



WORK SESSION OF THE GREENBELT CITY COUNCIL held Wednesday, November 16, 2005, for the purpose of discussing the request from Greenbelt Metropark for City tax increment financing (TIF).

Mayor Davis called the meeting to order at 8:07 p.m. It was held in the Multipurpose Room of the Community Center.

PRESENT WERE: Councilmembers Konrad E. Herling, Leta M. Mach, Rodney M. Roberts, and Mayor Judith F. Davis. Councilmember Edward V. J. Putens arrived at 8:20 p.m.

STAFF PRESENT WERE: Michael P. McLaughlin, City Manager; Celia W. Craze, Director, Planning and Community Development; David Moran, Assistant City Manager; and Kathleen Gallagher, City Clerk.

ALSO PRESENT WERE: Daniel Colton, Greenbelt Metropark; Jim Brennan and Ben Burroughs of Reed Smith, General Counsel and Bond Counsel for Metropark; Thomas X. White, Greenbelt News Review, and others.

At 9:30 p.m., Terri Hruby, Assistant Director, Planning, and Norman Rivera and Sandi Gallagher of Metropark, arrived, following an Advisory Planning Board meeting.

At Mayor Davis's request, Mr. Colton provided an update on Greenbelt Station. He said they would like to come in every few weeks to update Council. He said they had asked Berwyn Heights not to annex the Hercules Fence property, since they wish to buy it, which would require that it be annexed by Greenbelt. The current owner will attend Monday's Berwyn Heights Council meeting to ask not to be annexed. Mr. Colton also said they expect to be on the agenda of the first or second session of the County Council in January regarding the county TIF. He said there are three phases of public facilities funding: off-site infrastructure; the beltway interchange; and the structured parking. Overall, he said the project was becoming quite active and they are building a development team for the north core and are working on financing. He also described various arrangements for moving out some of the current occupants of the properties.

Ms. Craze then said the purpose of tonight's meeting was to move toward a decision on whether the City would provide a TIF for the project and, if so, how much. She said the developers had been negotiating with the county to use a TIF to finance significant public improvements, at a level well over \$100 million. The City's annexation of the south core would reduce the revenue stream to the county by about \$20 million over 30 years. The City has previously agreed to take a look at this issue, but it has not made any commitment to assist. Ms. Craze said the City did agree to address the question as part of the annexation agreement. She added she had some concern about Council's passing the annexation resolutions without having an annexation agreement as part of the public record. She said the county does not want to act until the City has made its

commitment. Moreover, if the City does not act, then a lack of county action could create a timing issue and delay the project.

Mr. Putens asked if there were alternatives to a TIF to reach the same goal, for example, a bond issue. Ms. Craze said the advantage to the TIF is that it protects the City's bond rating and future borrowing.

Mr. Roberts asked why these items could not be privately financed. Mr. Colton said they could in theory be privately financed but that there would be no way to pay off the debt. He said there is \$260 million in infrastructure at stake and that a private-public partnership is necessary. He added that this type of urban in-fill is exceptionally expensive.

Mr. Roberts replied that he does not favor this level of public support for a private, commercial project. Mayor Davis responded that Mr. Roberts should make it clear that he opposes the project altogether, as well as the annexation of the south core and the construction of the north-south connector road.

Ms. Mach commented that an advantage of having the City construct the road is that the City will then control it and can build it to its own specifications. Ms. Craze added that a comparable benefit accrues to the City from the annexation of the south core, in addition to the eventual tax revenues.

Ms. Craze then talked about various alternatives for handling the financing in the early years when the debt service will exceed the new tax revenues coming on line, including capitalizing the interest and establishing a special taxing district. Mr. Burroughs added that another option was to structure the debt so that initial payments were lower, with later payments increasing as the revenue was coming on line. Mr. McLaughlin said staff was not in agreement at this point about the best alternative but that he would prefer the capitalized interest approach to putting an extra tax on new residents, even if it was intended to be temporary.

There was a lengthy discussion about the design of the north-south connector.

The Mayor asked Ms. Craze about the risks the City would be incurring. Ms. Craze said there were plenty of risks, including default by the developers or the state on various promises, but she said every effort was being made to provide safeguards to the City on the risks.

Mr. Robert objected to the suggestion that if the City did not fund the north-south connector, the developer might not agree to the annexation. He said that had not been agreed to. Mr. Putens said Mr. Roberts' concerns about recreational components would be addressed later and that the TIF issue needed to be addressed separately. The Mayor, Ms. Mach, and Mr. Putens agreed that they felt comfortable enough with the way the discussion was proceeding on this subject. Mr. Herling agreed, though he said he still had some concerns. Mayor Davis suggested that he raise these questions with, and get any explanations he needed from, Mr. McLaughlin or Ms. Craze.

Mayor Davis asked to have Mr. Ketterman present for a brief work session on the financing issues at 7:30 p.m. preceding the November 28 Council meeting.

Mr. Roberts said he objected to the fact that this conversation had taken place at a work session rather than at a regular Council meeting. The Mayor said it would all be revisited at the Council meeting.

Mr. McLaughlin remarked that in the past, City Councils had been willing to use public funds to spur economic development. He added that another angle of this matter was that the county was debating whether or not to use its TIF authority for residential development but that he did not think it would establish any significant precedent for the City. Mr. Putens said from his perspective it was aimed more at the commercial development of the north core anyway.

Other Business

Mayor Davis reported a conversation with Kap Kapastin of Beltway Plaza, in which he said that they had continued to talk with Mr. Colton and had continued to stress they did not want a movie theater in the north core or a supermarket in the south core. He asked that the City support them in this request. Council generally continued to think this was not a matter for City intervention.

Mayor Davis reported on participating in the Citizens Forum on the Inter-County Connector sponsored by the Washington Times. She said there is discussion of extending the Green Line to Muirkirk Road to meet the ICC.

Mayor Davis said there is serious concern regarding the potential for a contract postal unit (CPU) at Roosevelt Center and that the Coop has turned them down because the conditions are not workable. Mr. McLaughlin said they had recently sent representatives out to talk with the merchants but that he had not heard the results. He suggested seeing if Steny Hoyer could intervene.

The Mayor also noted that Mr. Herling had suggested bringing in a speaker to address Council at a work session on collective bargaining. Mr. Putens expressed concern that doing this might delay the process of moving forward on implementation. Mayor Davis said the intent would be for the two to run parallel, not to let the discussion hold up implementation.

The meeting was adjourned at 10:15 p.m.

Respectfully submitted,

Kathleen Gallagher
City Clerk