an average of \$29 to \$33 per square foot full-service for standard space. Within Montgomery County and the City of Rockville, specific clusters of biotechnology office space show much higher occupancies and a shortage of appropriate spaces. Shown in Figure 1,

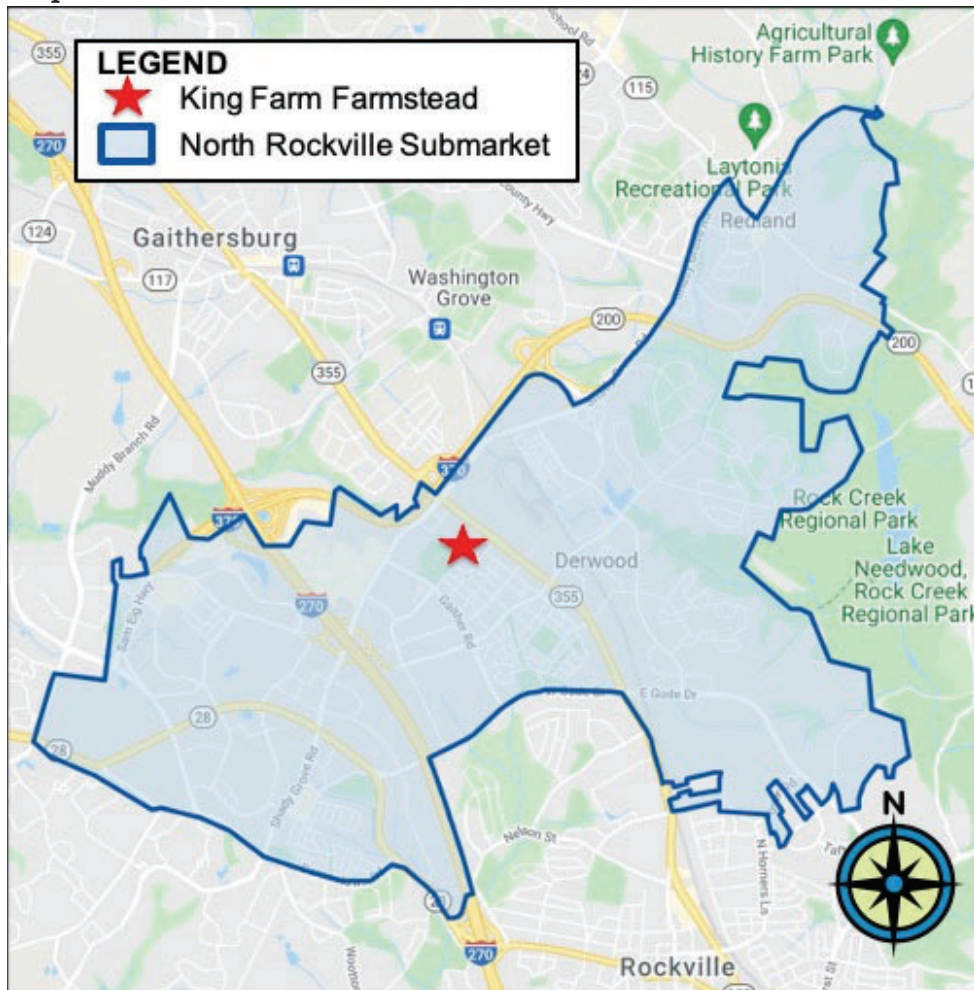


absorption (i.e., increase in occupancy) of North Rockville office space has been very limited since 2016.

Figure 1. North Rockville Submarket Office Conditions, 2000-2020



Map 2. North Rockville Office Submarket



Medical Office

Office tenancy within the North Rockville submarket consists primarily of local population-serving businesses, particularly medical and dental services, and the bio-technology and information sector. The conventional practice of locating in close proximity to a major medical facility has clustered much of the area's medical office space west of Interstate 270 along Shady Grove Road in close proximity to the hospital. However, medical office space demand continues to transition as doctors working in profitable private practices with hospital privileges shift to becoming hospital employees or hospitalists. These hospitalists work full-time providing care for hospitalized patients as opposed to running independent practices and leasing or owning separate real estate. This rapid growth in hospital-employed physicians is impacting the ability of private practices to compete for talent and has resulted in some decline in demand for medical office space. Over the course of the pandemic, many medical staff, doctors, nurses and nursing aides decided to leave health care and pursue alternate careers as well. Fortunately, the aging of the Baby Boomer population and the rise in elective procedures and routine appointments helps balance the



need for medical office space. This market limitation makes use of King Farm Farmstead for medical office space unlikely.

Co-Working Office

The trend for more flexible office space in co-working environments or shared office spaces is continuing despite a pause for the pandemic. Within the Rockville market, more than 550,000 square feet of office space is categorized as co-working space in the CoStar data set. The five buildings' space is almost equally split between Class A and Class B space. Each co-working provider operates differently, but most allow users to rent desks by the day, week or month and/or larger conference rooms / meeting space by the day for training and customer outreach events. During the pandemic many co-working operations pivoted to offering hybrid models with virtual meeting platforms, events and programs.

In a competitive market like Montgomery County, attracting repeat tenants and remaining competitive requires co-working spaces to offer a series of on-site benefits, amenities and programming options. Launch – a franchise of co-working space with a Rockville location and administrator of the Rockville Innovation Center in Town Square offers some competitive co-working space but no small bench space. Recent shifts in the market show the re-positioning of larger office buildings with options for daily membership priced at \$6.50 daily with flexible terms on customizable office spaces starting at \$850 per month; both have access to an on-site receptionist, meeting rooms, free on-site parking, kitchen (complementary coffee, tea and snacks), lounge and additional features such as a podcast room, and phone service for additional fees. Metro Executive Park, south of the King Farm Farmstead along Frederick Road, offers space in three traditional office buildings with an estimated 60,000 square feet of space, representing a repositioning of traditional office space. The Brandywine Experience at the nearby 2275 Research Boulevard office offers tenants standard on-site conference space, café, lounges and a fitness facility, attempting to entice short-term users to fill high building vacancies.

These competitors and the higher overall vacancies in the office market suggest that a co-working alternative on the King Farm Farmstead site in any configuration would require significant capitalization for operations in excess of the initial financial investment for building fit-out that would make it not financially viable as an alternative.

Light Industrial

Rockville's industrial and warehouse/distribution uses cluster along major transportation corridors using the city's excellent distribution channels. Niche users interested in warehouse, production space with visibility along Interstate 270, Frederick Road (Maryland Route 355), Shady Grove Road and Gude Drive are seeking opportunities to establish new operations in the pockets of light industrial space throughout the City of Rockville.

Industrial space can be described as production, distribution and repair (PDR) uses, including a variety of important business and municipal uses that support day-to-day



living. Flexible space categorized as light production, maker, and industrial space blurs the line between office and industrial land uses.

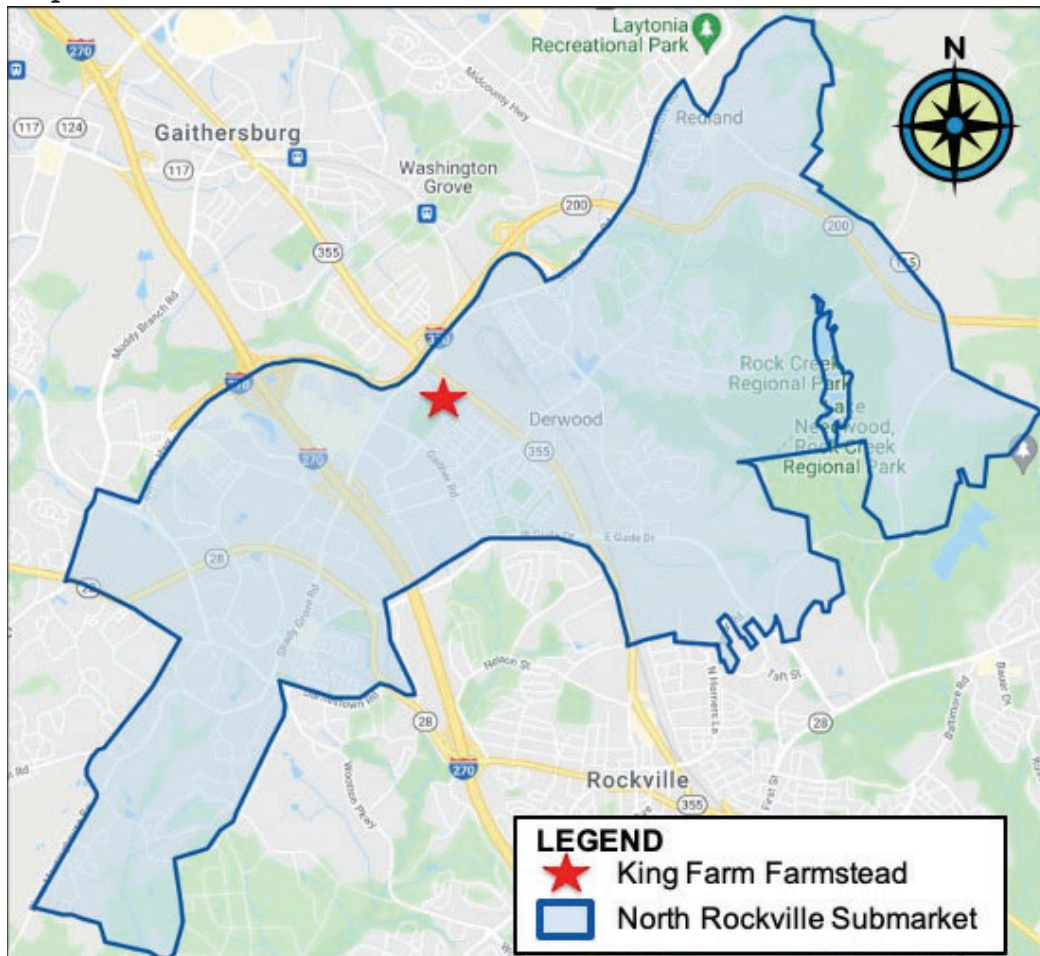
Industrial buildings typically offer much lower rents than do most office or retail buildings. When usable in their as-is condition, these buildings are well suited to the needs of small businesses and entrepreneurs who need to minimize their occupancy costs. This is a particular concern for start-up businesses that need to conserve their limited capital for equipment and initial operating costs.

Flex space, a particular type of industrial space, is singled out for focused attention because it serves a distinctly different market from other types of industrial space. Flex space is a single-story structure with a combination of office, warehouse and/or showroom space designed for flexibility to meet the tenants' needs. This type of building shares similarities with the King Farm Farmstead's former dairy barns as portions of those buildings could be separated with interior partitions for office space. Flex space is typically equipped with truck docks to facilitate loading, which would be extremely challenging at the King Farm Farmstead site. For many cost-sensitive tenants, flex space provides lower-cost office space than is available in multi-story office buildings. Parking is typically provided in a surface lot, often at the front door. This presents another significant difference compared to the King Farm Farmstead, with a proposed 47-space parking lot. The flex/office market does not provide Class A office space but rather offers lower rents, easy access and convenient parking.

King Farm Farmstead sits within the North Rockville Industrial Submarket, as defined by CoStar and shown on Map 3. The submarket's total industrial and flex inventory consists of 6.7 million square feet of space clustered along major road and rail lines with an overall vacancy rate of 3.0 percent in 2021, roughly 65 percent of citywide supply. The industrial inventory of 3.3 million square feet in the submarket has a slightly higher, but still healthy, vacancy rate of 4.1 percent with rents at close to \$17 per square foot full-service as compared with flex space rent at \$23 per square foot full-service citywide.



