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FROM	NAME & TITLE	Robert Cennamo, Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	City Council Bill #18-0288 York Corridor Business Improvement District		

TO

DATE:

The Honorable President and
Members of the City Council
Room 400, City Hall

February 12, 2019

Attention: Ms. Natawna Austin

We are herein reporting on City Council Bill #18-0288, introduced for the purpose of creating a community benefits district to be known as the York Corridor Business Improvement District. The legislation defines the authority, power, duties as well as the operational details for the district.

Background:

The York Road corridor serves residents from all surrounding neighborhoods as an economic hub and informal meeting ground. Establishing a business district along the corridor would enable local communities to leverage the nearly \$266 million of household spending that takes place within the York Road Market Area annually. The proposed District plans to achieve this by capturing a higher percentage of the Area's disposable income, coordinating management of real property along the corridor, and developing long-term strategies for economic success. The District would work with existing businesses to expand, market themselves, and identify real estate development opportunities.

To date the City has created four special benefits districts: The Charles Village Community Benefits District, Downtown Management District (managed by the Downtown Partnership), Midtown Community Benefits District, and Waterfront Management District (managed by the Waterfront Partnership). Each district has the authority to levy a surcharge tax rate on eligible property within their respective catchment areas and to generate revenue from other sources including grants and service fees. The surcharge rate must be approved annually by the BOE.

Charles Village District

- Background: Created in 1995 and encompasses the neighborhoods of Abell, Charles Village, Harwood, Old Goucher, as well as parts of Remington and Barclay.
- Surcharge Rate: \$0.125 per \$100 of assessed value on real property.
- Anticipated Fiscal 2019 Revenue from Surcharge: \$790,804.
- Services Provided: Safety patrols performed by off-duty officers and supplemental patrols by on-duty Baltimore City officers; Supports the Local Safety Advisory Council and victim assistance programs; Maintenance and sanitation for streets and sidewalks; Gutter cleaning in residential and business areas; Trash receptacle management and bulk trash removal; Rat abatement and

vermin control for public spaces; Public outreach including weekly crime alerts, monthly sanitation alerts, and annual financial reports.

Downtown District

- Background: Created in 1992 and encompasses the neighborhoods of Preston Gardens, Charles Center, Downtown, Inner Harbor, and parts of Otterbein, Ridgely's Delight, Mount Vernon and the University of Maryland, Baltimore.
- Surcharge Rate: \$0.2239 per \$100 of assessed value on real property.
- Anticipated Fiscal 2019 Revenue from Surcharge: \$7,497,233.
- Services Provided: Teams of Ambassadors who serve as neighborhood guides, pick up litter and maintain public parks and green spaces; Public festivals and entertainment including Baltimore Restaurant Week, First Thursdays, the Mt. Vernon Monument Lighting, and many other events; Maintains and staffs the visitors center, for tourists and residents; Supports the Peace Ambassador program around the Inner Harbor which facilitates productive relationships between teenagers, the Baltimore City Police Department, and area businesses; Teams up with the Mayor's Office for Youth Works, a program that connects young people to summer jobs.

Midtown District

- Background: Created in 1996 and encompasses the neighborhoods of Mount Vernon, Charles North and Station North, Bolton Hill and Madison Park.
- Surcharge Rate: \$0.132 per \$100 of assessed value on real property.
- Anticipated Fiscal 2019 Revenue from Surcharge: \$1,293,972.
- Services Provided: Clean Teams to maintain public walkways and gutters; Maintains and empties trash receptacles; Seasonal maintenance such as leaf removal, weed trimming and composting; Disposes of bulk trash and illegally dumped items; Maintains public parks and green spaces; Works with the City's Forestry Division to plant and water trees; Safety patrols performed by off-duty officers; Publishes tips for improving personal and property safety.

Waterfront District

- Background: Created in 2007 and encompasses the neighborhoods of Harbor East, Harbor Point, Inner Harbor and part of Fells Point.
- Surcharge Rate: \$0.17 per \$100 of assessed value on real property.
- Anticipated Fiscal 2019 Revenue from Surcharge: \$2,977,463.
- Services Provided: Clean and Green Teams to maintain the waterfront, monitor public parks and green spaces, power wash sidewalks, remove graffiti, plant trees and gardens, vacuum litter and maintain trashcans; Visitor services at the Inner Harbor as well as Safety Guides, for the benefit of tourists, workers and residents; Public events and attractions at the waterfront such as seasonal paddle boats, a skating rink and Healthy Harbor ecotours; Harbor restoration and public education about the water and local ecosystem.

Analysis:

Once a District is created, it would adopt an annual Financial Plan which details the supplemental services to be provided. To generate funding for those services, a supplemental tax rate must be approved annually

by the City’s Board of Estimates. The following table summarizes the taxable base as well as the estimated revenue at two different surcharge rates for the proposed catchment area:

CC Bill 18-0288 - Estimated Surcharge				
Property Type	# of Properties	Assessment Value	Gross Surcharge at \$0.01	Gross Surcharge at \$0.2239
Commercial	191	\$78,921,000	\$7,892	\$176,704
Exempt	37	\$0	\$0	\$0
Residential	78	\$7,883,681	\$788	\$17,652
Total	306	\$86,804,681	\$8,680	\$194,356

The proposed district would generate \$8,680 at a rate of \$0.01 per \$100 of assessment value (One-Cent yield). Alternatively, at the rate of \$0.2239 per \$100 of assessment value, currently imposed within the existing Downtown Partnership District, the York Corridor Business Improvement District would generate \$194,356.

Additionally, the proposed district encompasses 53 properties that already belong to the existing Retail Business District License (RBDL) area. Local business associations affiliated with the RBDL pay a fee for marketing, promotions, special events and beautification. The rate charged to these businesses is based on square footage. The tax-paying properties affiliated with both the RBDL and proposed York Road District already pay a combined \$12,825 annually.

Conclusion:

Special Benefits Districts create a relationship in which property owners in the District collectively agree to a supplemental tax in order to fund additional services. Funds are remitted directly to the District through a separate tax bill, and as such there is no direct fiscal impact to the City. Based on this analysis, the Department of Finance does not oppose the legislation.

However, it is important to note that property owners in the City already pay a significantly higher tax rate than surrounding jurisdictions, at \$2.248 per \$100 of assessed value. Although approval of the District requires the support of 58% of property owners in the catchment area, that leaves up to 42% of property owners that could be obligated to shoulder an additional tax burden that they did not support. Additionally, some businesses in the catchment area are already paying Retail Business District Fees. These factors must be considered when evaluating the types of the services to be provided and the proposal of a supplemental rate.

cc: Henry Raymond
 Jeff Amoros