
MEMORANDUM TO: Mayor and City Council
Planning Commission

FROM: Caroline Seiden, Planner

DATE: June 14, 2024

SUBJECT: Preliminary Background Report
Application SDP-9759-2024: 715/725 Progress Way

APPLICANT/OWNER

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TAX MAP REFERENCE:

Tax Assessment Map # FT32

TAX ACCOUNT NUMBERS:

ID # 09-03860002

REQUEST

MFV 700 NFA, LLC and DNIP4 NFA, LLC (“Applicant”) has submitted Schematic Development Plan (SDP) application SDP-9759-2024 (Exhibit #1). This plan is in accordance with Sketch Plan SK-8180-2019, known as 700 North Frederick Avenue, approved by Resolution R-54-19 (Exhibit #38). The plan proposes to subdivide Parcel S into two Lots (Lots 7 and 8) and to develop 14,750 square feet of commercial development.

LOCATION

The subject area of the application (“Site” or “Property”), Parcel “S” is located at 725 Progress Way and is part of the 43.96-acre Matan redevelopment of the previous IBM property. The currently unimproved lot is bounded by Bunsen Place to the northwest, the North Frederick Avenue linear park (and North Frederick Avenue) to the northeast, 705 Progress Way (Chick-fil-A) to the southeast and Progress Way to the southwest. Vehicular access to the Site is from Progress Way.



Location of Project Area

The site was previously improved with office buildings as part of the original IBM campus. The structures have since been demolished as part of the initial phase of development under SDP-8597-2020 and the area is currently stabilized with lawn.

PROJECT BACKGROUND

The subject property (“Site” or “Property”) was originally developed for IBM and most recently vacated by Leidos. Concurrent with Leidos’ departure, the property was purchased by MFV 700 NFA, LLC and DNIP4 NFA, LLC MDF. The new property owners received a Sketch Plan approval in 2019 for commercial, employment and industrial uses and allows up to 650,000 square feet of development split over two “blocks” equating to an FAR of approximately .34 over 44 acres (SK-8180-2019). More specifically, the sketch plan permits up to 10% of the redeveloped floor area as retail commercial uses and up to 100% of employment/office or other commercial/institutional uses.

The current SDP application is the second schematic development plan to implement the approved sketch plan by replacing outmoded office buildings with a range of flexible commercial uses at a highly visible intersection. The first schematic development plan, SDP-8597-2020, was approved in 2020, followed by three final site plans that implement the SDP. SDP-9759-2024 is specifically focused on defining uses, building footprints, site circulation and open and amenity space in conformance with the requirements of SK-8180-2019 for Parcel S.

As part of its presentation, the applicant has provided an overall plan for the site to date, highlighting the relationship between the existing development on Lots 1, 4, 5 and 6 and the proposed development of Lots 7 and 8, outlined in red, that are the subject of the current SDP.



REQUIRED ACTIONS

Approval of SDP-9759-2024, by the City Council is dependent upon the findings required under § 24-160D.10 (b) of the City Code as follows:

- (b) *The city council shall approve a schematic development plan only upon the finding that:*
- (1) *The plan is substantially in accord with the approved sketch plan; and*
 - (2) *The plan meets or accomplishes the purposes, objectives and minimum standards and requirements of the zone, and other requirements of the City Code; and*
 - (3) *The plan is in accord with the area master plan and any accompanying special condition or requirements contained in said master plan for the area under consideration; and*
 - (4) *The plan will be internally and externally compatible and harmonious with existing and planned land uses in the MXD zoned area and adjacent areas; and*
 - (5) *That existing or planned public facilities are adequate to service the proposed development contained in the plan; and*
 - (6) *That the development staging or phasing program is adequate in relation to the provision of public facilities and private amenities to service the proposed development; and*
 - (7) *That the plan, if approved, would be in the public interest.*

Therefore, the Applicant has the burden of showing that the application complies with the purpose and intent of the MXD Zone and the master plan. Additionally, evidence must be shown that the application will be compatible and harmonious with the surrounding planned and existing land uses and will accomplish the objectives, minimum standards, and requirements of the zone.

As part of the application package, the applicant has submitted a project compliance statement letter (Exhibit #18). The letter outlines the project narrative and required findings in compliance with the MXD zone.