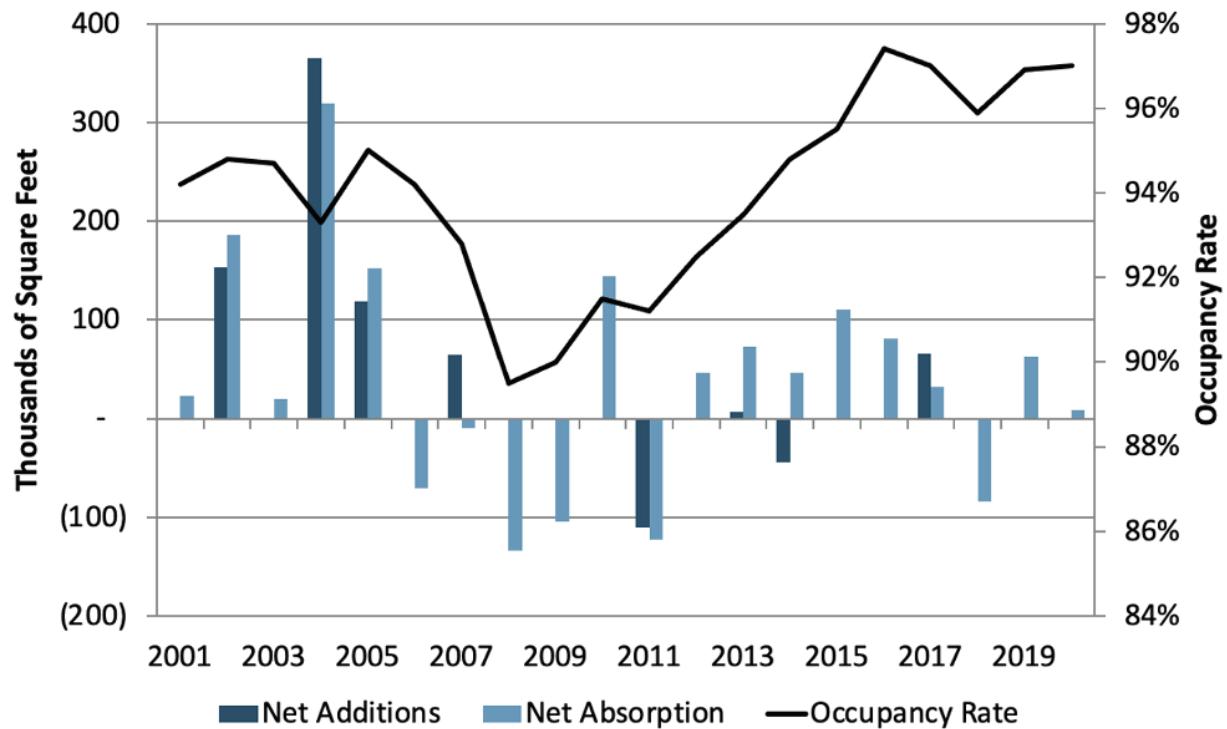
Map 3. North Rockville Industrial Submarket



In the North Rockville industrial and flex submarket, the occupancy rate grew from a low of 89.5 percent in 2008 to 96.9 percent in 2021 as steady absorption filled vacant space. From 2008 to 2021 there was no new construction with the exception of the 2018 new flex construction of the National Cancer Institute's 65,529 square-foot single-tenant building. Overall net absorption, which measures the change in occupied space, filled an annual average of 34,945 square feet. Review of flex space alone indicates 3.4 million square feet in the North Rockville submarket with a vacancy rate of 2.0 percent at the end of 2021.



Figure 2. North Rockville Submarket Industrial and Flex 2000-2020



The area's industrial and flex buildings have very few vacancies. Flex buildings tend to be built on large footprints as demand for space is more speculative and comes in larger clusters.

There is only one property with less than 10,000 square feet categorized as flex space in the entire submarket. An estimated 35 percent of the industrial buildings have between 5,000 and 20,000 square feet of space; 58 percent of space is in large buildings with more than 20,000 square feet for the industrial building stock in the North Rockville submarket.

When considering the King Farm Farmstead buildings, the

Wisconsin Dairy Barn complex with 13,400 square feet, horse barn with 5,244 square feet and the stand-alone garage with two stories totaling 2,020 square feet offer competitive smaller buildings for which many users may be interested.

Table 2. Industrial Properties by Size

Square Feet	Buildings		Total Square Feet
	Number	Percent	
Less than 2,500	2	2.1%	3,061
2,500 to 4,999	4	4.2%	15,622
5,000 to 9,999	15	15.6%	116,905
10,000 to 19,999	19	19.8%	262,389
20,000 to 49,999	38	39.6%	1,150,719
50,000 or more	18	18.8%	1,184,936
	96		2,733,632

Source: CoStar, 2022; Partners for Economic Solutions, 2022.



The market scan recommended focus on three categories of new and emerging industrial-type uses well suited to locating in this section of Rockville:

- Food production and distribution;
- Makers and arts; and
- Other light industrial options.

Food Production and Distribution

The King Farm Farmstead's historic focus as a dairy farm and current use for a community garden could be expanded with private investments in a vertical farming operation, or the dairy barns could be repurposed to serve as a base for a variety of food producers and vendors, offering goods from fresh local produce to spices, artisanal olive oil, pasta sauce, meats, baked goods, organic dairy products, soups and ready-to-eat foods similar to an indoor / outdoor farmers market, possibly including alcohol production such as a brewery or distillery. Coupled with an aggressive events program, an expanded farmers market with year-round indoor access could expand to incorporate alcoholic beverages. The success of such alternatives would necessitate attracting customers from around the city while creating a distinctive image and alternative within the broader community that surrounds the King Farm Farmstead site. However, it should be noted that the Rockville community is well served by its existing farmers market and the relocation of the current farmers market outside of downtown may not be warranted.

Gourmet Meal Kits Preparation

Gourmet grocers emphasize high-end groceries, access to prepared food and alcohol, both delivery and on-site consumption, as well as entertainment and event catering, both on- and off-site to a lesser extent. In addition to consumer spending on food with dine-in options, subscription services promising quick-preparation prepackaged meals with instructions have risen in popularity over the last several years. Data from 2006 indicated grocers generated \$13 billion in sales of prepared foods; as grocers shifted to more prepared and experiential options the value of retail food service sales climbed, exceeding \$34 billion in 2017 according to data from Technomic. Industry leaders such as Wegman's and Whole Foods deliver to the ideal affluent consumer. In 2018, easy-to-prepare meal kits peaked with boxes filled with fresh ingredients in local grocery stores accounting for more than \$93 million of the meal kit industry's \$494 million sales. As of the end of 2021, 17 percent of consumers (25 percent of city residents) in the US subscribed to a meal kit service at some point, and the industry is valued at approximately \$5 billion. Meal kit spending tends to be online for consumers earning \$100,000 or more, according to data from the Nielsen Company. Recently large companies purchased smaller meal kit operators, like Hello Fresh purchase of Chefs Plate or Freshly's purchase of GoReadyMade. In the future these mergers could result in a potential for satellite locations.

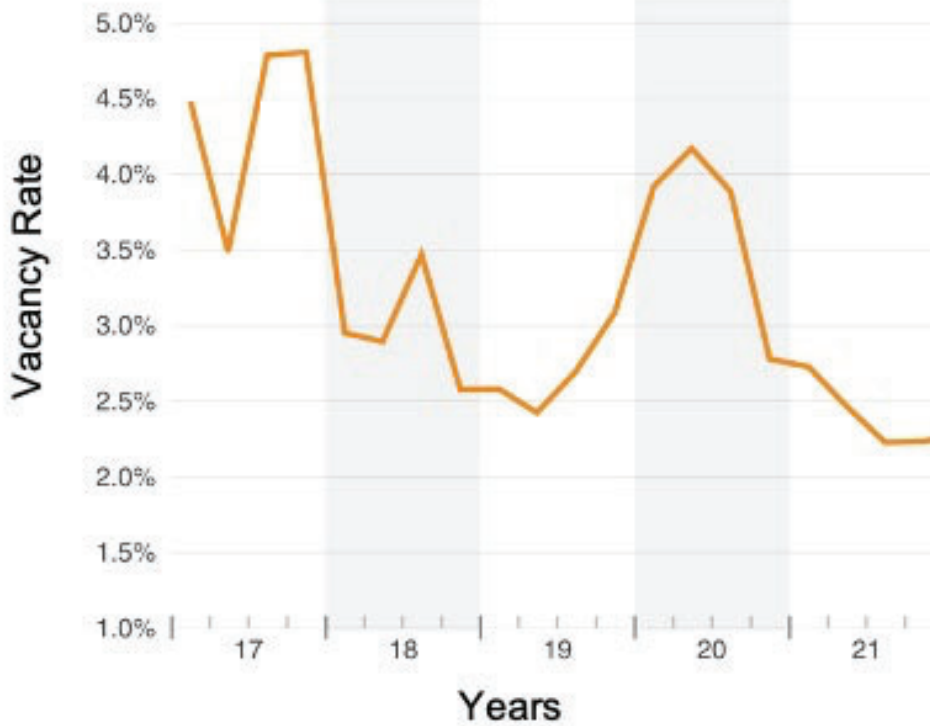
Within an easy drive of the King Farm Farmstead property are a wealth of operators able to sell popular meal kits to affluent households in the community – Dawson's Market, Fresh Market, Giant, Harris Teeter, Safeway, Trader Joe's and specialty ethnic grocers



such as Great Wall Supermarket, Latino Market, Lotte Plaza, Patel Brothers, Taste of Europe and Wegman's coming soon. This wealth of competitors probably preempts the potential for meal kit preparation at the King Farm Farmstead.

There might still remain opportunities for small food producers to take advantage of the site's location convenient to significant local markets. Within the North Rockville industrial submarket, roughly 3.4 million square feet of space is categorized as food processing with a current vacancy rate of 2 percent. This vacancy rate represents a market in which demand likely exceeds supply with rents at \$24.31 per square foot gross, well above other industrial market prices. As shown on the chart below, the vacancy rate began to drop well before the impact of the pandemic, which further increased demand for this type of space. This remains a suitable option for portions of the King Farm Farmstead property, though it comes with significant financial requirements for interior build-out and fixturing.

Figure 3. North Rockville Submarket Food Processing Occupancy, 2016-2021



Made in Rockville – Breweries, Wineries and Distilleries

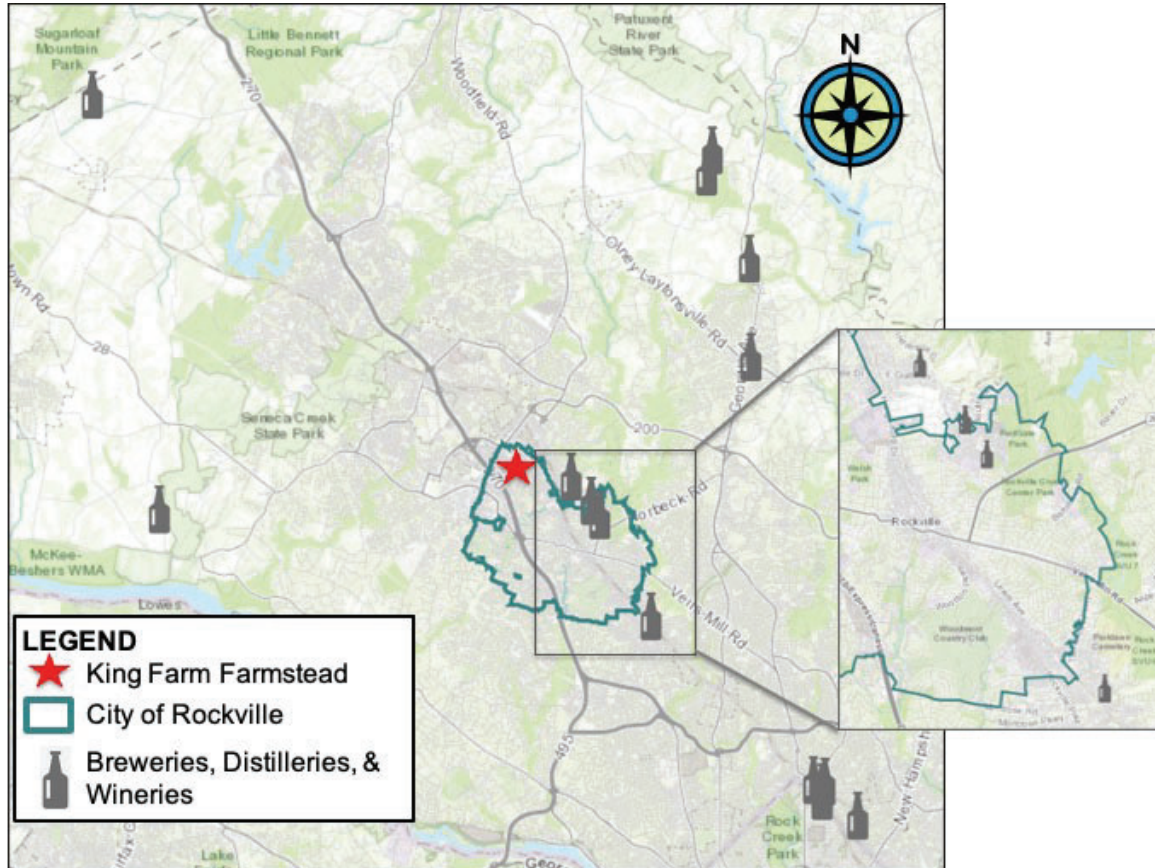
Often craft distilleries and breweries find existing industrial properties and warehouse spaces to be ideal candidates for repurposing and creating a retail operation (tasting room and/or light fare) in conjunction with production space. Industrial buildings may meet the space requirements in terms of floor load capacity, utility infrastructure, loading docks and parking. In the craft beer industry, artisanal developers work collaboratively and share



resources and customer base more easily than do traditional retailers. This collegial environment becomes one of many factors in the site selection process and a large facility like the dairy barns and adjacent horse barn would allow for shared customer base and cross-shopping among breweries and distillery operations.

