

NCC Questions and Request for Documents

Follow-up from 7-16-2020 Workgroup Meeting and Budget Work Sessions

From: Deb Jung, County Council Member

Date: July 28, 2020

Financial Background-Questions

- If the NCC portion of the garage is TIF funded, can it be closed off to only those using the Center and theater?
 - ✓ *Answer: The garage must be made available to the public and cannot be closed off for specific uses, like attending the Center or the theater. The County has some flexibility to structure rates, time limitations, and parking validation strategies to meet certain parking objectives.*
- Is the \$2.7 million reduction due to the elimination of 120 parking spaces a reduction to the \$9.7 million of TIF bonds? If so, why is it included in the \$7 million of savings to the NCC?
 - ✓ *Answer: No, the garage is not solely funded by TIF bonds. The \$2.7M cut will come from a portion of the bonds to be paid by program revenues that were to fund the garage.*
- Please provide support for all assumptions in the slide “Impact of using additional TIF revenue.”
 - ✓ *Answer: See “Downtown Columbia- Second Set-aside Projections TIF increased to \$43M” attached to this response. It will be posted to the webpage under July 16 meeting.*
- What is the cost and split of the theater fit out?
 - ✓ *Answer: The total fit out cost for the CCTA spaces is estimated at \$3,685,000 with \$1M for the Main theater. CCTA will pay for \$3,089,750 and an allowance of \$595,250 is in the capital budget. See July 30 PPT, slide 23 at <https://www.howardcountymd.gov/LinkClick.aspx?fileticket=Dmn8aC211-l%3d&tabid=2993&portalid=0>*
- Are the bonds backed by the full faith and credit of the County?
 - ✓ *Answer: There are two types of bonds being issued for the NCC: TIF Bonds and GO Bonds. The TIF bonds will be backed by the property tax revenues in Downtown Columbia and will have a reserve fund. The GO bonds will be supported by program revenues and Downtown Columbia property tax revenues and also be backed by the full faith and credit of the County. A review by the Spending Affordability Committee was not required because the GO bonds are intended to be paid back with non-General Fund sources that are projected to cover the debt.*

Documents Requested

- The business plan for the facility
 - ✓ *The lease between the County & CCTA will be the business plan for the Center. The general terms and financial provisions have been negotiated but the final document is not yet in place.*

- The private fundraising plan and projections
 - ✓ *CCTA plans to fundraise to cover its fit-out of the NCC and expects to raise an estimated \$3M. The fundraising will not begin until after funding for the project has been appropriated and the project has broken ground. This may include naming rights for the spaces controlled by CCTA. To date, the developer is donating \$1 million to the project. It may be possible to sell naming rights for the building and make other fundraising efforts once the project has been approved by the Council.*
- The governance plan between the County, the private parties and the Housing Commission
 - ✓ *The building will be operated in accordance with several agreements among the parties. A condominium regime will outline ownership and certain rights of the facility and the parking garage. Cross easement agreements will authorize usage of the joint spaces by the parties. The County will control the NCC and the Commission will control the housing based upon those agreements. CCTA will operate through the lease discussed above.*
- Refined projection of revenue, construction, operating, and financing cost estimates
 - ✓ *See PPT presentations from July 16, July 30, and August 11 at <https://www.howardcountymd.gov/CDHC>*
- Analysis of other operating or capital budget impacts, including bonding capacity and the need for operating reserves
 - ✓ *The operating budget impact is expected to be \$755,00 for DRP and \$641,856 for DPW, as set forth in the July 30 presentation. Because the bonds are being sized so that they can be paid from project revenues, there are not expected to be any capital budget impacts. Operating reserves are not necessary given the expected debt coverage for the project, as will be shown in the August 11 presentation.*
- Site acquisition documents, including contracts for sale and any other ancillary agreements
 - ✓ *Site acquisition documents, including the contract for sale, currently remain between two private parties and are not public documents. The price of \$7.2M is public. An assignment of the purchase and sale agreement to the Howard County Housing Commission was executed so that the Commission could apply for LIHTCs. There could be an assignment of the sale agreement to the County if funding is authorized and the County could negotiate changes to non-price terms as part of that assignment.*
- Contracts and all related documents between the developer and the project leads including the Housing Commission and Howard County
 - ✓ *The Commission and the developer have not finalized their Developer Services Agreement, which will govern the development of the housing portion of the project. While the document was all but final, it needs to be substantially amended given the current ownership structure. The County will prepare and finalize its developer services agreement and any necessary ancillary documents as the project moves forward.*