ANNEXATION, ZONING AND SITE PLAN HISTORY:

Annexation

The Property was annexed into the City of Gaithersburg in 1992 as part of Annexation X-161 and zoned I-3, Industrial and Office Park. Annexation Agreement X-161 included the following key provisions:

- All existing approved development and uses therein on the Property, including but not limited to all structures and parking spaces and areas, shall be grandfathered into Gaithersburg as conforming development.
- Gaithersburg agrees to permit resubdivision of the Subject Property by replatting so long as any lot created complies with the standards and criteria for a record lot as set forth in the Gaithersburg Subdivision Regulations.
- Gaithersburg agrees to permit future additional development or redevelopment of the Subject Property in excess of the Existing Development and Additional Development in compliance with the Gaithersburg I-3 Zone and applicable governmental codes and regulations as such requirements thereof may be modified by the terms and conditions of this Agreement.
- Gaithersburg agrees that additional parking spaces built on the Subject Property for development which occurs subsequent to the annexation of the Subject Property may be sized in accordance with Section 59-E-2.2 of the Montgomery County Code as written on the Effective Date of this Agreement and will not be subject to parking space size requirements of the Gaithersburg Code. All non-traffic generating areas, including but not limited to meeting rooms and corridors, shall not be used by Gaithersburg to determine the number of parking spaces required for future development on the Subject Property.

Master Plan

The subject property first appeared in the 1997 Neighborhood Six Land Use Plan (“1997 Plan”) as part of Study Area 3. The 1997 Plan characterized Area 3 as dominated by industrial-research-office uses. The Property was included as map designation 7 in the 1997 Plan. Recommendations for map designation 7 included redesignating it as commercial/industrial-research-office and rezoning it to MXD.

The Property was also addressed in the 2001 Frederick Avenue Corridor Land Use Plan (“2001 Plan”). In the 2001 Plan, the Property was included in the Northern Employment District, which extended from Montgomery Village Avenue to Game Preserve Road. The 2001 Plan characterized the district as dominated by car dealerships, retail uses, hotels, and large office complexes. The 2001 Plan reconfirmed all land use designations and zoning recommendations from the 1997 Neighborhood Six Land Use Plan, thus reconfirming the commercial/industrial-research-office designation for the Property. Subsequently, both the 2003 and 2009 Land Use Plans reaffirmed the commercial/industrial-research-office use designation for the Property.

Zoning

The City, on April 7, 1997 approved Zoning Map Amendment Application Z-285, Ordinance O-12-97, comprehensively rezoning approximately 105 acres, including the subject property from I-3 (Industrial and Office Park) to MXD (Mixed Use Development) in compliance with recommendations from the 1997 Neighborhood Six Land Use Plan. This comprehensive rezoning did not include new sketch plans, nor did it alter any terms of the Annexation Agreement. Vested site plans were retained; only the zoning of the parcel changed.

The property immediately to the northwest is zoned I-3 and improved with a warehouse use. Properties to the northeast across MD 355 and to the southeast across MD 124 are zoned C-2 and improved with various retail and office uses. Residential and commercial uses in the MXD zone to the south and west are separated by I-270.



