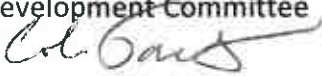


MEMORANDUM

DATE: August 30, 2019
TO: Taxation, Finance and Economic Development Committee
FROM: Colin Tarbert, President and CEO 
POSITION: Support
SUBJECT: City Council Bill 19-0150R Investigative Hearing -- Entities Receiving City Funds:
Are They Holding Up Their End of the Bargain?

INTRODUCTION

The Baltimore Development Corporation (BDC) is herein reporting on City Council Resolution 19-0150R introduced by Councilmembers Pinkett, Burnett, Bullock, Cohen, Stokes, Henry, Sneed, Schliefer, Dorsey, Ex Officio President Middleton, Councilmembers Clark, Reisinger, and Costello.

PURPOSE

The purpose of Bill 19-0150R is to discuss capital funding subsidies that organizations may receive through PILOTs, TIFs, and/or loans through general obligation bonds. For such organizations that also lease any portion of their venue for catered events, this Bill seeks to investigate why some of these organizations utilize exclusive vendor lists without any MBE representation, to discuss the selection criteria, and to discuss what solutions can be implemented for the inclusion of MBE/WBE businesses.

BRIEF HISTORY

The BDC functions as a "Coordinating Agency" that can recommend to the Mayor and City Council, the use of Tax Increment Financing (TIF) or Payment In Lieu of Taxes (PILOT) incentives for project development. In addition, BDC uses appropriated General Obligation Bond funds to make loans to businesses for the purpose of job creation and economic development, subject to the approval of the Board of Estimates. As part of any PILOT or TIF, the development project must comply with the City's M/WBE law and Local Hiring Law. In addition, as a condition of approval of a PILOT or TIF by the City Council, many projects will enter into other supplemental agreements with the City on matters such as Affordable Housing and Profit Sharing.

To date, organizations that receive both a TIF or PILOT subsidies and lease any portion of their venue to the public for catered events are not subject to any MBE/WBE or local hiring requirements related to the operations of their business. While projects are required to agree to a commitment to comply with MBE/WBE goals and local hiring, those legal requirements are limited solely to the capital construction project. Laws for MBE/WBE participation percentage requirements are not applicable to the operations of such institutions. A notable exception to this is through BDC's Loan Programs, which may specifically require certain hiring requirements on a business as a condition of a loan or loan forgiveness.

City Council Bill 19-0150R - Investigative Hearing - Entities Receiving City Funds
August 30, 2019
Page 2

FISCAL IMPACT

NONE

AGENCY POSITION

The BDC **supports** Council Resolution 19-0510R to further engage in this discussion and suggests that local procurement initiatives such as the Baltimore Integration Partnership and BLocal be engaged.

If you have any questions, please do not hesitate to contact Kim Clark at 410-837-9305 or at kclark@baltimoredevelopment.com.

cc: Nicholas Blendy

[SJH]