This section of Montgomery County includes a handful of brewery, distillery, coffee roasting, juice pressing and other beverage producers. Along East Gude Drive in roughly 21,000 square feet of flex space, Mayorga Organics has coffee roasting operations, which will be relocating to Baltimore in the near-term. Located in the same multi-tenant building along East Gude Drive is Twin Valley Distillers – a whiskey distillery in 3,038 square feet, less than four miles from the King Farm Farmstead. These tenants likely pay \$14 to \$17 per square foot gross. Also nearby are Saints Row Brewing with 2,800 square feet of second-floor space, relocating to Gaithersburg in the spring of 2022 and Cold Drip Organics – cold press juice production in 1,400 square feet. 7 Locks Brewing occupies 7,055 square feet along Wilkins and Parklawn Drive in a smaller industrial / flex office cluster, with production space, tap room and events programmed during the week and weekends. Finally, True Respite represents the largest craft brewery with 17,034 square feet, employing more than 100 workers in a more expensive building (\$19 to \$23 per square foot) at Calhoun Place north of East Gude Drive and east of Frederick Road.

Map 3. Montgomery County and Rockville Area Breweries, Wineries and Distilleries



The King Farm Farmstead site would be a desirable location for the expansion of existing breweries or distilleries or new operations if the cost to outfit existing structures for these uses could be supported by the producer. Co-location with other eateries and entertainment would be particularly attractive on the King Farm Farmstead site. This may be an alternative for the property and would work well in conjunction with other operations. The current limited supply of suitable buildings available at supportable rents in the market could lead producers to seek space in locations such as the King Farm Farmstead.

Indoor Vertical Farming

Vertical farming or growing produce and herbs upwards on racks instead of horizontally along the ground represents a farming technique recently adapted to indoor climate-controlled environments. Operations vary from small scale start-ups using Do-It-Yourself greenhouse techniques to state-of-the-art operations in large warehouses. The systems include hydroponics or aquaponics (adding fish to the process), using liquid nutrients or simply stacking vertically with LED lighting and a controlled environment that speed production, reduce waste and solidify the agricultural yield.



Popular among venture capitalists, indoor vertical farming concepts grew quickly over the last five to ten years as continued population growth fueled food demand and the environmental toll from traditional farming led many to innovate. Vertical production on smaller footprints uses less water through hydroponics or aeroponic (water misting) than conventional farming, and efficiency advances in automation reduce labor and setup costs, creating the potential to disrupt traditional production channels. Venture capital funding for vertical farming companies reached \$1.9 billion internationally in 2020, tripling the investment from 2019. However, the majority of the estimated 2,000 vertical farms in the US are small growers focused on micro greens and herbs rather than commodity crops. The start-up costs and time required to reach agriculture output stabilization requires patient capital investment, and experts expect the market will represent only a niche component of the overall food production system. For example, AeroFarms – a large-scale indoor vertical farming operation using aeroponics (misting roots not soaking in water) – returned a profit after eight years and is now planning for another 136,000 square-foot building in Danville, Virginia to open in 2022.

Indoor vertical farming varies in size from a few thousand square feet to large-scale warehouse facilities with a half million square feet. Many vertical farming operations continue to scale up and establish new facilities. Gotham Greens operates nine climate-controlled hydroponic greenhouses, including a 100,000 square-foot facility located in Baltimore County’s Sparrows Point, which will ship lettuce to 10 different states in the mid-Atlantic region. Its competitor Bowery Farms opened a facility in nearby White Marsh.

Concern over market encroachment for existing agricultural businesses in Montgomery County producing microgreens and herbs should be balanced with the demand from nearby restaurants (detailed below). Ultimately, the vertical farm produce becomes perishable quickly. To remain profitable, a vertical farming enterprise must have distribution plans and consider the competitive marketplace. Because start-up vertical farms tend to focus on microgreens and herbs for their quicker time to establish successful yields, the competition is greater for those products. There is a potential to overgrow lettuce, herbs, and leafy greens because the science in fertilizing other vegetables is more complex. Within the vertical farm trade area, the local customer base (including restaurants) may become saturated by more than one large-scale vertical farm operation.

Maker & Arts Space

Reuse of a historic building for industrial and office activity could support a cluster of “maker” companies and artist studios and workshops. Co-working and small space leases with short terms and affordable rents would meet a significant need. The Arts and Humanities Council of Montgomery County (AHCMC) plans to create an inventory of cultural arts spaces. Success of arts-related development within Montgomery County, and more specifically Rockville, indicates significant demand for affordable studio space, performance venues and gallery space. All or a portion of the King Farm Farmstead buildings could be renovated for both maker and artist spaces with a common management



– either public or private. Many of the makers and artists can afford to pay rent, but those rents are unlikely to fund building rehabilitation.

Manufacturing continues to struggle to make gains in the national economy but small-scale manufacturing catering to local and regional demand continues (makers) to be the bright spot in the industry. King Farm Farmstead has excellent accessibility adding inherent efficiency to small manufacturers distribution options. Nearby Zadia Furniture Inc, located at 15205 Frederick Road offers unfinished wood products and uses the space as both manufacturing production and retail operation. The most likely growth in this sector of Montgomery County for small manufacturing likely reflects small manufacturing businesses fabricating metal products. Over the course of the last decade, from 2011 to 2020, data show a growth of the industry in Maryland with Montgomery County representing roughly 12.5 percent of the growth in these businesses, adding an estimated 151 new employees. Metal fabrication would require significant interior fit-out to the property and would require a motivated manufacturer willing to sign a long-term lease.

Public sector use of these spaces for small-scale manufacturing or storage may be another alternative to consider for the maker space. In Baltimore the practice of recycling felled street and park trees as lumber serves to cut city costs while creating a new green and sustainable alternative. Baltimore City officials provided the initial capital funds of \$99,000 for a five-year period until the operation became profitable enough to repay the city's general fund. Sales of the remaining firewood for customers who participate in the membership program or to other makers requiring wood helps the program be self-sustaining. Ultimately a portion of the reclaimed wood provides lumber for other city projects, such as the newly built recreation center in Baltimore's Middle Branch community.

In addition, live-work spaces could be developed on selected sites on the edges between industrial areas and residential neighborhoods. This allowance for residential development on industrial land is suitable in very limited situations where buffering between the different uses is required to improve the residents' quality of life and the industries' ability to operate efficiently. These types of uses would best be served as options for the reuse of the tenant houses and would require significant investment in those buildings by the City to fit out and maintain the facilities. The Main House currently offers an alternative residential space available for residential rental and could be an option for artist living space or to support an artist residency program with support from the City of Rockville

All of these types of operations would require a separate public or private management entity, with dedicated staff to manage operations. These entities may be able to provide some financial support for the building operations but are unlikely to return the investment necessary to prepare the space for these operations.

Other Light Industrial Options

The need for light industrial space in the market area and Montgomery County, the metropolitan region and the entire nation represents an opportunity for those types of uses



to reuse a section of the King Farm Farmstead buildings. Appropriate uses could include pet kennels and self-storage.

In Montgomery County, 48 percent of county households own pets, and roughly 19,000 households use boarding facilities annually. In the City of Rockville, spending on pets totals \$27 million annually with 46 percent of households owning pets and five percent or 1,187 households using kennels to board their pets. There are only two kennels within close proximity to the King Farm Farmstead site. This represents an opportunity and could be expanded with doggie day care programs. However, it should be noted this type of use would pay market-rate industrial rents and likely invest minimally in the necessary building upgrades.

The self-storage industry continues to grow with increasing demand from area residential households, businesses in need of inventory storage and others seeking seasonal storage space. The pandemic's shift to work-from-home allowed many households to change their housing alternatives or required combination of households resulting in a boom in storing furniture and other belongings. Prior to the pandemic, analysts were concerned about an overbuilt market with too much supply.

Recently big box retail and older office buildings have been converted to self-storage operations. Self-storage facilities divide up spaces from as small as 25 square feet with minimum eight-foot ceiling heights to 250 feet. Other storage facilities specialize in dry dock storage for boats or recreational vehicles. In general, self-storage facilities have relatively low parking requirements and low levels of noise or impact on nearby residential areas. Security for self-storage would require an investment in fencing or other security measures.

Within less than one mile of the King Farm Farmstead there are approximately 14 self-storage facilities, representing an extensive supply of the product. This includes the 105,000 square-foot Public Storage at 16001 Frederick Road. In the face of that competition, any new entry into the market would need to offer a distinction such as storage of recreational vehicles.

Specific light industrial distribution operations would not be viable on this property due to the constraints of the historic adaptive reuse and incompatibility of the facilities to meet modern distribution requirements including traditional truck loading docks.

Retail Market Conditions

In understanding retail markets, analysts break down retail goods into three main categories:

- **Neighborhood goods and services**, which serve the everyday needs of local residents, including grocery stores and drug stores;



- **Eating and drinking**, including both fast food and sit-down restaurants and bars; and
- **Shoppers goods**, the types of goods sold in department stores that customers prefer to compare among different stores before buying – general merchandise, apparel and accessories, furniture and home furnishings, and other goods (also known as GAFO).

Neighborhood goods and services stores tend to attract customers from within a 5- to 10-minute distance, while shopping centers and other shoppers goods nodes may bring customers from a 15- to 20-minute distance or even further.

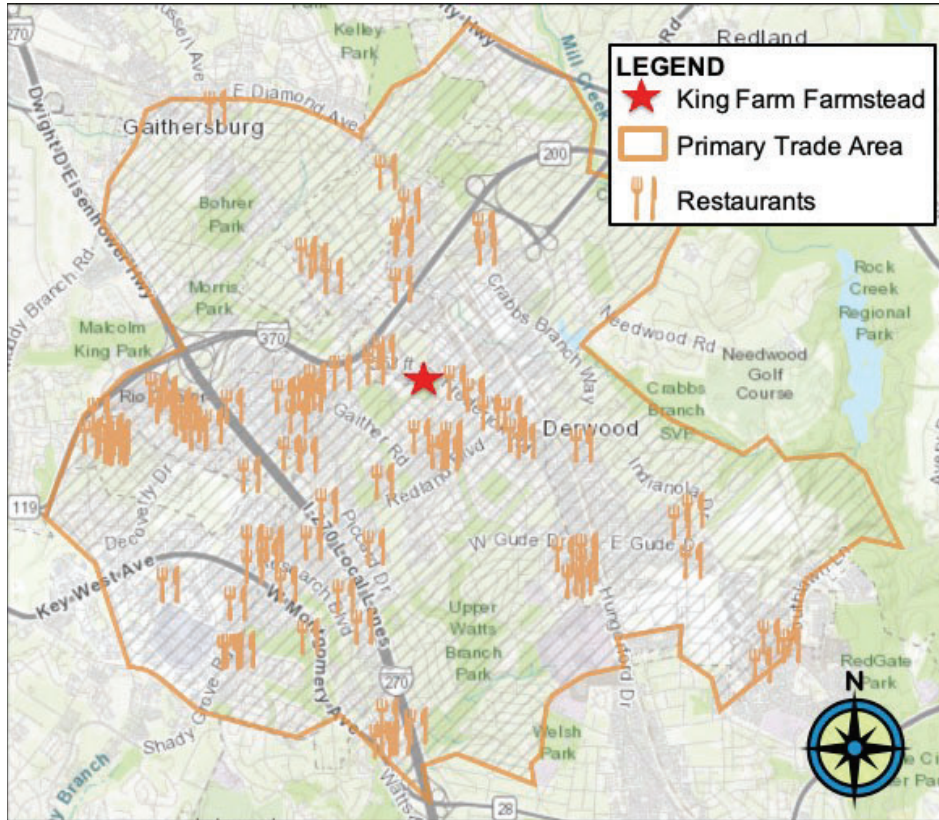
Customers choose retail opportunities based on convenience not only as it relates to their place of residence but also where they work. Customers are mobile and will travel to locations with multiple shopping alternatives and a cluster of stores to meet their retail needs. Typically, neighborhood shopping areas have very limited offerings of general merchandise, apparel and accessories, furniture and home furnishings, and other shoppers goods. These are goods for which most consumers like to comparison shop, considering choices from several clothing stores, for example. This desire for convenient comparison shopping was the driving force in the creation of downtown business districts and then shopping malls. Few neighborhood business districts can support the number and variety of stores required to offer that comparison-shopping opportunity.