Zoning – 725 Progress Way and Surrounding Property

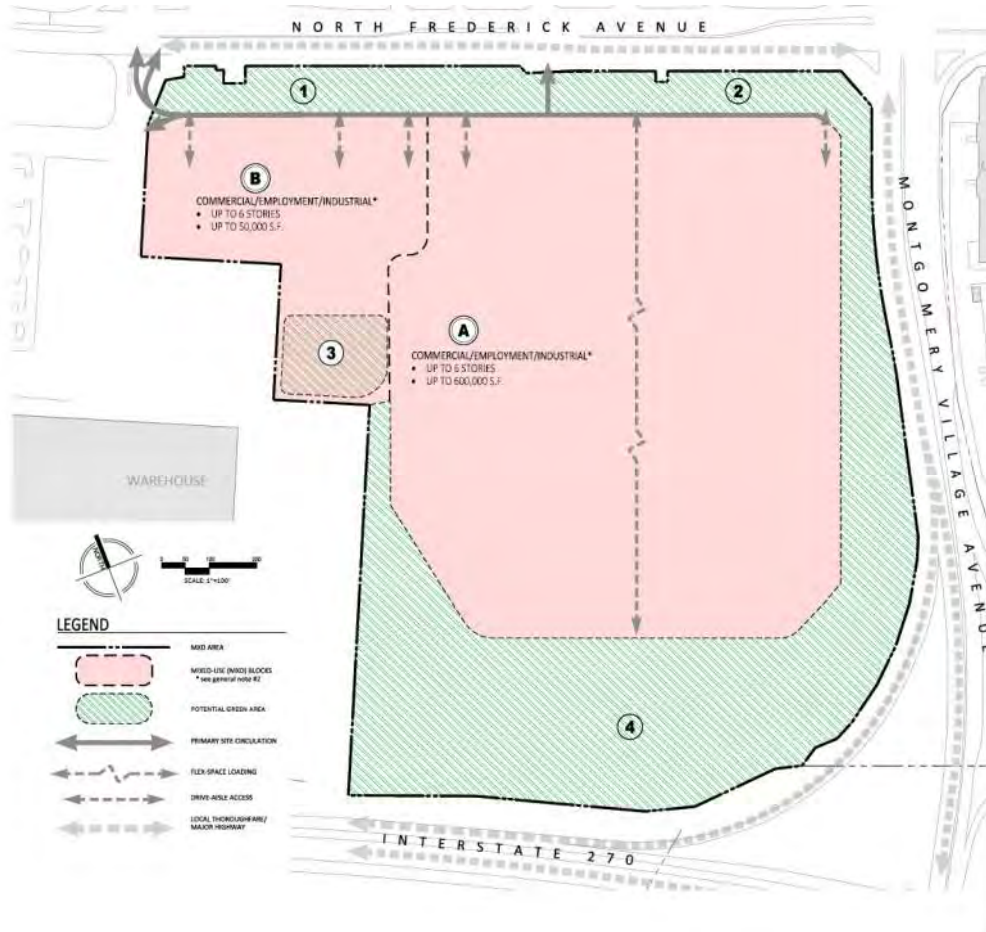
Sketch Plan SK-8180-2019

On August 19, 2019, the Mayor and City Council approved Sketch Plan SK-8180-2019 for the redevelopment of 700 North Frederick Avenue. The Sketch Plan permits up to 650,000 square feet of commercial/employment/industrial uses, which is a .34 FAR over approximately 44 acres. The uses for the Property include the following:

- Integrated Light Manufacturing
- Repair and Business Services, including but not limited to carpenter, cabinet, plumbing
- Laboratories
- Research, Experimental and Testing Laboratories
- Manufacture, Compounding, Processing, Assembly and Ancillary Retail Sales
- Wholesale businesses
- Distribution/Warehouse, excluding self-storage
- Personal service businesses such as barbershops and drycleaners
- Offices
- Fitness centers, amusement and recreational facilities
- Child and/or adult day care

- Banks
- Retail
- Restaurants, Bars
- Rental of trucks, ancillary to uses listed above (not to exceed rental of 30 trucks)
- Automobile filling stations
- Automatic automobile car wash, ancillary to Automobile Filling Stations

The Sketch Plan divides the property into two “Blocks”. The Plan further envisions appropriately scaled and located proposed open spaces and a circulation system that promotes and enhances connectivity to the surrounding area for vehicles, pedestrians, and bicycles.



SK-8180-2019 (Exhibit #38)

Site Plan History

Schematic Development Plan, SDP-8597-2020, was approved on March 15, 2021 by resolution R-15-21, and permits up to 461,100 square feet of commercial/employment/industrial development, recreation and open spaces and an infrastructure plan to accommodate future development. The centerpiece of the SDP is two centrally located flex buildings each designed to accommodate a wide potential range of uses, as approved in Sketch Plan SK-8180-2019, including integrated light manufacturing,

research and development, laboratories, office, distribution/ warehousing and several other uses.

Subsequent to approval of SDP-8759-2020, three final site plans were approved, all of which have since been constructed.

Final Site Plan, SP-8848-2021, was approved on July 21, 2021 by the Planning Commission for 495,000 square feet of commercial development and an infrastructure plan, including a 1.87-acre linear park. A second Final Site Plan, SP-8948-2021 was approved on October 6, 2021 for a 5,250 square foot Chick-fil-A restaurant and drive-through and the third and final site plan under the initial schematic development plan, SP-9217-2022, was approved on August 3, 2022 for a 6,139 square foot Sheetz convenience retail with drive-through and filling station.

GENERAL INFORMATION

SURROUNDING LAND USE/PHYSICAL CHARACTERISTICS:

The subject property is bounded by Bunsen Place to the northwest, a linear park with shared use path to the northeast, 705 Progress Way (Chick-fil-A) to the southeast and Progress Way to the southwest. A Sheetz filling station and convenience retail is located across Bunsen Place and two flex buildings are located across Progress Way. The overall site is bounded by I-270 to the southwest, Montgomery Village Avenue to the southeast, North Frederick Avenue to the northeast and a FedEx warehouse to the northwest.



