

PRINCE GEORGE'S COUNTY COUNCIL
COMMITTEE REPORT
2019 Legislative Session

Reference No.: CR-092-2019

Draft No.: 1

Committee: COMMITTEE OF THE WHOLE

Date: 11/05/2019

Action: FAV

REPORT: Favorable 11-0: Council Members Turner, Anderson-Walker, Davis, Dernoga, Glaros, Harrison, Hawkins, Franklin, Ivey, Streeter and Taveras

The County Council convened as the Committee of the Whole on November 5, 2019 to discuss CR-092-2019. CR-092-2019 seeks to provide Council approval of the terms and conditions of a negotiated Payment In Lieu of Taxes (PILOT) Agreement between Prince George's County and RPAI Capital Centre II, LLC for the Carillon Project.

RPAI Capital Centre II, LLC, has negotiated a PILOT Agreement for their proposed development located at 801 Capital Centre Blvd, consisting of 38.7 acres of real property also known as Carillion (the "Project"). The Project will be developed in phases. The Project is anticipated to be a mixed-used development that will consist of offices, residences, multi-family, retail and structured parking facilities. Projections for the Project indicate a \$974 million capital investment which is anticipated to result in 1,493 multi-family residences, 183 condominium units, 300 hotel rooms, 5,400 parking spots, 248,500 square feet of retail space, 719,000 square feet of office space and 2,633 permanent jobs, according to information obtained from the Office of the County Executive.

Terms of the PILOT Agreement with the Developer requires, for a fifteen (15) year term, payment of 100 % of the real property taxes on the development, with a subsequent refund by the County of up to 75% of the incremental County real property taxes to the Developer, subject to certain terms and conditions as fully described within the PILOT Agreement which is in Exhibit C to the Resolution.

The Developer has agreed to commit to a Minority Business Enterprise (MBE) Plan for the Project to assist in ensuring that County-Based Businesses (CBBs) County-Based Small Businesses (CBSBs), Minority Business Enterprises (MBEs), and County-Based Minority Business Enterprises (CMBEs) are given an opportunity to participate in business opportunities created by the Project. The MBE Plan goal is thirty-five percent (35%) participation for the Project, with a minimum twenty-five percent (25%) participation requirement for total building

costs, site work costs and related construction services. A minimum of twenty (20%) of the total building costs, site work costs, and related construction services must be allocated to CBMEs.

Should CR-092-2019 be adopted, the financial analysis of the Project provided by the Office of the County Executive estimates that the County will receive approximately \$24 million in property taxes and will forgo approximately \$72 million over the next 15 years.

During the Committee of the Whole, presentations were made by Ray Gilley, Deputy Chief Administrative Officer, Economic Development, who also provided an overview with Craig Friedson of RPAI. Mirinda Jackson, Minority Business Compliance Manager, also talked about minority Participation. Questions ensued about the status of the PILOT should the developer sell the property and how the goals will be met. It was pointed out by Ms. Jackson, that the developer, RPAI, assumes no responsibility for third party developer/builders. It was suggested that a flow-down clause be included in future contracts issued by RPAI.

The Office of Law reports CR-092-2019 to be in proper legislative form with no legal impediments to its adoption.

The Office of Audits and Investigations reports that adoption of CR-092-2019 will result in an adverse financial impact to the County of approximately \$72 million in forgone property tax revenue over the next 15 years. However, the County will receive \$24 million in property taxes as a result of the project.

After a very thorough discussion, the County Council, sitting as the Committee of the Whole, reported CR-092-2019 out favorably, 11-0.