
MEMORANDUM

TO: Mayor & City Council

FROM: Economic & Business Development Committee
VIA: Tom Lonergan-Seeger, Assistant City Manager
Sharon Disque, Economic Development Manager

CC: Tanisha Briley, City Manager
John Schlichting, Director of Planning & Code Administration

DATE: May 10, 2023

RE: Annexation of the Walnut Hill Shopping Center and related parcels

On Friday, April 28, 2023, representatives of Walnut Granite LLC, Jay Klug and Jake DiPiazza, presented an overview of a proposal for the annexation and redevelopment of Walnut Hill Shopping Center to the members of the Gaithersburg Economic & Business Development Committee.

Previously, on March 18, 2022, the Committee had received a briefing on the proposal and voted in favor of a motion to support the annexation. Since then, the developer's plans have evolved to include greater detail. This recent meeting allowed for more in depth consideration of the annexation, its value to the community, and the terms of the proposed annexation agreement, which includes:

- Rezoning of the shopping center to General Commercial (C-2)
- A concept plan, including a new gas station / convenience store
- Enhanced pedestrian connections on site
- Land to accommodate the proposed Bus Rapid Transit right-of-way
- Reconfiguration of parking
- Future demolition of a vacant free-standing building at the property's southeast corner
- EV chargers
- Improved lighting
- Façade enhancements
- Public art

It is the Committee's recommendation that the annexation is of benefit to the City of Gaithersburg.

A City Gateway: The property's location on Rt. 355 denotes an entrance to the City, despite being outside the municipal boundary. Via annexation, the City government gains the ability to influence design, appearance, maintenance and safety conditions.

Environmental / Sustainability Impacts: The shopping center redevelopment includes characteristics that support larger community priorities:

- Future public transit (Bus Rapid Transit corridor)
- Re-use of existing buildings
- Potential for future installation of solar panels

Fiscal Impact: Annexation will add the commercial parcels to the City's tax base, without adding service costs typically generated by residential uses.

Near and long-term potential for further development and redevelopment: Leasing activity associated with the proposed shopping center improvements demonstrates the commercial viability of the location, currently. Parcel size and infrastructure – existing and planned – indicate the opportunity for a completely reimagined development in the much longer term. Annexation insures that a future generation of City residents will have a role in shaping the physical