



TO: Board of Estimates, Office of the Comptroller
FROM: Maggie Keenan, Assistant Director, BBMR
SUBMITTING AGENCY: Finance
DATE: 19 September 2022

SUBJECT: FY22 Year End Appropriation Adjustment Order (AAO) –
Supplemental – Convention Center Hotel

CONTRACT/GRANT NUMBER: N/A

ACTION REQUESTED OF B/E: Approval of FY22 Year End AAO – Supplemental
Appropriation Request for the Convention Center Hotel

PERIOD OF CONTRACT/AGREEMENT: N/A

AMOUNT OF MONEY AND SOURCE: \$5,375,000

BACKGROUND/EXPLANATION: The City must close each fiscal year with sufficient appropriation to cover total expenditures. The Board of Estimates and the City Council approve the annual budget by Service. Since Service is the level of legal control, it is at this level that appropriation must be equal to or exceed total expenditures. This AAO seeks to increase appropriation to the budget for the Convention Center Hotel. Please see attachments for additional information.

MBE/WBE PARTICIPATION: N/A

AFFECTED COUNCIL DISTRICT: N/A

EMPLOY BALTIMORE: N/A

LIVING WAGE: N/A

LOCAL HIRING: N/A

1% FOR PUBLIC ART: N/A

The headers below are for use by reviewing departments ONLY. Please leave them as blank spaces for official endorsements and signatures.

FINANCE HAS REVIEWED:

BBMR Approved, *Maggie Keenan, 09.17.2022*

Robert Cennamo, 09/17/2022

LAW DEPARTMENT HAS REVIEWED:

Clerk, Board of Estimates

MWBOO HAS REVIEWED:

By Celeste.Amato at 12:52:34 PM, 10/19/2022

FROM	NAME & TITLE	Robert Cennane, Chief <i>Robert Cennane</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4941		
	SUBJECT	General Fund Supplemental Appropriation of \$5.4 million for M-R: Convention Center Hotel		

DATE:

TO

The Honorable President and Members
of the Board of Estimates

8/30/2022

Dear President and Members:

ACTION REQUESTED OF B/E:

Approval of General Fund supplemental appropriation in the total amount \$5,375,000 for M-R: Convention Center Hotel, Service #535: Convention Center Hotel, for debt service.

AMOUNT OF MONEY AND SOURCE OF FUNDS:

The source of funds for this appropriation (\$5,375,000) is revenue generated by the City's Recordation Tax:

Amount	Revenue Source	Budget Account Number
\$5,375,000	Transfer Tax	1001-000000-1500-103000-400250

BACKGROUND AND EXPLANATION:

This action is required to balance the Convention Center Hotel budget for Fiscal 2022. Several revenue types are used to repay debt service for the hotel. First, revenue from the Hotel's property taxes that exceed the base level, as a part of a Tax Increment Financing (TIF) District, and hotel tax revenues are dedicated to debt repayment. Additionally, the hotel's operating revenue is used for annual debt service repayment. If these revenues are insufficient to cover the annual debt service cost, the City must divert up to \$7 million of General Fund Hotel Tax revenue to close the gap.

As of September 2, 2022, the City has recorded \$1.8 million in Hotel Tax revenue for the Convention Center Hotel. This revenue figure only includes Hotel Tax revenue submitted through June 2022. The Convention Center Hotel often submits Hotel Tax revenues several months after the date of collection or in batches which makes it difficult to determine the exact revenue collected during the fiscal year. In FY21 the City collected \$21,328,915 in Hotel Tax revenue and BBMR projects revenue in FY22 and FY23 to total \$26 million and \$26.7 million, respectively.

Although the current estimate for FY23 Hotel Tax anticipates a year over year increase of 2.4%, the FY23 adopted budget included \$7 million for a Hotel subsidy. The actual amount paid may decrease based on revenue receipts.

MBE/WBE PARTICIPATION:

N/A

BALTIMORE CITY RESIDENTS FIRST (BCRF):

BCRF Applicable: ____yes ____x__no

APPROVED BY BOARD OF ESTIMATES

M. Amato

10/19/2022

DATE

CLERK