There is no shortage of retail offerings along Rockville Pike and elsewhere in the general area. A historic site with parking limitations is unlikely to attract traditional retail operations.

Restaurants

To best understand the competitive environment for new restaurants, area restaurants are shown on the map below. The Primary Trade Area (PTA) represents the geography from which a King Farm Farmstead restaurant could expect to draw the bulk of its market support. For eating and drinking establishments, clustering multiple restaurants helps attract customers. Rio Lakefront (formerly Rio Washingtonian Center) and Downtown Crown offer particularly strong clusters within the PTA, drawing patrons from a larger area. The retail sales and expenditure data show historic sales of \$107.7 million by PTA restaurants as compared with residents' expenditures of \$84.6 million. This highlights the area's ability to attract customers from well outside the trade area.

Map 4. Area Restaurants



A closer review of the PTA data for bars suggests that there is an outflow of residents' drinking dollars to other locations including money spent for bars frequented after work, money spent on vacation, and money spent in other regional activity centers, such as Downtown Rockville, White Flint, Bethesda and Gaithersburg. Given the appeal of a cluster of restaurants, a single eating and drinking establishment on the King Farm Farmstead property could struggle to compete in a crowded marketplace. Success would depend on the strength of the individual operator with a distinctive product taking advantage of the unique setting or pairing with complementary uses or experiences.

The King Farm Farmstead property represents a reasonable location for a new eating and drinking establishment within the market.

Furniture Store

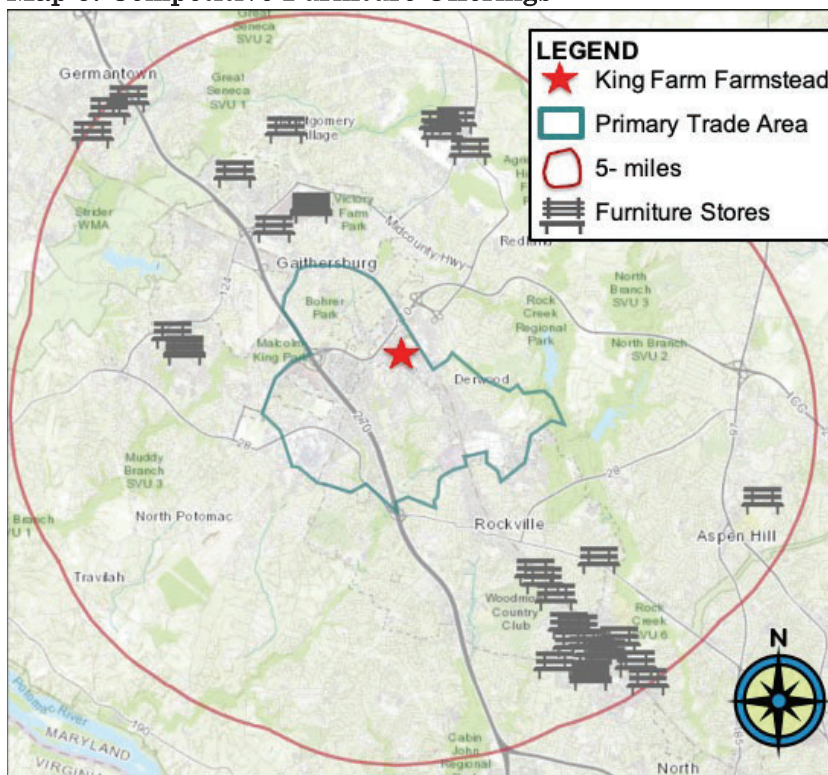
In the retail sector, the furniture segment tracks with overall economic conditions. Growth in furniture spending, especially in more affluent communities can be tied to the pandemic shift as households shopped from home and required new furniture to work from home. In fact, sales of these primarily durable, big-ticket products grew quickly with Smith Leonard PLLC of High Point reporting a 34-percent increase in orders from February 2020 to February 2021. Other firms reported double-digit percentage increases despite the



economic dip from the pandemic from March to May 2020, suggesting that the furniture industry continues to grow. The furniture industry tends to be slow in responding to online markets and has not as quickly adapted as other industries with an estimated 10-percent increase in online sales since 2016.

Demand exists within the market area for furniture operations, and the large scale and second-floor storage space of the King Farm Farmstead dairy barns could provide an option for a furniture store. Current retail spending estimates on furniture indicate an outflow of residential spending to other areas, with an estimated \$16.1 million in PTA resident demand and only \$6 million in annual sales. However, the historic facility does not provide suitable showroom space or the type of signage typically sought by furniture stores and would be a boutique operation likely to be run by a smaller operator. In addition, several competitive furniture operations are located outside the trade area, as shown on Map 5, making a furniture retailer an unlikely tenant for King Farm Farmstead.

Map 5. Competitive Furniture Offerings





Niche Opportunities

King Farm Farmstead's physical character and the imperative to preserve that character dictate its ultimate reuse by restricting many prospective uses. Therefore, the following adaptive users may represent temporary or shared users offering lower than market rent arrangements but offering a much-needed service or enhancing the quality of life for area residents.

All of these suggested niche opportunities require further initial investment from the City of Rockville to upgrade basic utilities, current buildings and landscaping. In fact, even after these initial site and building improvements, maintaining a higher level of landscape grooming to meet the users' expectations will be necessary.

Events Space

Special events and periodic art usage offer the potential for limited, periodic income from festivals, weddings, receptions and meetings under temporary event structures, such as tents, or within renovated historic structures. Within these broad categories of meetings and events, those suited to the King Farm Farmstead are relatively limited. The most likely uses include:

- weddings;
- small to mid-sized corporate events;
- small concerts and performances;
- temporary gallery space; and
- lectures.

The close proximity of the King Farm Farmstead to other reception venues in Rockville and rural Montgomery County offers some advantages. Because the property itself is viewed as a historical site, surrounding clubs, hotels and boutique lodgings with historical character may seek partnerships. Working with these facilities to market wedding packages could increase the appeal of the King Farm Farmstead while reducing the need for individual marketing efforts. A wedding-oriented events strategy would compete directly with the City's Glenview Mansion venue.

The unique nature of the buildings and the site offers real potential as an events venue; however, significant investment would be required to bring the facilities up to the level required for a successful events venue. The rental fees would be unlikely to repay that investment, though they could help to offset the property's operating and maintenance costs.

The operation of more formal events space by the City of Rockville's Department of Recreation and Parks could not be accomplished by existing staff and would create need for a new staff position to manage operations. In turn, staging events would depend on substantial expansion of staff capabilities with the addition of a dedicated staff person or



entering into an agreement with an outside event management group. Assuming the City chose to contract with an outside event management group for management services, it could expect to pay an estimated 30 percent of the fee charged for set-up services and management, as well as additional insurance requirements.

The entire King Farm Farmstead property could accommodate events and festivals with a pleasant outdoor setting and parking available in the nearby Mattie JT Stepanek Park. However, this site could divert some of that economic support from downtown businesses, as a result of shifting the festival setting.

Arts-Related Performance and Rehearsal Space

For arts-related performance and rehearsal space, the majority of communities lack sufficient space to meet the needs of various non-profit groups. Often performing arts share spaces in schools, churches, recreation centers or other civic buildings. The demand from these groups ranges from needs for classrooms /rehearsal spaces to auditoriums for performances with an audience. Unfortunately, these groups depend on fundraising and philanthropy to cover operating costs and, as such, look for free or low-rent spaces. Therefore, these types of groups would be unlikely to raise the necessary capital funds to outfit an existing historic structure. However, should a philanthropic entity be identified in advance with a matching budget for capital investment and operations, such an entity would be a strong candidate for one component of the King Farm Farmstead property reuse.

Child Care / Montessori Private School

Another use in high demand would be child care facilities or possibly a private Montessori school. These types of operations would likely occupy the Main House only and not consider reuse of the barns or other properties. Improving accessibility to the Main House to meet the Americans with Disabilities Act would require significant investment unlikely to be recovered from rent payments.

City of Rockville Recreation Space

Rockville generates a high demand for recreation-related uses such as yoga studios, dance studios, indoor fitness classes and line dancing. Recent changes in Montgomery County Public School (MCPS) policies limit the City's ability to lease space in school buildings, resulting in unmet needs. Shifting some of these programs to the King Farm Farmstead property could provide a community benefit for King Farm and other city residents. The Horse Barn could be adapted for indoor pickleball courts, which are in high demand.

Residential

The potentials for reuse of the Main House and possibly the two tenant houses differ based on the character and prospective changes in area households as well as the competition offered by the existing and future rental of single-family homes.



Within Montgomery County there are an estimated 707 multi-family properties inventoried by CoStar, which include 101,713 units at the end of 2021. These properties range from older garden apartments with minimal amenities to luxury complexes with a wide array of offerings. Over the last five years, the vacancy rate for Montgomery County's multi-family has remained relatively constant between four and six percent, dropping slightly as supply delays and the pandemic slowed the pace of new development, with a 4.7 -percent vacancy rate at the end of 2021. The average square feet per unit remained unchanged at 921 square feet but the asking rent grew to \$2.06 per square foot. Rent trends for Montgomery County's multi-family units highlight a 9.3 -percent rent growth over the last year. This positive trend, along with the addition of roughly 1,555 units in 2021 and another 1,724 units in 2020, demonstrates the market's high level of demand.

In Rockville the supply of multi-family rental units includes roughly 16,500 units in 67 properties with an average of 917 square feet per unit, according to data from CoStar. Occupancy levels remain very tight with an overall vacancy rate of 3.3 percent for the end of 2021. CoStar reports an average rent of \$2.21 per square foot, and Rockville absorbs a five-year annual average of 490 units. Pipeline data suggest the addition of 250 units in 2022.

Much of the new rental housing available in the Rockville market reflects modern construction with new amenities and property features / programming. The King Farm Farmstead benefits from the close proximity to the King Farm commercial core, Shady Grove Metro station, parks, walkable paths and open space. Properly renovated, the Main House and potentially the two tenant houses could be marketable for rentals but would require management. These properties are not habitable in their current configuration and the two tenant houses would require significant investment.

Hospitality

Hotel travel typically relates to business but also includes visitors to a region for a variety of reasons (e.g., passing through, visiting family, tourism, visiting colleges). The hospitality industry links closely with the economy and follows its highs and lows, especially as it relates to business travel. Hotel development needs close proximity to its customer base and tends to locate on well-traveled routes or near employment centers and tourist attractions, depending on the market segment of the particular hotel. Collocation with retail, restaurants and entertainment enhances a hotel's appeal to potential customers.

Hotel operations segment based primarily on size and price. These distinctions by price include economy (for lower priced lodging options), graduating to midscale, upper midscale and upscale as price and associated hotel features increase. Hotel performance varies based on the segment and operating style of each hotel. Often these categories reflect both the age and investment in specific properties. In addition, some hotels serve special niches, including extended stay facilities that serves business travelers or new residents still searching for a permanent home. Other specialty hotel operations, such as a lifestyle hotel or a boutique hotel, create subcategories.



