

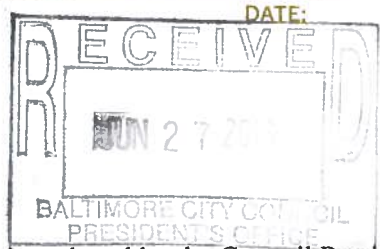
FROM	NAME & TITLE	Rudolph S. Chow, P.E., Director
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building
	SUBJECT	CITY COUNCIL BILL 16-0669

CITY of
BALTIMORE
MEMO



TO

The Honorable President and Members
of the Baltimore City Council
c/o Natawna Austin
Room 400 – City Hall



DATE: June 24, 2016

I am herein reporting on City Council Bill 16-0669 introduced by the Council President on behalf of the Administration (Baltimore Development Corporation).

The purpose of this Bill, among other things, is to designate a “development district” to be known as the “Port Covington Development District”; create a special, tax increment fund for the development district; allocate certain property taxes to that fund; provide for a special effective date; and generally provide for matters relating to the designation and operation of the development district, the establishment and use of the special tax increment fund to pay for debt service on special obligation bonds or notes issued by the City in connection with the development district.

Article II, Section 62 of the Baltimore City Charter (the Tax Increment Financing Act) authorizes the City to borrow money by issuing and selling bonds for the purpose of financing and refinancing the development of an industrial, commercial, or residential area in Baltimore City. The Tax Increment Financing Act specifies that bonds may only be issued provided that, among other things, an area be designated a “development district,” a special, tax increment fund be enacted, and the specification of the financing be determined, all by ordinance. The Act also authorizes the City to use the tax increment revenues to pay or reimburse the City for debt service which the City is obligated to pay or has paid on bonds for the purpose of providing funds for the development of the development district.

City Council Bill 16-0669, if approved, would establish the “Port Covington Development District” in the area located on the southwest end of the South Baltimore peninsula along the Middle Branch of the Patapsco River, south of Interstate 95. Exhibit 2 of the legislation includes the full list of properties, complete with parcel IDs and available addresses, which will be included in the development district, together with the adjoining roads, highways, alleys, rights-of-way, and other similar property. This area is also displayed in the map titled Exhibit 1.

This legislation has two companion bills:

City Council Bill 16-0770, Port Covington – Bond Ordinance – authorizes the City to issue Special Obligation Bonds in an amount not to exceed \$660,000,000 to fund up to \$534,795,000 in public infrastructure improvements; pledges Tax Increment Revenues and Special Tax Revenues to the payment of debt service on the Special Obligation Bonds; and authorizes the Board of Finance to specify the terms of the issuance, sale, and payment of the Special Obligation Bonds.

City Council Bill 16-0771, Port Covington – Special Taxing District – creates the Port Covington Special Taxing District and authorizes the City to levy Special Taxes. Under the Special Taxing District, the property owners within the District are financially liable to the City, which will ensure the City’s ability to repay the holders of the TIF bonds in the event that the Tax Increment Revenues collected are insufficient to service the debt on the TIF Bonds. This is allowed under Article II, Section (62A) of the Baltimore City Charter.

Fav w/ comments

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Together, these three pieces of legislation enable the establishment of Tax Increment Financing (TIF) to support certain components of the Port Covington development project. This 266-acre site was previously a mix of industrial and commercial uses but is now mostly vacant. The proposed plan for the mixed-use development of Port Covington includes apartments, condos, office space, retail space, public parks, manufacturing spaces, and a new office campus for the Under Armour headquarters. At its completion, the project is expected to house approximately 12,070 residents. This 25 year project will include approximately 15 million square feet of new construction, adding approximately 42 newly developed city blocks and 41 acres of public open space. It will put vacant properties back into productive use.

The Law Department response noted that the bill would need to be amended to reflect the addition of Schedule 1 which is referenced in the bill but inadvertently left off of the First Reader Copy. This Department supports that change.

Based on these findings, the Department of Public Works supports the passage of City Council Bill 16-0669.

Sincerely,



Rudolph S. Chow, P.E.
Director

RSC/KTO:ela