

County Council Of Howard County, Maryland

2015 Legislative Session

Legislative Day No. 5

Resolution No. 689 -2015

Introduced by: The Chairperson at the request of the County Executive

A RESOLUTION pursuant to Section 4.201 of the Howard County Code, declaring that certain real property known as the "Hurst Building" owned by Howard County, containing approximately 1.92 acres, and located at 9770 Washington Boulevard and 9790 Washington Boulevard, Laurel, Maryland, is no longer needed by the County for public purposes; authorizing the County Executive to sell the property; waiving the advertising and bidding requirements of Section 4.201 of the Howard County Code; and providing that the County Executive is not bound to sell the property if he finds that it may have a further public use.

Introduced and read first time _____, 2015.

By order _____
Jessica Feldmark, Administrator

Read for a second time at a public hearing on _____, 2015.

By order _____
Jessica Feldmark, Administrator

This Resolution was read the third time and was Adopted____, Adopted with amendments____, Failed____, Withdrawn____, by the County Council
on _____, 2015.

Certified By _____
Jessica Feldmark, Administrator

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment

1 **WHEREAS**, the County is the owner of real property located at 9770 Washington
2 Boulevard and 9790 Washington Boulevard, Laurel, Maryland (the “Property”, as shown in the
3 attached Exhibit) containing approximately 1.92 acres being all of the property acquired from
4 Glenna W. Hurst and Gary Patrick Hurst, Trustees of the Residuary Trust under Item Fifth of the
5 Last Will and Testament of Marvin Hurst, dated July 30, 2008 (as to 50% interest) and Glenna
6 W. Hurst (as to 50% interest) by deed dated December 1, 2014 and recorded among the Land
7 Records of Howard County, Maryland in Liber 15922, Folio 401; and
8

9 **WHEREAS**, the Property was purchased using a line of credit and the intention was to
10 issue tax exempt bonds to pay off the line of credit; and
11

12 **WHEREAS**, given the current non-use of the Property and the possible non-public use,
13 bond and tax counsel have advised against issuing tax exempt bonds to pay off the line of credit
14 that was used to purchase the Property; and
15

16 **WHEREAS**, additionally, due to the limited funding available for the Fiscal Year 2016
17 capital and operating budgets and a desire to increase funding to benefit the Howard County
18 Public School System, the County Executive has determined that the sale of the Property would
19 be fiscally advantageous to the County; and
20

21 **WHEREAS**, the County intends to enter into an agreement with a real estate consultant
22 for the purpose of marketing and selling the Property; and
23

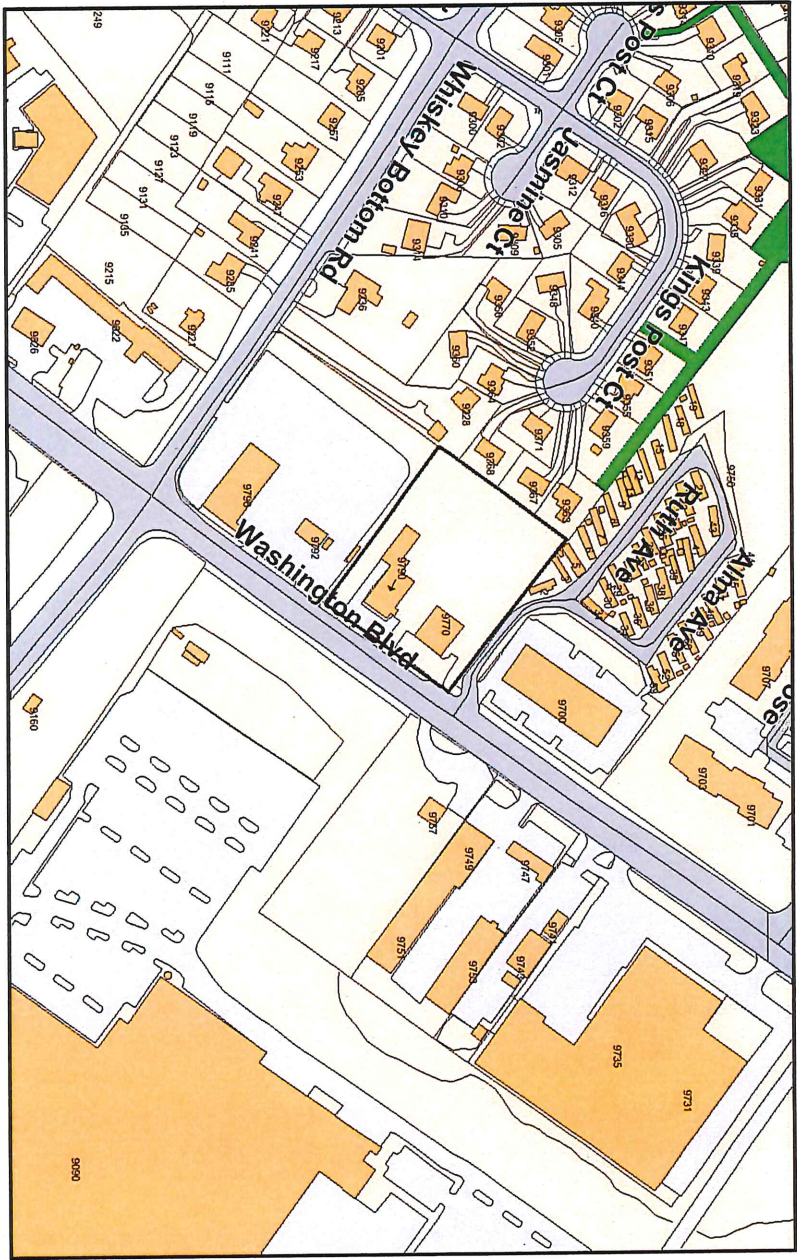
24 **WHEREAS**, Section 4.201 “Disposition of real property” of the Howard County Code
25 authorizes the County Council to declare that property is no longer needed for public purposes
26 and authorizes the County Council to waive advertising and bidding requirements for an
27 individual conveyance of property upon the request of the County Executive and after a public
28 hearing that has been duly advertised; and
29