- Updated marketing analysis on space or other facility requirements as a result of Covid-19
 - ✓ *An updated marketing analysis has not been requested. The market analyst, when asked informally about potential COVID impacts noted that it believed audiences would return to live theater. It further discussed the necessary winnowing of arts groups with the financial fallout of the COVID pandemic, and that strong groups would have greater opportunity as competition was reduced.*
 - ✓ *The architect is considering COVID related changes to the design as noted in the July 16 PPT presentation at slide 28.*
<https://www.howardcountymd.gov/LinkClick.aspx?fileticket=zYIDEU6i30g%3d&tabid=2993&portalid=0>
- A description of the public contracting requirements, including competitive bidding, minority business participation and oversight and how this process will be directed by the Department of Public Works and other County departments
 - ✓ *This will be covered at the August 11, 2020 workgroup meeting. See the PPT, which will be posted to the webpage and shared when complete.*
- Contracts and documents regarding Toby's, and the agreements, including all business-related agreements, between Toby's, Orchard Development and the County
 - ✓ *See responses to the request for site acquisition documents, governance documents, and contracts between the various parties, above.*
- The pro-forma for Toby's and the IRS Form 990 for the Columbia Center for Theatrical Arts
 - ✓ *The IRS Form 990 for CCTA is a publicly available document and is posted to the webpage at:*
<https://www.howardcountymd.gov/LinkClick.aspx?fileticket=GBh5eyl48T8%3d&tabid=2993&portalid=0>
 - ✓ *Please clarify what is meant by "the pro forma for Toby's".*
- Any documents that detail the business arrangements associated with the proposed housing development, including developer fees
 - ✓ *As noted above, the Development Services Agreement between Orchard and the Commission for the housing has not been finalized. The parties intend to split the fee approximately 50/50. About half the fee is being reinvested in the project as deferred fee pursuant to the Commission's tax credit application. The non-deferred portion of the fee acts as a contingency fund in the event of cost overruns, delays, or shortages in equity or debt.*

School Impact

- A profile of the housing component, anticipated student generation, and identification of any APFO waiver issues
 - ✓ *The housing component, Artists Flats, will be profiled at the August 11 workgroup meeting. The PPT will be posted to the webpage and shared. The presentation will also cover anticipated student generation and the student yield memo is posted to the webpage at*
<https://www.howardcountymd.gov/LinkClick.aspx?fileticket=fbkwlrDSTo%3d&tabid=2993&portalid=0>

Responses from CDHC Workgroup team 8/10/2020final

- ✓ *The project passed APFO (housing, schools, and roads) in August 2016. No APFO waivers are needed.*

Miscellaneous

- Information regarding any anticipated payment-in-lieu taxes (PILOT) agreement for the housing component;
 - ✓ *The housing component will not need a PILOT. Property owned by the Housing Commission is generally exempt from County property tax payments. The Commission will not pay any property taxes for Artists Flats.*
- Information regarding anticipated significant environmental and transportation impacts and sewer and water requirements.
 - ✓ *All environmental, transportation, and water and sewer approvals are in place. See July 16, 2020 PPT slide 23 at <https://www.howardcountymd.gov/LinkClick.aspx?fileticket=zYIDEU6i30g%3d&tabid=2993&portalid=0>*