Existing Development

The property is close to a diverse range of commercial uses located on highly visible corridors along North Frederick Avenue, Montgomery Village Avenue and Interstate 270. These uses include offices, business parks, grocery stores, wholesale clubs, banks, car dealerships, hotels, restaurants, and other services. The Property is also convenient to a wide array of retail uses at the Gaithersburg Square shopping center, Spectrum Town Center, the Diamond Square shopping center and the Quince Orchard shopping center. The project is near the site of the former Lakeforest Mall, for which the City recently approved a sketch plan for up to 1,600 dwelling units and over 1 million square feet of commercial uses.

NATURAL RESOURCES INVENTORY AND FOREST STAND DELINEATION

A Natural Resources Inventory/Forest Stand Delineation (NRI/FSD) was approved May 1, 2019 for the overall 44-acre property and no planned changes to the existing approved NRI or forest conservation plans or to the existing conservation easements, with the minimal exception of a pedestrian connection to the shared use path in the linear park. This modification will not affect existing planting material.

GREEN SPACE

The applicant has submitted a green space plan (Exhibit #24) pursuant to the requirements of § 24-160D.9.(b). Section 24-160D.6(a) states,

“The minimum green area requirement, which shall include designated parks, public and private open space, active and passive recreational areas, for the commercial/employment/industrial portion of a mixed use development shall be not less than twenty-five (25) percent of the total area devoted to commercial/employment. Industrial uses, except that comparable amenities and/or facilities may be provided in lieu of green area if the city council determines that such amenities are sufficient to accomplish the purposes of the zone, and would be more beneficial to the proposed development than strict adherence to the specific green area requirement.”

The project includes 21,692 square feet of green area, which meets and exceeds the green area requirement. Additionally, when considered in aggregate with the green area shown on the site plans implementing Phase I SDP, there will be green area in excess 42%, more than upholding the requirements for commercial/employment/industrial development in the MXD Zone.



Exhibit #24

ADEQUATE PUBLIC FACILITIES ORDINANCE (APFO):

In accordance with § 24-244, “Applicability,” this plan is subject to the APFO requirements because it is proposing additional development that is not part of a current schematic development plan.

Traffic Impacts (§ 24-245)

The applicant has included a Traffic Statement (Exhibit #19), performed by The Traffic Group. The Statement confirms that the proposed redevelopment will not generate an additional 30 peak hour trips. City staff has, therefore, confirmed that a Traffic Impact Study is not required for this plan (Exhibit #20) and therefore the application complies with the City’s Adequate Public Facilities requirements for § 24-245.

Schools (§ 24-246)

SDP-8597-2020 does not propose any residential development; therefore, the schools test does not apply.

Water and Sewer Services and Public Utilities (§ 24-247)

The subject SDP area is located within water category W-1 (public water available) and sewer category S-1 (public sewer available), and thus satisfies the requirements of § 24-247 for water and sewer.

Fire and Emergency Services (§ 24-248)

The City’s Adequate Public Facilities Ordinance (APFO) requires that any development project be served by at least two fire stations within a ten-minute response time. The Site is located within a ten-minute response time of three fire stations:

- Station 8 (Gaithersburg)
- Station 31 (Rockville/Darnestown)
- Station 34 (Germantown/Milestone)

Therefore, adequate fire and emergency services are provided.

STORMWATER MANAGEMENT AND SEDIMENT & EROSION CONTROL

In accordance with the requirement for the submission of a Schematic Development Plan, Section 24-160D.9(b), the Applicant has submitted preliminary stormwater management plan and sediment erosion control plan applications SWM-9761-2024 and SEC-9760-2024 (Exhibits #3 and #4). The Department of Public Works staff has approved these preliminary plans (Exhibit #37).

DESIGN GUIDELINES

The Applicant has submitted revised Design Guidelines (Exhibit #36), previously approved in conjunction with SDP-8759-2020 and revised to incorporate the current proposed development. The Guidelines, as initially conceived, apply to development on both current and future lots within the 44-acre property. The Guidelines present an overall goal of transforming a large office complex into a multi-building, multi-use development that caters to a wide variety of employers and retail customers. The stated goal of the design guidelines is to “create and ensure the longevity of the neighborhood’s quality of life and image through clearly articulated goals, policies, guidelines and standards” and to “promote long-term sustainable economic and environmental vitality through design standards that encourage and reward high quality development, while discouraging less enduring alternatives.”