In the nearby community, the hotel industry continues to struggle after the impact of the pandemic to recover and remain profitable. The following boutique hotel offerings suggest the comparable range of small operations within the marketplace:

- The Olney Inn – five guest rooms, pool, hot tub, Wi-Fi, Smart TVs and dog-friendly options.
- The Oaks Bed & Breakfast – located in Gaithersburg with five guest rooms, Wi-Fi, and expansive breakfast.
- Tusculum Farm – in the agricultural preserve this lodging opportunity allows guests to rent the entire five-bedroom farm house, or two other historic farm structures (The Coop, or Carriage House).

The site's location along Frederick Road near King Farm and well outside the Rockville downtown with critical access to major highways and close proximity to the Shady Grove metro station offer a well-traveled visible site, but one without the advantages of nearby downtown amenities. A boutique hotel or bed and breakfast that offered a higher quality lodging experience (e.g., better furnishings, more personal service and evening wine) as opposed to chain hotels on the highway could appeal to specific travelers, particularly if paired with a unique reuse experience on the remainder of the King Farm Farmstead property. This type of bed and breakfast hotel would at best be interested in the reuse potential of the Main House. Use for transient lodging would require installation of an elevator and other modifications to provide proper ADA means of egress.

Potential for a hospitality use on the site must consider existing and proposed competitive hotels, their recent performance and prospects for future demand.



III. Financial Feasibility

PES tested the financial feasibility of several reuse alternatives on the King Farm Farmstead property. This review included consideration of varying reuse alternatives for partial or full reuse of existing structures as well as the grounds. The following table details those reuse categories by land use type:

Table 3. Costs & Revenue Potential By Use			
	Initial Building Costs	Ability of User to Fund Fit-Out	Revenue Potential
Office			
General office	Moderate	--	Moderate
Industrial			
Food production (e.g. Commercial Kitchen)	High	\$ \$ \$	High
Alcohol production (Brewery / Distillery)	Moderate	\$ \$ \$ \$ \$	High
Maker & art space	Low	\$ \$ \$	Low
Kennels	Low	\$ \$ \$ \$ \$	Moderate
Storage	Low	\$ \$ \$ \$ \$	Low
Retail			
Restaurant	High	\$ \$ \$ \$ \$	High
Food Hall	High	\$ \$ \$	High
Niche			
Events space	Moderate	--	Low
Rehearsal space and small performance	Moderate	--	Low
Blackbox theater	Moderate	--	Low
Child care / private school	Moderate	\$	Low
Solar field	Low	\$ \$ \$ \$ \$	Moderate
Residential			
Rental housing (artist housing)	High	--	Low
Hospitality			
Boutique / Bed & Breakfast	High	\$ \$	Low
Notes: Ranking for initial building costs and revenue potential range from low, moderate, to high. Contribution to fit out costs represent either none; partial (between one \$ to four \$ \$ \$ \$ representing percent of contribution); and five \$ \$ \$ \$ \$ for full contribution.			
Source: Partners for Economic Solutions, 2022.			

To determine the highest and best reuse options for the King Farm Farmstead, this effort evaluated the financial feasibility for each reuse alternative distinguishing between revenue generating and non-revenue-generating options. A key concern is whether each reuse alternative could cover operating costs and provide a return on all or a portion of the City's capital investment.



Many of the reuse alternatives include market-supported uses that will require an initial capital investment to restore the building exteriors and structural integrity, renovate the interior structure and provide utility connections.

The City of Rockville invests in continual maintenance and upkeep of the King Farm Farmstead property and structures, and the City recently approved additional upgrades to the property's utility infrastructure. The general costs associated with maintaining and operating each individual building include not only maintenance, landscaping and utilities. These costs are the "overhead" cost of managing and operating for the variety of uses evaluated and will apply across all alternatives. Finally, the modeling assumes that the City of Rockville operates as the "master developer" of the King Farm Farmstead as at least a portion of the costs associated with maintenance and capital investment for long-term reuse viability will require direct City funding. The City would have over-arching responsibility to keep the buildings leased and the property in good condition. In the private marketplace, a property owner would require an appropriate return on investment to justify the risks associated with these capital improvements and on-going overhead spending. This analysis tests the potential for a return on investment for the City.

Hummer Construction Resources (HCR) has provided order-of-magnitude construction cost estimates for upgrading the structures and accommodating the various uses identified as having potential market support. These estimates draw on the firm's experience with comparable projects.

Financial cash flow analysis by scenario outlines the mix of potential tenants, the cost to develop, the lease revenues that could be generated and the resulting return on investment, based on current market conditions. The models estimate the dollars available to assist in funding the capital improvements and supporting ongoing overhead costs. The financial model assumes that the City of Rockville will either manage the property as "master developer" or will contract with a private entity to provide these services.

Real estate development and the property owner's long-term financial sustainability depends on professional management, including marketing, negotiating leases, managing operations, tenant relations and preventive maintenance. To achieve the highest return on investment, the City of Rockville must augment current staff capacity. The City should take full advantage of private commercial brokerage services to assure that its leases are consistent with industry standards and provide sufficient protections. Private property managers can shield the City from unreasonable tenant expectations by enforcing lease provisions.

The privatization of public open space and facilities follows a traditional model of privatization by allowing private entities to operate retail or service operations within public facilities for a fee. These commercial lease arrangements allow the public to maintain ownership of the land, facility or space but receive funds from the users. These lease arrangements may be simple rental agreements or sophisticated long-term agreements covering several properties that entities lease through a competitive bid



process. In some instances, the operator of the retail, service or facility shares a portion of the revenue. More often, the private user commits to a fixed rent that reflects whether the City or the user funds the building fit-out costs.

It should be noted that current uses of the King Farm Farmstead property, most notably the community garden, represent a choice to forego potential revenue-generating uses on that section of the property. Reuse alternatives for the entire lawn behind the dairy barns, a portion of which is covered by the community garden, include event space with the option for a tent, stage and outdoor food and beverage service.

PES estimated the total project value for residential, commercial, industrial and retail reuse of the King Farm Farmstead structures as suggested by the Section II evaluation of potential uses per the concept plans. These development programs are based on the best available data and information collected from a variety of local, regional and national sources, reflecting recent trends and current market conditions. However, changes in national and regional economic conditions and in the regulatory environment could significantly impact the feasibility conclusions.

Residential and Hospitality Program Options

Renovation of the existing Main House and tenant houses for residential use offers the greatest potential for immediate reuse. This is particularly true as the new surface parking lot will supply ample parking associated with the three structures. The two tenant buildings offer an alternative for rental residential but will provide a limited return considering the significant investment required to bring the buildings up to code.

Achievable rents for new rental residential space are discounted based on current market conditions for a historic building with upgrades to residential occupancy standards and the onsite environment (lack of modern amenities). However, as the remainder of the site becomes more active, the rents may increase. It should be noted that the residential rents are not sufficient to attract a private investor to restore the houses without public investment and management of the rental tenants. If the City manages the property, then allowing a grounds keeper to live in the apartment above the garage may be a desirable option.

The cost of renovating the existing structures would require an initial capital investment estimated by HCR at \$205,400 for the smaller tenant building, \$348,900 for the larger tenant building and more than \$1,080,000 for the Main House modernization and renovation (2022 dollars). Unfortunately, the scale of the potential residential options (three to four units) and inability to use other buildings such as the dairy barns for residential apartments due to lack of sufficient light and air result in a project too small to interest private residential developers. This reuse alternative would require the City of Rockville to manage the rentals or contract with a management agent.



Hospitality markets require access to quality environments for boutique operations. While the site has ample access to major highways and proximity to the terminus Shady Grove Metro station, the nature of the reuse alternatives would determine viability of a boutique hotel. A stand-alone hospitality operator in the Main House would not likely have the financial capacity to fund the building improvements recommended to position the building as a lodging facility. The small number of rooms that could be developed in the Main House may limit potential operator interest. The viability of reusing the barns as vibrant commercial attraction with food and alcohol production would complement a hospitality reuse of the Main House. However, at this stage the Bed & Breakfast option would be a much more speculative use than a residential rental.

All real estate is local and the value of the underlying land and existing conditions in the local market as well as the nature and location of the site along Frederick Road greatly impact the potential for residential reuse in close proximity to potential commercial reuse alternatives in the dairy and horse barns. The impact of some of the commercial and more industrial users in the dairy and horse barns could reduce the overall viability of Main House rental. In those instances, these incompatible uses would constrain rents, and could impose additional construction costs to mitigate noise pollution. Other uses may enhance the residential appeal.

Commercial/Industrial Program Options

King Farm Farmstead reuse potential for commercial alternatives relate to the site's location along major arterials in close proximity to a wealthy customer base in the King Farm residential community. Building renovation costs for the barns are estimated by HCR to total \$1,203,000 for the small dairy barn, \$1,356,000 for the large dairy barn, and \$2,237,000 for the horse barn (2022 dollars). Fit-out costs vary with the reuse option. Reuse alternatives also exist for light manufacturing uses and flex uses in the former barns.

Commercial reuse within the existing structures represents an opportunity to add to the existing employment base and provide a unique mix for the community. While these opportunities are limited, careful redevelopment of existing buildings may be financially viable. Light industrial rental rates are hard to compare due to tremendous variation in offerings such as the percent of the space finished out as office space, ceiling heights, availability of truck docks and location/accessibility. They are particularly difficult to determine in this section of Montgomery County due to the limited turnover and paucity of recent lease transactions. The nature of the existing space and current market rents (between \$15 to \$17 per square foot) make the project close to financially feasible (prior to consideration of site-wide operating costs); however, the previous investment in rehabilitating the dairy barns and the cost of bringing adequate utilities to the site represent a sunk cost unlikely to be recouped. Additionally, some of these commercial reuse options would require additional parking for employees and customers.



The dairy and horse barns offer unique space ideal for “makers” – crafters, artisans, and artists. Many of these entrepreneurs/businesses seeking to lease flex and maker space are in the initial stages of development. At this stage, proximity to an affluent customer base and easy access for raw materials are highly valued. Access to expensive equipment is also important to start-ups that cannot afford to buy their own. Reuse of the dairy barns as food production or maker space fitted out with shared equipment will attract a large number of artisans, artists, entrepreneurs and small-scale manufacturers. Facilities are smaller for start-up companies, and company requirements change quickly. Establishing the dairy barn with a flexible work environment with moveable partitions that offer inexpensive spaces that can easily expand or shrink and business support services can be very important to companies at this stage. The maker spaces and shared production spaces would require active management to facilitate and schedule shared use of equipment. An experienced maker space operator would be important to making this option viable.

Rents for space average \$12 per square foot up to \$16 for more established maker spaces. Unfortunately, these rents do not support the capital cost of renovating an existing building, constructing new interiors and providing parking. To remain conservative, the model reflects \$12 per square foot as the rent, with a 5.0-percent vacancy allowance.

Retail

One of the most feasible alternatives for the reuse of specific buildings on the King Farm Farmstead property would be to operate a restaurant, relying on the historic character of the property to attract new and existing area residents as well as visitors. This alternative would rely on an experienced restaurateur to return a positive cash flow from operations due to the limited daytime population in the immediate vicinity.

Demand exists in Rockville, the county and the region for a mid- to up-scale restaurant for area residents and visitors. The quality of the rehabilitated King Farm Farmstead property along with its convenient close-in location along Frederick Road and accessibility from Interstate- 270 and Route 200 should allow it to tap these markets.

The niche market attracted to the property should generate a significant number of regular diners and events each year. Couples are the most typical party seeking a unique dining experience priced in the mid to high end.

With competitive pricing, the unique character of the King Farm Farmstead property could also attract smaller family and social events to supplement the restaurants’ lunch and dinner patronage and during non-peak eating hours, such as 2:30 to 4:30 pm. Social events, such as graduation parties, baby showers and birthday and anniversary parties, could comprise an estimated 10 to 15 percent of total activity. The history of the site and the site’s easy access contribute to the property’s appeal for these types of events.

