



Howard County

Internal Memorandum

Subject: Testimony on Council Bill No. ____ - 2018
Council Bill No. ____ - 2018, an Act pursuant to Section 612 of the Howard County Charter, approving a multi-year Project Agreement for the Design, Construction, Financing, Operation, and Maintenance of the Howard County Circuit Courthouse, to be located at 9250 Judicial Way, Ellicott City, Maryland 21043; and authorizing the County Executive to enter into the Agreement and make changes to the Agreement prior to execution, under certain conditions.

To: Lonnie R. Robbins
Chief Administrative Officer

From: James M. Irvin, Director
Department of Public Works

Date: June 18, 2018

The Department of Public Works has been designated coordinator for preparation of testimony relative to approval of a multi-year Project Agreement for the design, construction, financing, operation and maintenance of the Howard County Circuit Courthouse between Howard County, Maryland and a special purpose entity formed by Edgemoor-Star America Judicial Partners to be located at 9250 Judicial Way, Ellicott City, Maryland 21043, Tax Map 30, Grid 17, Parcel 267, Lot 61-E, Tax Identification #12-000030, previously with an address as 9250 Bendix Road.

The existing Circuit Courthouse is approximately 175 years-old, and is a significant historic structure. Significant problems with the existing Circuit Courthouse related to space, safety and access, among other issues are present.

The County Council passed Council Resolution No. 27-2017 (“CR 27”) indicating support of a project to finance, design, construct, operate, and maintain a new courthouse and parking lot (collectively, the “Project”) through a public-private-partnership. The Project is to be located on a 28.98-acre parcel currently owned by the County, and located at 9250 Judicial Way in Ellicott City, 21043 (with a previous address of 9240 and 9250 Bendix Road).

Pursuant to CR 27, the County Council approved the issuance of general obligation bonds as part of the resources to finance the Project. By passage of Council Bill No. 41-2017 and Council Bill No. 25-2018, the County authorized the issuance of general obligation bonds in the principal amount of \$91,000,000. The proceeds will be used to finance a portion of the development costs and construction of the Project, including \$75 million milestone payment to the project company when the new building is occupancy ready.

Pursuant to Section 4.106(c) and 4.108 of the Howard County Code, the County has engaged in a two-step competitive proposal process consisting of (1) a request for expressions of interest seeking qualified respondents; and (2) a request for proposals in which the County would make a determination of best value.

On July 11, 2017, the County issued a Request for Expressions of Interest (“EOI”) No. 01-2018 for the Project. On September 20, 2017, the County received nine submittals in response to EOI No. 01-2018. Thereafter, the County selected three of the nine interested private entities as eligible to receive a request for proposals. Those three entities were then placed on a “shortlist.”

In May of 2018, the County received proposals from each of the three shortlisted respondents. After evaluating each proposal in June, 2018, in accordance with criteria of RFP No. 10-2018, the County determined that Edgemoor-Star America Judicial Partners, offered the best value. Based on bidding results and current interest rate assumptions, annual service fee payment is estimated at approximately \$10 million in FY 2022 with inflation growth thereafter. Net County operating budget impact is estimated at \$15-\$16 million per year, pending interest rates, utility usage and other factors.

The County and a special purpose entity formed by Edgemoor-Star America Judicial Partners wish to enter into the Project Agreement. The Project Agreement requires the payment by the County of funds from an appropriation in a later fiscal year; therefore, County Council approval is required for a multi-year agreement pursuant to Section 612 of the Howard County Charter.

Thank you for your consideration and feel free to contact me if you have any questions.

cc: Jennifer Sager
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