The Design Guidelines discuss, define, and establish standards for the following:

- Urban Design
- Architecture
- Site Design

To provide further clarity, the Guidelines also include sample diagrams and representative pictures of existing buildings that embody the spirit of the design criteria.

PHASING

The Applicant anticipates development of Lots 7 and 8, along with associated parking in one or two final site plans. A preliminary Lotting Plan (Exhibit #28) identifies the two proposed lots created from Parcel S. The applicant will be required to record a final record plat prior to the issuance of a site development permit.

SCHEMATIC DEVELOPMENT PLAN PROPOSAL:

Site Plan

The application, SDP-9759-2024, proposes to construct two structures with up to 14,750 square feet of retail use at 715 and 725 Progress Way. Each structure is proposed to be located on its own lot, with Lot 7 improved with a 10,100 square foot building and Lot 8 improved with a 4,650 square foot building. Each building is proposed to have a maximum building height of 30 feet and each building proposes a drive-through that circulates around the northeast side of each building. The lots share an internal vehicular connection as well as a shared pedestrian connection from Progress Way to the linear park and an outdoor dining area midway between Progress Way and the park and located between the two buildings. Egress to the lots will be from two access points on Progress Way with access to North Frederick Avenue at a signalized intersection at Bunsen Place.



Parking

A total of 74 surface parking spaces are provided throughout the site (above the 66 required), including 4 ADA spaces. Additionally, the project provides 4 bicycle spaces and 2 motorcycle spaces.

Vehicular Parking (Car)									
Lot	GFA	Use	Fraction Rate	Required	Provided including ADA	ADA Required	ADA Provided including Van	ADA Van Required	ADA Van Provided
Lot 7	10,100	retail	1/225	45	48	2	2	1	2
Lot 8	4,650		1/225	21	26	2	2	1	2
Total	14,750			66	74	4	4	2	4

Bicycle & Motorcycle Spaces					
	Car Parking Provided	Bicycle Spaces Required	Bicycle Spaces Provided	Motorcycle Spaces Required	Motorcycle Spaces Provided
Lot 7	48	2	2	1	1
Lot 8	26	2	2	1	1
Total	74	4	4	2	2

Proposed Roads and Circulation

The applicant has submitted a circulation plan to demonstrate adequate pedestrian and vehicular circulation throughout the site (Exhibit #26). Each lot includes vehicular access from Progress Way as well as vehicular access between the two lots to reduce turning movements throughout the overall site. A shared pedestrian spine extending from the linear park through the two parcels to Progress Way is also proposed.

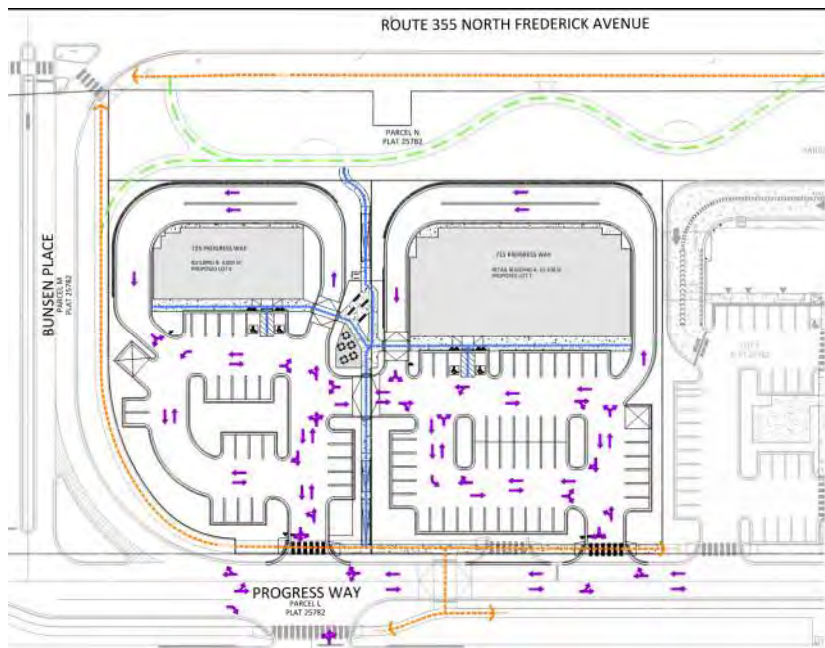


Exhibit #26

The applicant has also provided an exhibit demonstrating the drive-thru stacking conditions as part of an analysis of the plan's conformance with the City's Drive-Through Best Practices memo (Exhibit #33).

