



BALTIMORE HOUSING

SHEILA DIXON
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCDC

MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, Executive Secretary

From: Paul T. Graziano, Commissioner

Date: March 5, 2009

Re: **City Council Bill 09-0266 Maryland Department of Transportation -
County Transportation Revenue Bonds - Series 2009 – REVISED
REPORT**

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 09-0266, which was introduced for the purpose of authorizing the Mayor and City Council of Baltimore to enter into an agreement with the Maryland Department of Transportation in connection with the participation by the City in the proceeds derived from the sale of certain bonds, to be known as Department of Transportation of Maryland - County Transportation Revenue Bonds, Series 2009 and to be issued pursuant to State Transportation Article, Title 3, Subtitle 5; authorizing the City to take any other action that may be necessary and proper to secure the share to which it is entitled of the proceeds derived from the sale of these bonds; and providing for a special effective date.

The proposed legislation authorizes the Mayor and City Council to enter into an agreement with the Maryland Department of Transportation (MDOT) in order for the City to receive proceeds generated by the sale of MDOT bonds. It further authorizes the City to take any other action to secure its share of the proceeds derived from the sale of the bonds.

By participating in the issuance of MDOT bonds, the City benefits from the State's superior bond rating. In exchange for its participation, the City agrees to pay its proportion of the principal and interest from its share of Highway User Revenues. As currently written, this sale would bring \$30,000,000 to the City for the fiscal year beginning July of 2008. The proceeds will be used to fund capital projects as approved in the FY2008 Capital Improvement Program.

Since filing our original report, DHCD has proposed an amendment to authorize the sale of an additional \$15 million order to advance funds for infrastructure work at the Uplands Project. If approved by the Council, this would bring the total expected proceeds to \$45,000,000. The public infrastructure improvements includes, among other things, streets, sidewalks, utility lines and the large-scale grading of the site necessary to install these features.



DHCD had originally programmed a portion of its \$7.5 million annual Motor Vehicle Revenue (MVR) fund allocation over a six-year period for the infrastructure work. Unfortunately, the City's MVR funding has been drastically reduced – DHCD's share was cut by 40% in FY 2010 and 65% in FY 2011 and 2012 – and the amounts remaining are not adequate. The County Transportation Bonds are the best source available at this time to allow the Uplands project to proceed.

The amendment should read as follows:

On page 1, in line 21, on page 2, in line 1, and on page 3, in line 31, in each instance, strike "\$30,000,000" and substitute "\$45,000,000".

The Department of Housing and Community Development supports the adoption of City Council Bill 09-0266 with amendment.

PTG:pmd

cc: Ms. Angela Gibson
Mr. Andrew Frank
Ms. Diane Hutchins

**AMENDMENTS TO COUNCIL BILL 09-0266
(First Reader Copy)**

By: Department of Housing and Community Development
{To be offered to the Taxation, Finance and Economic Development Committee}

Amendment No. 1

On page 1, in line 21, on page 2, in line 1, and on page 3, in line 31, in each instance, strike "\$30,000,000" and substitute "\$45,000,000".