A partnership with an experienced chef wishing to establish his or her own restaurant would increase the potential for successful operations. Marketing is always important in generating patronage. Restaurants that depend in large part on group business or large



parties need to invest in at least a part-time sales manager to market and coordinate those events. However, restaurants operations are always risky. The importance of combining the right menu, ambiance, service, pricing, promotions and marketing cannot be overestimated. Less than stellar performance in any one area can doom a restaurant if not quickly corrected. Management and controls are other critical success factors.

As the City of Rockville considers the best rent structure, restaurant operators and food providers represent a higher-risk user group requiring a tailored landlord approach. While a rent based on a share of sales would be attractive to the operator, the financial analysis assumes a flat rent of \$25 per square foot net of all expenses with the operator funding the space's interior improvements. It indicates a solid return on the new investment in the large dairy barn, excluding the cost of new parking and the site-wide operating costs.

Food halls typically rent out space in stalls on short-term leases allowing entrepreneurs to test food concepts without committing to long-term leases. While valuable for the tenants, these short-term leases require landlords to commit to higher than usual carrying costs for the property. In the retail arena, this may be referred to as "curating" the retail mix by first testing the market for interest in what the food stall operator would offer and reviewing the operator's business capacity. Additionally, food halls require efficient loading alternatives for individual operators. Coordination of these options will be critical, likely requiring an independent manager. With a rent of \$16 per square foot to the operator, the City would likely need to split the fit-out costs.

Outdoor Events

The market feasibility of an outdoor events space reflects the ability of the use to contribute to the costs of operations and maintenance. It must consider not only the current demand but long-term self-sufficiency. Effective programming and synergy with other uses on the property will be critical to maintaining demand and reaching the projected returns. Competitive venues indicate consistently high levels of demand prior to the pandemic with the assumption that 2022 will return to full demand.

The revenue projections for the outdoor events space reflects the anticipated variety of users ranging from reunions, events and festivals tied in part to the programming at other buildings on the King Farm Farmstead property. The seasonality of the food service at an outdoor venue impacts the revenue estimates and rent contribution. It should be noted that the assumptions about usage reflect seasonal weather but rental rates depend on the structure of the rental agreement. The potential for more than \$60,000 in annual event rental revenues would support the investment required to provide the tent, a stage and lighting, plumbing and electrical support for events use.

Niche Opportunities

King Farm Farmstead offers unique opportunities that pair well with reuse options for each scenario or meet community goals and enhance the market potential. Achievable rents for



the market-rate users, such as the restaurant, furniture store, kennels, food hall and retail stalls, maker space and alcohol production, offer sufficient revenue to justify lease arrangements with all or partial contributions to tenant fit-out. Those non-profit users unable to pay full market-rate rents, such as the arts-related clients in rehearsal and performance space would require not only a below market-rate rent but also philanthropic or City subsidy for fit-out of the space.

Artist Housing

Outside the residential rental market, affordable artist housing for City of Rockville residents may be an alternative to consider for specific tenant buildings or the Main House. These opportunities would provide a lower return than market-rate rentals. Affordable rents are assumed to reflect two-person Moderately Priced Dwelling Unit rates of \$1,640 per month for the large tenant house. This is a use that provides other public benefits in its support for the arts at the cost of reduced rental revenues.

Arts-Related Rehearsal / Performance Space

Local theater, dance and other performing arts groups often report shortages of appropriate facilities for rehearsals and small performances. Such organizations typically do not have the resources to fund the building improvements, but a group of organizations may be able to pay a lease rate of as much as \$13 per square foot for shared use of the space.

City of Rockville Recreation Space

The City of Rockville's current recreation programming for indoor fitness classes, including exercise, yoga and dance, recover 70 to 100 percent of program costs and often pay a reasonable rent to MCPS. Shifting some of these programs to the King Farm Farmstead property could reduce the need to develop alternative space for these programs.

Black-Box Theater

A black-box theater could serve a niche in supporting small theater and performance groups with audiences of up to 100. Typically, such groups do not have the financial wherewithal to pay any significant lease amount (assumed here at \$5 per square foot) or provide any return on the City's investment.

Solar-Panel Field

Placement of a solar-panel field along the front terrace lawn between Frederick Road and the dairy barns could generate additional revenue for the City of Rockville without incurring significant costs. Solar would need to be approved by the Historic District Commission as the property is in a historic district.

Phased Reuse Alternatives

Based on market conditions and the potential synergies amongst specific users, the four following reuse scenarios were tested for financial viability. Each individual use option



provides a revenue stream back to the City based on current market conditions. The phasing of uses reflects shifts in the market based on the development of a critical base of activity, but each use assumes independent market demand. This allows for the greatest flexibility:

Table 4. King Farm Farmstead Scenarios				
	Scenario A	Phase	Scenario B	Phase
Main House (5,000 SF)	Private School / Day Care	2025	Residential Rental	2025
Tenant House 1 (875 SF)	Residential Rental	2026	Artist Housing	2025
Tenant House 2 (515 SF)	Residential Rental	2026	Office	2028
Horse Barn (5,244 SF)	Commercial Kitchen	2029	Brewery / Distillery	2026
Dairy Barn 1 (6,300 SF) (Small)	Restaurants	2028	Maker Space	2025
Dairy Barn 2 (7,100 SF) (Large)	Brewery / Distillery	2027	Rehearsal Arts Space	2027
Garage (2,020 SF)	Residential Rental	2024	Residential Rental	2024
Outdoor Lawn	Community Garden	2023	Community Garden	2023
	Scenario C	Phase	Scenario D	Phase
Main House (5,000 SF)	Boutique B&B	2025	Office	2027
Tenant House 1 (875 SF)	Residential Rental	2024	Residential Rental	2024
Tenant House 2 (515 SF)	Residential Rental	2025	Residential Rental	2024
Horse Barn (5,244 SF)	Kennel	2026	Blackbox Theater	2028
Dairy Barn 1 (6,300 SF) (Small)	Rockville Recreation	2028	Food Hall / Retail Stalls	2026
Dairy Barn 2 (7,100 SF) (Large)	Food Production	2027	Brewery / Distillery	2025
Garage (2,020 SF)	Residential Rental	2024	Residential Rental	2024
Outdoor Lawn	Outdoor Events	2031	Community Garden	2023

Source: Partners for Economic Solutions, 2022.

Cash flow analyses compare the phased costs of improvements to the stream of future revenues. Also considered are the costs of bringing complete utilities to the site and the annual costs of operating and maintaining the property.

Operating Costs and Replacement Reserves

While each tenant will be responsible for their own electric, gas, water and trash costs, there are some costs for the site operations and maintenance that will be required of the City. They include an estimated \$98,000 to \$109,000 in annual landscape maintenance, snow removal, security alarm monitoring, exterior lighting, repairs, supplies, insurance, broker fees, marketing and management contract costs. In addition, reserves for eventual upgrade or replacement of building roofs, heat pumps, sprinklers, electrical and exterior walls should total at least \$51,000 per year.

Parking

Review by Gorove Slade estimated demand for parking by scenario, shown in Table 5 below:



Table 5. Parking Demand By Scenario				
	Scenario A	Scenario B	Scenario C	Scenario D
Main House (5,000 SF)				
	Childcare/ Private School	Rental Housing	Boutique B&B	Office
Entire House Single Use	4,250 SF	3,500 SF net rentable 4 Bedrooms	4,000 SF net rentable 4 Rooms	4,100 SF net rentable
	17 spaces	2 spaces	11 spaces	17 spaces
Tenant House(s) (515 SF Small & 875 SF Large)				
Tenant House (Small)	Residential (515 SF) 1 Bedroom	Office Space (515 SF)	Residential (515 SF) 1 Bedroom	Residential (515 SF) 1 Bedroom
Tenant House (Large)	Residential (875 SF) 2 Bedrooms	Artist Housing (875 SF) 2 Bedrooms	Residential (875 SF) 2 Bedrooms	Residential (875 SF) 2 Bedrooms
	3 spaces	6 spaces	3 spaces	3 spaces
Horse Barn (5,244 SF)				
Horse Barn	Commercial Kitchen (5,200 SF)	Brewery/ Distillery Production (3,200 SF) Tasting Room (1,800 SF)	Kennel (5,200 SF) with pet day care option	Black box theater (2,500 SF) with a maximum seating capacity of 100 Storage (2,700 SF)
	11 spaces	8 spaces	10 spaces	29 spaces
Barn(s) (6,300 SF small & 7,100 SF Large)				
Dairy Barn (Small)	Restaurant(s) (5,670 SF of RBA)	Maker Space	Rockville Recreation (4,000 SF)	Food Hall / Retail Stalls (500-700 SF each)- 5-6 stalls wiith shared seating
Dairy Barn (Large)	Brewery / Distillery Alcohol Production (4,890 SF) and small tasting room (1,500 SF)	Rehearsal Space with Small Performance Venue (seating maximum of 150)	Food Production (6,390 net rentable SF)	Brewery / Distillery Alcohol Production (5,000 SF) and small tasting room (1,500 SF)
	39 spaces	15 Spaces (excluding performances)	30 spaces	68 spaces
Garage (2,020 SF)				
Garage	Equipment Storage	Equipment Storage	Equipment Storage	Equipment Storage
	Rental Residential	Rental Residential	Rental Residential	Rental Residential
	1 space	1 space	1 space	1 space
Outdoor Events Space				
Community Garden Site	Community Garden	Community Garden	Events Space in Tent	Community Garden

Source: Partners for Economic Solutions, 2022.

It should be noted that these parking spaces include the planned 47-space parking lot, to be constructed behind the Garage and tenant houses within the next few years. To accommodate the full range of uses, Alternative A would require 24 additional parking spaces, Alternative C would need eight more spaces and Alternative D would require 71 additional parking spaces to support both the food hall, brewery/distillery and the black-box theater. Alternative B would not require additional parking spaces. Creating parking on a portion of the existing lawn between the dairy barns and Grand Champion Boulevard offers the potential to meet all of the non-event parking demand on-site; however, the amount of parking required to support Alternative D would preempt the community garden and outdoors event space.



The reservation of access to the existing public parking at the nearby Mattie J.T. Stepanek Park for overflow parking associated with large events at King Farm Farmstead would be important to accommodate outdoor events.

Returns on Investment

Table 6 summarizes the results of the cash flow analyses for the four alternative mixes of uses. (The actual 20-year cash flow statements are included as Appendix Tables A-1 to A-4.) The first row shows the Net Present Value of future revenues from all of the building leases. Net Present Value relates to the time value of money and the concept that a dollar received today is more valuable than one received in a year or two. The Net Present Value represents an equivalency of today's dollars versus the dollars spent over a period of time. Then the Net Present Value of total capital costs for building renovations, exterior landscape improvements and tenant fit-out is shown assuming that they are all funded by the City. The difference is the current value of the future cash flow to the City. The returns for the four alternatives range from -\$4,158,000 for Scenario D to -\$934,000 for Scenario B. The negative values shown indicate that the City would not recoup its investment from future revenues. (Note that this is not the traditional private-market calculation of return because it does not consider the value of the City-owned land or the dollars that have already been invested by the City to stabilize and repair the dairy barns and other property improvements. It relates only to the future investment going forward.) For comparison, the Net Present Value of the required improvements to renovate and preserve the buildings with no tenants and no interior fit-out would be -\$7,715,000, including ongoing property maintenance costs.

Table 6. Net Present Value of Future Cash Flow By Scenario				
	Scenario A	Scenario B	Scenario C	Scenario D
Total Revenue Inflows	\$14,341,000	\$12,951,000	\$12,020,000	\$11,112,000
Total Cost Outflows	\$16,163,000	\$13,205,000	\$13,613,000	\$15,270,000
Net Present Value of Cash Flow	-\$1,529,000	-\$934,000	-\$1,905,000	-\$4,158,000
Net Present Value of Cash Flow with Tenant Fit-Out	\$577,000	-\$459,000	-\$1,565,000	-\$3,481,000
Source: Partners for Economic Solutions, 2022.				

The final row reflects the fact that some specific users may be able to fund their own tenant improvements or fit-out after the City's building renovation creates a "warm-vanilla shell" with walls, ceiling and finished floors. Those fit-out improvements would be required before a certificate of occupancy could be issued. The cash flow analysis for each scenario tested this option, when market indicators suggested that the category of tenant/end-user typically funds the tenant improvements. Generally, the residential units, child care center, Bed & Breakfast, office, rehearsal space and black-box theater were not expected to be able to fund their interior fit-out costs. Deducting those tenant contributions for building fit-out costs yields the Net Present Value of the City's investment. Scenario A would generate the largest return to the City at \$577,000.