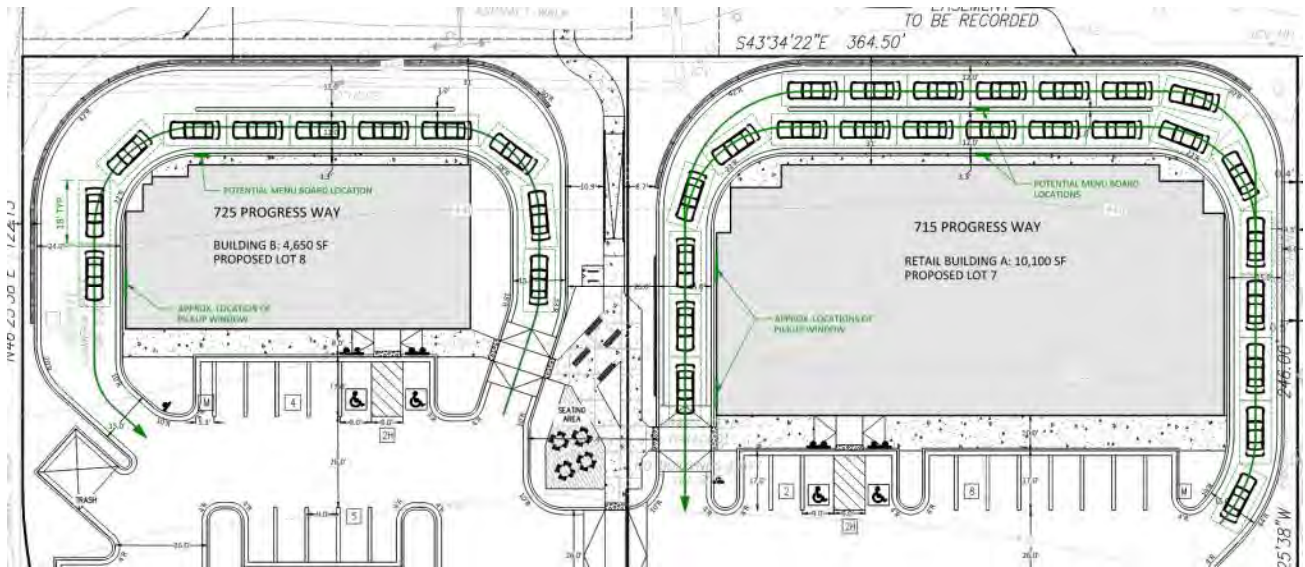


Exhibit #33

Amenities and Landscape Plan

As noted earlier, the project includes a shared outdoor seating area and tree-line pedestrian path connecting to the linear park.



Architectural Elevations

The applicant has submitted four-sided preliminary architectural elevations for the two retail buildings (Exhibit #35) and has also included this conceptual architecture in the updated Design Guidelines (Exhibit #36). The Guidelines call for articulation on all buildings, a minimum 30% glazing at tenant entrances, water tables and high-quality materials.



Lot 8 –Preliminary Architecture



PLAN SOUTH ELEVATION (FRONT)



PLAN WEST ELEVATION (SIDE)



PLAN EAST ELEVATION (SIDE)



PLAN NORTH ELEVATION (REAR)

Lot 7 –Preliminary Architecture

SUMMARY:

The applicant has submitted for consideration schematic development plan application SDP-9759-2024. This is a complete application as defined by § 24-160D.9.(b), Application for Schematic Development Plan Approval, of the City Code. A joint public hearing with the Mayor and City Council and Planning Commission has been scheduled for July 1, 2024.

Because this is the initial public hearing and Staff continues to complete their analysis of the proposed project, no formal recommendation is provided at this time. A recommendation will be provided by Staff prior to the Planning Commission's recommendation discussion. Staff has, however, identified the following points of interest for the Council's and Planning Commissions' consideration which should be reviewed in more depth:

1. The size of the shared outdoor seating area; and
2. The presence of an additional two drive-throughs along the linear park

Staff will continue to work with the applicant on refining the plan, in response to comments offered at the public hearing or entered into the record.

For the purpose of concluding the public hearing, staff recommends:

1. The Planning Commission make a motion hold the record open until 5:00 PM on July 31, 2024 (30 days) with a Recommendation to the Mayor and City Council tentatively scheduled for August 7, 2024.
2. The Mayor and City Council make a motion to hold the record open until 5:00 PM on August 14, 2024 (44 days) with a Policy Discussion tentatively scheduled for September 3, 2024.