




Howard County

Internal Memorandum

Subject: Downtown Columbia Phase I TIF Program

To: Jon Weinstein, Council Chairperson
Calvin Ball, Councilperson
Greg Fox, Councilperson
Mary Kay Sigaty, Councilperson
Jennifer Terrasa, Councilperson

From: Allan H. Kittleman, 
County Executive

Date: September 28, 2017

I am attaching the following material for your review concerning Phase 1 of the Downtown Columbia Tax Increment Financing (TIF) Program:

- Memo on Justification for changes to the public improvements financed with TIF bonds authorized under Council Bill 56-2016
- Revised public improvement budget
- Letter from Howard Hughes dated September 28, 2017
- Letter from County Executive Kittleman dated September 28, 2017

The modifications to the Series A bond issuance will allow us to begin the design of the Route 29 improvements (i.e. Jug Handle) and, by doing so, Howard Hughes Corporation (HHC) has agreed to seek alternative financing for the construction of the Jug Handle project.

I am pleased that HHC has agreed to add the public parking for the proposed new Cultural Arts Center and the new Library to the list of proposed public improvements. The inclusion of the Cultural Arts Center garage would be dependent on the passage of CR124-2017.

As we work to determine which projects to include in the Series B bond issuance, I will notify the County Council of the projects at least 30 days before we begin the process of mailing to prospective investors. This will enable the Council to review and provide any thoughts and concerns you may have regarding the projects proposed for the Series B bond issuance and/or to request a presentation by the Administration.

Responses to the Council's questions from the work session, including a chart comparing the original program to the revised program, will be provided on Friday, September 29, 2017.

cc. Jessica Feldmark, Administrator
Craig Glendenning, County Auditor
B. Diane Wilson, Chief of Staff
Lonnie Robbins, County Administrator




Howard County

Internal Memorandum

Subject: Justification for changes to the public improvements financed with TIF bonds authorized under Council Bill 56-2016

To: Jon Weinstein, Council Chairperson
Calvin Ball, Councilperson
Greg Fox, Councilperson
Mary Kay Sigaty, Councilperson
Jennifer Terrasa, Councilperson

From: Carl DeLorenzo, 
Director of Policy and Programs

Date: September 29, 2017

This memo clarifies the Administration's changes to the public improvements funded with the \$90 million special obligation (TIF) bond authorization enacted by Council Bill 56-2016.

1. Newly included public improvements originally deemed 'Not Qualified' under CB56-2016

Initially, the County determined that interior roads should not be included as part of the TIF. This was a county policy decision; not a legal determination. Under the TIF Act, roads within the TIF District and roads to and from the district are qualified costs. As explained more fully below, as development has progressed, the County has determined that several roads which on plans looked as if they were minor interior roads, are now vital to the entire road network serving Downtown Columbia.

- Roads Segment 1 (Divided Sky Lane)

The County originally posited that Divided Sky Lane would function primarily as an interior roadway easing access to Area 1. However, since its opening, the County has observed increased usage of the roadway beyond that of being solely an interior road, which has improved capacity, safety, and operations of the entire road network serving Little Patuxent Parkway, Broken Land Parkway, and Merriweather.

- Multi-use Pathway

The County originally rejected Howard Hughes' request to finance with TIF bonds the multi-use pathway because it was thought to be a CEPPA requirement under the Downtown Columbia Plan. Following passage of CB56-2016, the County learned that the multi-use pathway is not a CEPPA requirement. This multi-use pathway is located within the Crescent and is in addition to the other pathways funded by the Developer pursuant to the Downtown Columbia Plan.

- Library Garage

The County originally rejected Howard Hughes' request to finance with TIF bonds a public parking garage to support the new library because at that time, a location for the library in the Crescent had not been identified. The DRRA for affordable housing in Downtown Columbia, signed by the County and Howard Hughes and passed after Howard Hughes' TIF budget submittal, identified the library location in the Crescent.

- Roads Segment 3 (Area 3 public roads)

The County originally rejected Howard Hughes' request to finance with TIF bonds the Area 3 public roads because the county's Department of Public Works (DPW) did not deem them acceptable under the Design Guideline standards to be a public road. Howard Hughes has since modified its design plans for a certain portion of this road segment to meet Design Guideline standards.

2. Newly included improvements associated with Phase I qualified improvements under CB56-2016

- Area 2 and Area 4 Roads

Howard Hughes excluded this road segment from its original funding request because it gave higher priority to other public improvements. The County has since deemed this road segment may be considered a viable public improvement because it will serve all of Downtown Columbia and will be an integral part of the road network for other Phase I road segments.

- Roads Segment 2 (north portion of North-South Connector)

As with the Area 2 and Area 4 Roads, Howard Hughes excluded this road segment from its original funding request because it gave higher priority to other public improvements. The



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County has since deemed this road segment may be considered a viable public improvement because it will serve all of Downtown Columbia and will be an integral part of the road network for other Phase I road segments.