Appendix Tables

Table A-1. Scenario A Summary Cash Flow Projections										
	Total	2023	2024	2025	2026	2027	2028	2029	2030	2031
Inflows										
Gross Revenues (Main House & Tenant Buildings)	\$3,377,399	\$0	\$0	\$70,203	\$141,246	\$145,483	\$149,848	\$154,343	\$158,974	\$163,743
Main House Gross Revenue	\$1,763,269	\$0	\$0	\$70,203	\$72,309	\$74,478	\$76,712	\$79,014	\$81,384	\$83,826
Tenant Building 1 Gross Revenue	\$1,016,089	\$0	\$0	\$0	\$43,396	\$44,698	\$46,039	\$47,420	\$48,842	\$50,308
Tenant Building 2 Gross Revenue	\$598,041	\$0	\$0	\$0	\$25,542	\$26,308	\$27,097	\$27,910	\$28,747	\$29,610
Less Vacancy	\$168,870	\$0	\$0	\$3,510	\$7,062	\$7,274	\$7,492	\$7,717	\$7,949	\$8,187
Net MH & TH Lease Revenues	\$3,208,529	\$0	\$0	\$66,692	\$134,184	\$138,209	\$142,356	\$146,626	\$151,025	\$155,556
Gross Revenues (Horse & Dairy Barns, Lawn)	\$11,906,256	\$0	\$0	\$0	\$0	\$155,792	\$409,639	\$609,757	\$628,050	\$646,892
Horse Barn	\$3,493,415	\$0	\$0	\$0	\$0	\$0	\$0	\$187,829	\$193,464	\$199,268
Dairy Barn 1 Small	\$5,022,564	\$0	\$0	\$0	\$0	\$0	\$249,174	\$256,649	\$264,348	\$272,279
Dairy Barn 2 Large	\$3,390,278	\$0	\$0	\$0	\$0	\$155,792	\$160,466	\$165,280	\$170,238	\$175,345
Less Vacancy	\$773,907	\$0	\$0	\$0	\$0	\$10,126	\$26,627	\$39,634	\$40,823	\$42,048
Net Barn & Lawn Lease Revenues	\$11,132,350	\$0	\$0	\$0	\$0	\$145,665	\$383,013	\$570,123	\$587,227	\$604,844
Total Inflows	\$14,340,879	\$0	\$0	\$66,692	\$134,184	\$283,875	\$525,368	\$716,749	\$738,252	\$760,399
Outflows										
Building Renovations	\$6,484,156	\$344,747	\$648,139	\$650,988	\$1,019,899	\$950,230	\$2,870,154	\$0	\$0	\$0
Interior Fit-Out	\$2,915,856	\$0	\$143,813	\$0	\$593,276	\$1,162,630	\$1,016,138	\$0	\$0	\$0
Exterior Improvements (include lawn events)	\$993,929	\$5,452	\$14,574	\$4,376	\$23,692	\$22,074	\$923,762	\$0	\$0	\$0
Project-Wide Exterior Infrastructure	\$212,937	\$212,937	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Capital Costs	\$10,606,879	\$563,136	\$806,526	\$655,364	\$1,636,866	\$2,134,933	\$4,810,054	\$0	\$0	\$0
Operating Expenses	\$4,484,968	\$117,936	\$127,371	\$137,561	\$145,814	\$153,105	\$160,760	\$168,798	\$177,238	\$186,100
Replacement Reserves	\$1,071,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
Total Outflows	\$16,162,847	\$732,072	\$984,897	\$843,924	\$1,833,681	\$2,339,038	\$5,021,814	\$219,798	\$228,238	\$237,100
Net Development Inflows/Outflows	(\$1,821,969)	(\$732,072)	(\$984,897)	(\$777,232)	(\$1,699,497)	(\$2,055,163)	(\$4,496,446)	\$496,951	\$510,014	\$523,299

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

Table A-1. Scenario A Summary Cash Flow Projections (Continued)												
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
\$168,655	\$173,715	\$178,926	\$184,294	\$189,823	\$195,518	\$201,383	\$207,425	\$213,647	\$220,057	\$226,658	\$233,458	
\$86,340	\$88,931	\$91,598	\$94,346	\$97,177	\$100,092	\$103,095	\$106,188	\$109,373	\$112,655	\$116,034	\$119,515	
\$51,817	\$53,371	\$54,973	\$56,622	\$58,320	\$60,070	\$61,872	\$63,728	\$65,640	\$67,609	\$69,638	\$71,727	
\$30,498	\$31,413	\$32,355	\$33,326	\$34,326	\$35,355	\$36,416	\$37,509	\$38,634	\$39,793	\$40,987	\$42,216	
\$8,433	\$8,686	\$8,946	\$9,215	\$9,491	\$9,776	\$10,069	\$10,371	\$10,682	\$11,003	\$11,333	\$11,673	
\$160,222	\$165,029	\$169,980	\$175,079	\$180,332	\$185,742	\$191,314	\$197,053	\$202,965	\$209,054	\$215,326	\$221,785	
\$666,298	\$686,287	\$706,876	\$728,082	\$749,925	\$772,422	\$795,595	\$819,463	\$844,047	\$869,368	\$895,449	\$922,313	
\$205,246	\$211,403	\$217,745	\$224,278	\$231,006	\$237,936	\$245,074	\$252,426	\$259,999	\$267,799	\$275,833	\$284,108	
\$280,447	\$288,861	\$297,526	\$306,452	\$315,646	\$325,115	\$334,869	\$344,915	\$355,262	\$365,920	\$376,898	\$388,204	
\$180,605	\$186,024	\$191,604	\$197,352	\$203,273	\$209,371	\$215,652	\$222,122	\$228,786	\$235,649	\$242,719	\$250,000	
\$43,309	\$44,609	\$45,947	\$47,325	\$48,745	\$50,207	\$51,714	\$53,265	\$54,863	\$56,509	\$58,204	\$59,950	
\$622,989	\$641,679	\$660,929	\$680,757	\$701,180	\$722,215	\$743,881	\$766,198	\$789,184	\$812,859	\$837,245	\$862,362	
\$783,211	\$806,708	\$830,909	\$855,836	\$881,511	\$907,957	\$935,195	\$963,251	\$992,149	\$1,021,913	\$1,052,571	\$1,084,148	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$195,405	\$205,175	\$215,434	\$226,206	\$237,516	\$249,392	\$261,861	\$274,954	\$288,702	\$303,137	\$318,294	\$334,209	
\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	
\$246,405	\$256,175	\$266,434	\$277,206	\$288,516	\$300,392	\$312,861	\$325,954	\$339,702	\$354,137	\$369,294	\$385,209	
\$536,806	\$550,533	\$564,475	\$578,631	\$592,995	\$607,565	\$622,334	\$637,297	\$652,447	\$667,776	\$683,277	\$698,939	

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

	Total	2023	2024	2025	2026	2027	2028	2029	2030	2031
Inflows										
Gross Revenues (Main House & Tenant Buildings)	\$5,358,528	\$0	\$0	\$74,267	\$104,193	\$107,318	\$251,763	\$259,316	\$267,095	\$275,108
Main House Gross Revenue	\$1,815,130	\$0	\$0	\$72,267	\$74,435	\$76,668	\$78,969	\$81,338	\$83,778	\$86,291
Tenant Building 1 Gross Revenue	\$696,747	\$0	\$0	\$0	\$29,757	\$30,650	\$31,569	\$32,516	\$33,492	\$34,497
Tenant Building 2 Gross Revenue	\$2,846,651	\$0	\$0	\$0	\$0	\$0	\$141,225	\$145,462	\$149,825	\$154,320
Less Vacancy	\$267,926	\$0	\$0	\$3,613	\$5,210	\$5,366	\$12,588	\$12,966	\$13,355	\$13,755
Net MH & TH Lease Revenues	\$5,090,601	\$0	\$0	\$68,654	\$98,983	\$101,952	\$239,175	\$246,350	\$253,740	\$261,352
Gross Revenues (Horse & Dairy Barns, Lawn)	\$8,406,518	\$0	\$0	\$93,659	\$229,323	\$236,203	\$389,313	\$400,992	\$413,022	\$425,413
Horse Barn	\$3,110,728	\$0	\$0	\$0	\$132,855	\$136,841	\$140,946	\$145,174	\$149,530	\$154,015
Dairy Barn 1 Small	\$2,352,408	\$0	\$0	\$93,659	\$96,468	\$99,362	\$102,343	\$105,413	\$108,576	\$111,833
Dairy Barn 2 Large	\$2,943,382	\$0	\$0	\$0	\$0	\$0	\$146,024	\$150,404	\$154,917	\$159,564
Less Vacancy	\$546,424	\$0	\$0	\$6,088	\$14,906	\$15,353	\$25,305	\$26,064	\$26,846	\$27,652
Open Lawn / Event Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Barn & Lawn Lease Revenues	\$7,860,094	\$0	\$0	\$87,571	\$214,417	\$220,850	\$364,008	\$374,928	\$386,176	\$397,761
Total Inflows	\$12,950,696	\$0	\$0	\$156,225	\$313,400	\$322,802	\$603,182	\$621,277	\$639,916	\$659,113
Outflows										
Building Renovations	\$6,738,967	\$1,080,647	\$1,453,227	\$2,865,751	\$0	\$1,339,342	\$0	\$0	\$0	\$0
Interior Fit-Out	\$914,567	\$0	\$177,639	\$413,385	\$0	\$323,542	\$0	\$0	\$0	\$0
Exterior Improvements (include lawn events)	\$69,759	\$5,452	\$18,363	\$19,263	\$0	\$26,681	\$0	\$0	\$0	\$0
Project-Wide Exterior Infrastructure	\$212,937	\$212,937	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Capital Costs	\$7,936,230	\$1,299,035	\$1,649,230	\$3,298,399	\$0	\$1,689,565	\$0	\$0	\$0	\$0
Operating Expenses	\$4,197,470	\$110,376	\$119,206	\$128,743	\$136,467	\$143,290	\$150,455	\$157,978	\$165,877	\$174,170
Replacement Reserves	\$1,071,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
Total Outflows	\$13,204,700	\$1,460,411	\$1,819,436	\$3,478,142	\$187,467	\$1,883,856	\$201,455	\$208,978	\$216,877	\$225,170
Net Development Inflows/Outflows	(\$254,004)	(\$1,460,411)	(\$1,819,436)	(\$3,321,917)	\$125,933	(\$1,561,053)	\$401,727	\$412,300	\$423,039	\$433,943