30 **WHEREAS**, the County Council has received a request from the County Executive to
31 waive the advertising and bidding requirements in this instance for the sale of the Property.

1
2 **NOW, THEREFORE, BE IT RESOLVED** by the County Council of Howard County,
3 Maryland, this _____ day of _____, 2015, that the Property is no longer needed
4 by the County for public purposes.
5

6 **AND BE IT FURTHER RESOLVED** that, having received a request from the County
7 Executive and having held a public hearing that was duly advertised, the County Council
8 declares that the best interest of the County will be served by authorizing the County Executive
9 to waive the usual advertising and bidding requirements of Section 4.201 of the Howard County
10 Code for the sale of the Property and to sell the Property through the use of a real estate agent.
11

12 **AND BE IT FURTHER RESOLVED** that, if the County Executive finds that the
13 Property may have a further public use and that the property interest should not be terminated, he
14 is not bound to sell the Property in accordance with this Resolution.



Amendment 1 to Council Resolution No. 69-2015

BY: Jennifer Terrasa

Legislative Day No. 8

Date: July 6, 2015

Amendment No. 1

(This amendment requires an RFP before the Property may be sold.)

On page 2, insert at line 11:

“AND BE IT FURTHER RESOLVED that, the Property may not be sold unless the
County Executive first:

(1) issues a Request For Proposals (RFP) for redevelopment of the Property that
includes an analysis of how the proposed redevelopment would:

(i) benefit the community;

(ii) promote the goals of Route 1 revitalization;

(iii) comport with the General Plan; and

(iv) further the objectives of the North Laurel-Savage Sustainable Community
Plan and any other relevant plans; and

(2) establishes a group:

(i) to evaluate each proposal and how it best serves this gateway location,
assigning higher value to design, architecture, community enhancement, and
coordinated redevelopment of assembled properties than to highest price, and to make
recommendations; and

(ii) that includes at least 3 community members.”

Habicht, Kelli

From: Feldmark, Jessica
Sent: Sunday, April 26, 2015 3:36 PM
To: Sayers, Margery; Habicht, Kelli
Subject: FW: Proposed Property Dispensation
Attachments: APPRAISAL - 7101 DORSEY RUN ROAD.pdf; Ltr to Chairperson Sigaty April 23.pdf

The attached appraisal should be added to the file for CR125-2014, and copies of the letter should go with CR125-2014, CR67-2015, CR68-2015, and CR69-2015.

Thanks!

Jessica Feldmark
Administrator
Howard County Council
410-313-3111
jfeldmark@howardcountymd.gov

From: Sager, Jennifer
Sent: Thursday, April 23, 2015 4:34 PM
To: Sigaty, Mary Kay
Cc: Weinstein, Jon; Ball, Calvin B; Terrasa, Jen; Fox, Greg; Feldmark, Jessica; Siddiqui, Jahantab; Schrader, Sandy; Wilson, B Diane
Subject: Proposed Property Dispensation

Please see the attached correspondence from the County Executive regarding proposed property dispensation. Also, please see the attached second appraisal on the property subject to Council Resolution No. 125-2014

Please let us know if you have any questions.



HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

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FAX 410-313-3051
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April 23, 2015

Mary Kay Sigaty, Chair
Howard County Council
3430 Courthouse Drive
Ellicott City, Maryland 21043

Re: Proposed Property Dispensation

Dear Chairperson Sigaty:

I have filed surplus property disposal resolutions for three properties purchased by the County in 2014. These disposal resolutions should be considered along with CR 125-2014 that was tabled on January 5, 2015. All three properties were purchased in 2014 using a line of credit and it was intended by the previous administration to issue General Obligation bonds to finance the purchase of these properties. As part of the budget process, we will file a budget amendment to the FY 2016 proposed CIP budget to reflect the sale of these properties. The amendment will provide an additional \$4 million to the Land Acquisition Contingency Reserve project (C0309). This will assist the County with the purchase of a site for the 13th County high school in FY16 and if needed, provide matching funds to unlock the additional funding for school construction included in the State budget.

Given the non-public use intended for two of these properties, bond and tax counsel have advised against issuing tax exempt bonds to finance the purchase of the properties. One financing option would be to issue taxable bonds, which will incur a higher cost but will fit the purpose of the property usage more adequately. In either case, once debt is issued for the purchase of these properties, it could become very expensive to defease the debt if the properties were sold. The Flier building was intended to be used for a public purpose, however, renovations are expected to cost as high as \$7.5 million. This funding is not available in FY16 and may not be available in the future given the budget constraints and competing CIP priorities for the limited G.O. bonds. In addition, I do not believe that spending three times the purchase price on renovations is fiscally prudent. Therefore these properties were not included in the FY 2015 bond issue.

Given the limited funding available in the FY16 Capital and Operating budgets, my staff has made an effort to identify other resources the County can utilize to increase funding support for our education priorities.

The total cost incurred to acquire all four properties was approximately \$5.8 million and a conservative estimate is that the County could recoup a minimum of \$4 million if the properties were sold at current market values. As the properties are sold throughout the year, the County will apply the proceeds to the expenses incurred to purchase the properties. The sale proceeds will increase the bonding authority of the Land Acquisition Contingency Reserve project (C0309).

The Council had previously tabled CR 125-2014 (Maryland Environmental Services), which was filed by the previous administration. The appraisal at that time was valued at \$836,000 and the buyer was prepared to purchase the property at the appraised value. The County purchased this site using tax exempt bonds for \$594,974. Upon request of the Council, the Department of Public Works requisitioned a second appraisal in March 2015. The new appraisal dated March 31, 2015 valued the property at \$530,000, significantly lower than the agreed upon purchase price by the buyer and the County's original purchase price. The buyer, who has right of first refusal to purchase the property, has agreed to a purchase price of \$700,000, which will mitigate the loss of funds to the County. The delay has caused the County to lose \$136,000 in possible revenue. To avoid any further financial loss, I urge the Council to remove this Resolution from the table and vote on it at your next legislative session. The following chart summarizes the details related to the purchase of each property:

Property	Address	Date Aquired	Purchase Price	Appraisal at time of purchase
Flier Building	10750 Little Patuxent Parkway, Columbia	7/2/2014	\$2,824,244	\$2,700,000
Bickley Residence	8518 Frederick Road, Ellicott City	9/29/2014	\$507,974	\$460,000
Hurst Properties	9770 and 9790 Washington Boulevard, Laurel	12/1/2014	\$1,894,606	\$1,832,300
Maryland Envirntonmental Services	7101 Dorsey Run Road, Jessup	9/25/2012	\$594,974	\$803,900

After all four properties are sold at the current conservative estimate, the total deficit from these transactions is expected to be \$1.8 million; however, this deficit may decrease depending on the final sale price of the properties. This will be maintained as a balance on the county's line of credit, incurring \$12,000 of interest expense each year until paid. The deficit is expected to be paid with PAYGO capital funding in FY2017 or thereafter depending on the timing of the property sales and availability of fund balances in the General Fund.

While the County has to incur a net loss through these transactions in order to address issues attributable to policy decisions of the previous administration, I believe that this is the right choice to make. This action will provide additional funding for education priorities and properly use tax-exempt

bonds (in terms of limiting use of properties to public purpose). Moreover, this cost greatly outweighs the cost of the County issuing long term taxable debt for properties with no public use or for a property which will require more than three times its purchase price to be renovated. Continuing to own these four properties is not a fiscally prudent option.

If you have any questions, my staff is available to provide assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan H. Kittleman", with a long, sweeping horizontal stroke extending to the right.

Allan H. Kittleman
County Executive