3. Newly included improvements associated with future phases under CB56-2016

- Design funding for Jug Handle and south portion of North-South Connector

The County originally qualified the construction costs for the Jug Handle and southern portion of the North-South Connector as part of a potential future authorization (Phase II). The County subsequently moved the construction costs for this road segment into the Phase I authorization, as presented to the County Council at the September 25 work session on CB74-2107. Both Howard Hughes and the Administration understand the concerns of moving this item into Phase I from Phase II. Subsequent discussions resulted in acceptable compromise that the administration believes is a substantial benefit to the county. In exchange for including \$2.1 million to cover the design of the Jug Handle in the Series A bond issuance, Howard Hughes has agreed to no longer request TIF bond for the construction of the Jug Handle. It is appropriate to include the design costs because the County recognizes the benefit this road segment offers residents and visitors to Columbia and the county. Howard Hughes has accelerated its plans to complete the roads segment and is working with the Maryland Department of Transportation, State Highway Administration to do so.

The Administration is available to answer questions if you require further clarification.

Cc: Jessica Feldmark, Administrator
Craig Glendenning, County Auditor
B. Diane Wilson, Chief of Staff

Downtown Columbia Public Improvement Budget - Phase I

Revised Program	Improvement	Value (\$ millions)
	Series A (as will be issued in October 2017)	
Roads Segment 1 (inc. Divided Sky Lane @ \$1 million)		14.1
Roads Segment 2 (inc. North Portion of N/S Connector @ \$7.3 million)		13.9
Intersection Improvements		1.4
Area 3 Roads (partial)		1.5
Jughandle Design		2.1
EMT/Quick Strike Facility		4.5
Contingency		1.0
	<i>Subtotal</i>	<i>38.5</i>
	Series B (projects under consideration)	
Area 3 Roads (partial)		2.5
Area 2 Roads		4.5
Area 4 Roads		2.3
Multiuse Pathway		1.1
Library Garage		6.3
Arts Center Garage		7.5
Contingency		1.5
	<i>Subtotal</i>	<i>25.7</i>
Total (Series A & Series B)		64.2
less amount exceeding affordability and HRD contribution		(3.2)
Total		61.0

The Howard Research And
Development Corporation
10480 Little Patuxent Parkway
Suite 400
Columbia, MD 21044

John DeWolf
Executive Vice President

September 28, 2017

Mr. Allan Kittleman
County Executive
Howard County Government
3430 Courthouse Drive
3rd Floor
Ellicott City, MD 21043

Re: Downtown Columbia - TIF Financed Public Improvements

Dear Mr. Kittleman,

Following the discussion at last Monday evening's Howard County Council worksession, HRD as the Community Developer under the Downtown Columbia Plan would like to request the following revision to the list of proposed public improvements to be included in the second or subsequent bond issuances under the \$90M bond authorization approved last year under CB56-2016:

- Add public parking for the proposed New Cultural Arts Center (i.e. redevelopment proposed at Toby's site)

Since this public improvement was not previously anticipated, we would suggest that to the extent additional TIF funding is required for this new public parking, the County could substitute TIF funds currently anticipated to finance:

- Road Segment 4 (i.e. Jug Handle)
- Area 3 Park

Should the County choose not to finance the Jug Handle and Area 3 Park with TIF funds, HRD would then finance these improvements itself in accordance with the requirements of the related development. For the Area 3 Park, this would be constructed in conjunction with the first multifamily building in Area 3, anticipated for a 2019 opening. The Jug Handle timing is dependent on the MDOT permitting process, the future market demand and the traffic generation driving the need, but it is currently anticipated to be required with the development of the third office building in Area 3.

We look forward to proceeding with the next phases of development in Downtown Columbia as we continue to work together to bring the vision of the Downtown Columbia Plan to life.

Sincerely,


John DeWolf
EVP Development



HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

3430 Court House Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2013

Allan H. Kittleman
Howard County Executive
akittleman@howardcountymd.gov

www.howardcountymd.gov
FAX 410-313-3051
TDD 410-313-2323

September 28, 2017

John DeWolf
EVP Development
Howard Hughes Corporation
10480 Little Patuxent Parkway, Ste. 400
Columbia, MD 21044

Re: Downtown Columbia – TIF Financed Public Improvements

Dear Mr. DeWolf,

Thank you for your letter dated September 28th. I appreciate your willingness to add the public parking for the proposed New Cultural Arts Center to the list of proposed public improvements to the authorization under CB56-2016 (which would be dependent on the passage of CR124-2017).

From our prior discussions and as referenced in your letter, I am pleased that in exchange for the inclusion of \$2.1 million for the design of the Route 29 improvement (i.e. Jug Handle) in the TIF Series A bond issuance, Howard Hughes Corporation (HHC) has agreed to seek alternative financing for the construction of the Jug Handle. This is an important project which will greatly improve the traffic flow for Downtown Columbia.

I also appreciate your willingness to remove the Area 3 Park from the TIF funding. It should be noted that since this amenity was required under the 2010 Downtown Columbia Plan, it is a project that is better funded by HHC and not TIF bonds.

It has come to my attention that there may be some concerns over using TIF funding for wetland mitigation. Therefore, to allow more time to review the inclusion of wetland mitigation, I suggest that we remove wetland mitigation from the Series A bond issuance and replace it with partial funding for the Area 3 Roads. It is my understanding that HHC is moving forward with the Area 3 Roads in the near future.

As we discuss projects to be included in the future Series B bond issuance, I suggest that consideration be given to include funding for the public parking garage that would serve the new library. Therefore, we will include it as a public improvement to be considered for TIF funding in Series B.

I look forward to continuing to work together to bring to fruition the vision of the Downtown Columbia Plan.

Sincerely,

Allan H. Kittleman