

Prince George's County Council

Agenda Item Summary

Meeting Date: 10/21/2014
Reference No.: CR-089-2014
Draft No.: 1
Proposer(s): County Executive
Sponsor(s): Franklin, Patterson
Item Title: A Resolution for the purpose of approving the terms and conditions of a negotiated Payment in Lieu of Taxes (PILOT) Agreement by and between Prince George's County, Maryland and Keys Energy Center LLC

Drafter: LaKeecia Allen, Office of Law
Resource Personnel: Thomas Himler, Office of the County Executive

LEGISLATIVE HISTORY:

Date Presented:		Executive Action:	11/12/2014 S
Committee Referral:	9/16/2014 - PSFM	Effective Date:	10/28/2014
Committee Action:	10/16/2014 - FAV		
Date Introduced:	9/16/2014		
Public Hearing:			
Council Action (1)	10/28/2014 - ADOPTED		
Council Votes:	WC:A, DLD:A, MRF:A, AH:A, ML:-, EO:-, OP:-, IT:A, KT:A		
Pass/Fail:	P		
Remarks:			

AFFECTED CODE SECTIONS:

COMMITTEE REPORTS:

Public Safety and Fiscal Management

Date 10/16/2014

REPORT Committee Vote 4-0 (In Favor: Council Members Toles, Davis, Harrison and Turner)

This resolution will approve the terms and conditions of a Negotiated Payment in Lieu of Taxes (PILOT) Agreement between the County and Keys Energy Center, LLC for the Keys Energy Center Generating Facility (the Project) to develop a new, nominally rated 735 megawatt, combined-cycle, natural gas-fired, electric power generating plant. The PILOT Agreement provides a partial exemption of the County's real and personal property taxes as allowed under State Law.

Keys Energy Center, LLC will invest \$750 million to build and operate the facility which will be located on a 180 acre parcel of land on North Keys Road approximately 1.25 miles north of Brandywine, Maryland. This is the site of a former sand and gravel mining operation.

The County Executive states that this Project will contribute to a secure and environmentally friendly power supply for the State. The County residents and businesses will benefit significantly from the creation of temporary construction and full time operation employment. The Project is expected to have a 32 month construction schedule

and will employ approximately 400 construction workers during the peak period. Twenty percent (20%) of the direct construction hires are required to be local residents of which ten (10%) percent will be minority hires. Once the facility opens, the company will employ approximately 25 full-time, highly skilled employees with annual salaries and benefits estimated to be in excess of \$3.2 million dollars. Finally, the PILOT Agreement maximizes contracting opportunities for local and minority business by establishing a local business contracting minimum of twenty-percent (20%) with a minimum local minority business contracting requirement of ten percent (10%).

The Office of the County Executive estimates that the County will receive a minimum of \$43,400,000 should the PILOT Agreement be approved.

The Office of Law has reviewed this resolution and finds it in proper legislative form with no legal impediment to its adoption.

The adoption of CR-89-2014 will provide a positive fiscal impact to the County over the eighteen (18) year term of the PILOT Agreement. Upon the approval of the PILOT Agreement the County will forgo approximately \$43,456,210 in tax revenue annually during the 18 year period. This amount is the difference between the estimated County real and personal property taxes of \$86,856,210 and the total estimated PILOT Agreement payment of \$43,400,000.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

This resolution will approve the terms and conditions of a negotiated Payment in Lieu of Taxes (PILOT) Agreement between the County and Keys Energy Center LLC. This Agreement will facilitate the development, construction and operation of the Keys Energy Center Generating Facility. The facility will be a new, nominally rated 735-megawatt, combined-cycle, natural gas-fired, electric power generating plant and will contribute to a secure and environmentally friendly power supply for the State. It will also benefit County residents by creating temporary and permanent jobs.

CODE INDEX TOPICS:

INCLUSION FILES:

I-CR-89-2014 Attachment B.docx