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

Table A-2. Scenario B Summary Cash Flow Projections (Continued)												
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
\$283,361	\$291,862	\$300,618	\$309,636	\$318,925	\$328,493	\$338,348	\$348,498	\$358,953	\$369,722	\$380,814	\$392,238	
\$88,880	\$91,546	\$94,293	\$97,121	\$100,035	\$103,036	\$106,127	\$109,311	\$112,590	\$115,968	\$119,447	\$123,030	
\$35,532	\$36,598	\$37,695	\$38,826	\$39,991	\$41,191	\$42,427	\$43,699	\$45,010	\$46,361	\$47,751	\$49,184	
\$158,950	\$163,718	\$168,630	\$173,689	\$178,899	\$184,266	\$189,794	\$195,488	\$201,353	\$207,393	\$213,615	\$220,024	
\$14,168	\$14,593	\$15,031	\$15,482	\$15,946	\$16,425	\$16,917	\$17,425	\$17,948	\$18,486	\$19,041	\$19,612	
\$269,193	\$277,269	\$285,587	\$294,154	\$302,979	\$312,068	\$321,431	\$331,073	\$341,006	\$351,236	\$361,773	\$372,626	
\$438,175	\$451,320	\$464,860	\$478,806	\$493,170	\$507,965	\$523,204	\$538,900	\$555,067	\$571,719	\$588,871	\$606,537	
\$158,636	\$163,395	\$168,297	\$173,346	\$178,546	\$183,903	\$189,420	\$195,102	\$200,955	\$206,984	\$213,193	\$219,589	
\$115,188	\$118,644	\$122,203	\$125,869	\$129,645	\$133,535	\$137,541	\$141,667	\$145,917	\$150,294	\$154,803	\$159,447	
\$164,351	\$169,281	\$174,360	\$179,591	\$184,978	\$190,528	\$196,244	\$202,131	\$208,195	\$214,441	\$220,874	\$227,500	
\$28,481	\$29,336	\$30,216	\$31,122	\$32,056	\$33,018	\$34,008	\$35,029	\$36,079	\$37,162	\$38,277	\$39,425	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$409,694	\$421,984	\$434,644	\$447,683	\$461,114	\$474,947	\$489,196	\$503,872	\$518,988	\$534,557	\$550,594	\$567,112	
\$678,887	\$699,253	\$720,231	\$741,838	\$764,093	\$787,016	\$810,626	\$834,945	\$859,993	\$885,793	\$912,367	\$939,738	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$182,879	\$192,023	\$201,624	\$211,705	\$222,291	\$233,405	\$245,075	\$257,329	\$270,196	\$283,705	\$297,891	\$312,785	
\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	
\$233,879	\$243,023	\$252,624	\$262,705	\$273,291	\$284,405	\$296,075	\$308,329	\$321,196	\$334,705	\$348,891	\$363,785	
\$445,008	\$456,230	\$467,607	\$479,133	\$490,802	\$502,611	\$514,551	\$526,616	\$538,798	\$551,088	\$563,476	\$575,953	

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

Table A-3. Scenario C Summary Cash Flow Projections

	Total	2023	2024	2025	2026	2027	2028	2029	2030	2031
Inflows										
Gross Revenues (Main House & Tenant Buildings)	\$3,569,751	\$0	\$33,782	\$140,781	\$145,004	\$149,354	\$153,835	\$158,450	\$163,203	\$168,099
Main House Gross Revenue	\$2,074,434	\$0	\$0	\$82,591	\$85,069	\$87,621	\$90,250	\$92,957	\$95,746	\$98,618
Tenant Building 1 Gross Revenue	\$907,733	\$0	\$33,782	\$34,795	\$35,839	\$36,914	\$38,022	\$39,163	\$40,337	\$41,548
Tenant Building 2 Gross Revenue	\$587,584	\$0	\$0	\$23,394	\$24,096	\$24,819	\$25,563	\$26,330	\$27,120	\$27,934
Less Vacancy	\$178,488	\$0	\$1,689	\$7,039	\$7,250	\$7,468	\$7,692	\$7,922	\$8,160	\$8,405
Net MH & TH Lease Revenues	\$3,391,264	\$0	\$32,093	\$133,742	\$137,754	\$141,886	\$146,143	\$150,527	\$155,043	\$159,694
Gross Revenues (Horse & Dairy Barns, Lawn)	\$9,069,624	\$0	\$0	\$0	\$100,693	\$269,892	\$317,857	\$327,392	\$337,214	\$347,331
Horse Barn	\$2,357,678	\$0	\$0	\$0	\$100,693	\$103,714	\$106,826	\$110,030	\$113,331	\$116,731
Dairy Barn 1 Small	\$803,610	\$0	\$0	\$0	\$0	\$0	\$39,868	\$41,064	\$42,296	\$43,565
Dairy Barn 2 Large	\$3,616,296	\$0	\$0	\$0	\$0	\$166,178	\$171,163	\$176,298	\$181,587	\$187,035
Less Vacancy	\$589,526	\$0	\$0	\$0	\$6,545	\$17,543	\$20,661	\$21,281	\$21,919	\$22,576
Open Lawn / Event Space	\$2,292,040	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$146,758
Net Barn & Lawn Lease Revenues	\$8,480,099	\$0	\$0	\$0	\$94,148	\$252,349	\$297,196	\$306,112	\$315,295	\$471,512
Total Inflows	\$12,020,345	\$0	\$32,093	\$133,742	\$231,902	\$394,236	\$443,339	\$456,639	\$470,338	\$631,207
Outflows										
Building Renovations	\$6,817,364	\$1,519,812	\$871,466	\$2,455,957	\$1,019,899	\$950,230	\$0	\$0	\$0	\$0
Interior Fit-Out	\$1,095,705	\$0	\$133,911	\$118,568	\$593,276	\$249,951	\$0	\$0	\$0	\$0
Exterior Improvements (include lawn events)	\$342,169	\$7,813	\$16,075	\$16,508	\$23,692	\$22,074	\$0	\$0	\$256,007	\$0
Project-Wide Exterior Infrastructure	\$212,937	\$212,937	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Capital Costs	\$8,468,175	\$1,740,563	\$1,021,452	\$2,591,033	\$1,636,866	\$1,222,254	\$0	\$0	\$256,007	\$0
Operating Expenses	\$4,074,257	\$107,136	\$115,707	\$124,963	\$132,461	\$139,084	\$146,039	\$153,340	\$161,007	\$169,058
Replacement Reserves	\$1,071,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
Total Outflows	\$13,613,432	\$1,898,699	\$1,188,159	\$2,766,996	\$1,820,328	\$1,412,339	\$197,039	\$204,340	\$468,014	\$220,058
Net Development Inflows/Outflows	(\$1,593,087)	(\$1,898,699)	(\$1,156,066)	(\$2,633,255)	(\$1,588,425)	(\$1,018,103)	\$246,301	\$252,299	\$2,324	\$411,149

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

Table A-3. Scenario C Summary Cash Flow Projections (Continued)											
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
	</										

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

Table A-4. Scenario D Summary Cash Flow Projections

	Total	2023	2024	2025	2026	2027	2028	2029	2030	2031
Inflows										
Gross Revenues (Main House & Tenant Buildings)	\$4,104,723	\$0	\$55,614	\$57,282	\$59,001	\$180,723	\$186,145	\$191,729	\$197,481	\$203,406
Main House Gross Revenue	\$2,610,355	\$0	\$0	\$0	\$0	\$119,952	\$123,551	\$127,257	\$131,075	\$135,007
Tenant Building 1 Gross Revenue	\$960,103	\$0	\$35,731	\$36,803	\$37,907	\$39,044	\$40,215	\$41,422	\$42,665	\$43,944
Tenant Building 2 Gross Revenue	\$534,266	\$0	\$19,883	\$20,480	\$21,094	\$21,727	\$22,379	\$23,050	\$23,741	\$24,454
Less Vacancy	\$205,236	\$0	\$2,781	\$2,864	\$2,950	\$9,036	\$9,307	\$9,586	\$9,874	\$10,170
Net MH & TH Lease Revenues	\$3,899,487	\$0	\$52,833	\$54,418	\$56,051	\$171,687	\$176,838	\$182,143	\$187,607	\$193,235
Gross Revenues (Horse & Dairy Barns, Lawn)	\$7,713,473	\$0	\$0	\$149,532	\$290,359	\$299,070	\$346,011	\$356,392	\$367,084	\$378,096
Horse Barn	\$765,343	\$0	\$0	\$0	\$0	\$0	\$37,969	\$39,108	\$40,282	\$41,490
Dairy Barn 1 Small	\$3,192,367	\$0	\$0	\$0	\$136,342	\$140,432	\$144,645	\$148,984	\$153,454	\$158,058
Dairy Barn 2 Large	\$3,755,763	\$0	\$0	\$149,532	\$154,017	\$158,638	\$163,397	\$168,299	\$173,348	\$178,548
Less Vacancy	\$501,376	\$0	\$0	\$9,720	\$18,873	\$19,440	\$22,491	\$23,165	\$23,860	\$24,576
Open Lawn / Event Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Barn & Lawn Lease Revenues	\$7,212,097	\$0	\$0	\$139,812	\$271,486	\$279,630	\$323,521	\$333,226	\$343,223	\$353,520
Total Inflows	\$11,111,584	\$0	\$52,833	\$194,230	\$327,537	\$451,318	\$500,358	\$515,369	\$530,830	\$546,755
Outflows										
Building Renovations	\$6,998,415	\$1,778,293	\$890,897	\$853,755	\$741,989	\$2,733,480	\$0	\$0	\$0	\$0
Interior Fit-Out	\$1,481,757	\$0	\$518,235	\$496,630	\$109,038	\$357,854	\$0	\$0	\$0	\$0
Exterior Improvements (include lawn events)	\$84,789	\$9,203	\$20,695	\$19,833	\$16,685	\$18,374	\$0	\$0	\$0	\$0
Project-Wide Exterior Infrastructure	\$1,600,927	\$1,600,927	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Capital Costs	\$10,165,888	\$3,388,423	\$1,429,827	\$1,370,218	\$867,712	\$3,109,707	\$0	\$0	\$0	\$0
Operating Expenses	\$4,033,186	\$106,056	\$114,540	\$123,704	\$131,126	\$137,682	\$144,566	\$151,795	\$159,384	\$167,354
Replacement Reserves	\$1,071,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
Total Outflows	\$15,270,074	\$3,545,479	\$1,595,368	\$1,544,921	\$1,049,838	\$3,298,390	\$195,566	\$202,795	\$210,384	\$218,354
Net Development Inflows/Outflows	(\$4,158,489)	(\$3,545,479)	(\$1,542,535)	(\$1,350,691)	(\$722,301)	(\$2,847,072)	\$304,792	\$312,575	\$320,446	\$328,402

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
\$209,508	\$215,793	\$222,267	\$228,935	\$235,803	\$242,877	\$250,163	\$257,668	\$265,398	\$273,360	\$281,561	\$290,008
\$139,058	\$143,229	\$147,526	\$151,952	\$156,511	\$161,206	\$166,042	\$171,023	\$176,154	\$181,439	\$186,882	\$192,488
\$45,263	\$46,621	\$48,019	\$49,460	\$50,944	\$52,472	\$54,046	\$55,668	\$57,338	\$59,058	\$60,829	\$62,654
\$25,187	\$25,943	\$26,721	\$27,523	\$28,349	\$29,199	\$30,075	\$30,977	\$31,907	\$32,864	\$33,850	\$34,865
\$10,475	\$10,790	\$11,113	\$11,447	\$11,790	\$12,144	\$12,508	\$12,883	\$13,270	\$13,668	\$14,078	\$14,500
\$199,032	\$205,003	\$211,154	\$217,488	\$224,013	\$230,733	\$237,655	\$244,785	\$252,128	\$259,692	\$267,483	\$275,507
\$389,439	\$401,122	\$413,156	\$425,550	\$438,317	\$451,466	\$465,010	\$478,961	\$493,330	\$508,130	\$523,373	\$539,075
\$42,735	\$44,017	\$45,337	\$46,697	\$48,098	\$49,541	\$51,028	\$52,558	\$54,135	\$55,759	\$57,432	\$59,155
\$162,799	\$167,683	\$172,714	\$177,895	\$183,232	\$188,729	\$194,391	\$200,223	\$206,229	\$212,416	\$218,789	\$225,352
\$183,905	\$189,422	\$195,105	\$200,958	\$206,987	\$213,196	\$219,592	\$226,180	\$232,965	\$239,954	\$247,153	\$254,567
\$25,314	\$26,073	\$26,855	\$27,661	\$28,491	\$29,345	\$30,226	\$31,132	\$32,066	\$33,028	\$34,019	\$35,040
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$364,125	\$375,049	\$386,301	\$397,890	\$409,826	\$422,121	\$434,785	\$447,828	\$461,263	\$475,101	\$489,354	\$504,035
\$563,158	\$580,053	\$597,454	\$615,378	\$633,839	\$652,854	\$672,440	\$692,613	\$713,392	\$734,793	\$756,837	\$779,542
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$175,721	\$184,507	\$193,733	\$203,419	\$213,590	\$224,270	\$235,483	\$247,258	\$259,620	\$272,601	\$286,231	\$300,543
\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
\$226,721	\$235,507	\$244,733	\$254,419	\$264,590	\$275,270	\$286,483	\$298,258	\$310,620	\$323,601	\$337,231	\$351,543
\$336,437	\$344,545	\$352,721	\$360,958	\$369,249	\$377,584	\$385,957	\$394,356	\$402,771	\$411,192	\$419,606	\$427,999

Source: Hummer Construction Resources; Partners for Economic Solutions, 2022.



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