

Office of the County Auditor
Auditor's Analysis

Council Resolution No. 174-2020

Introduced: November 2, 2020

Auditor: Maya Cameron

Fiscal Impact:

The fiscal impact of this legislation is based upon several factors. The primary factor is the revenue from the sale of the Flier Building.

The County intends to issue a Request for Proposal for the sale of the property, therefore the estimated revenue from the sale of the Flier Building is unknown. However, the Real Estate Services Division has ordered and expects to receive a new appraisal on December 15, 2020. The last appraisal was conducted in 2015 at \$2.7 million. We will provide a copy of the appraisal to Council members upon request.

Additional factors of the fiscal impact include a potential increase in property tax, lost revenue from license agreements, increase costs associated with the sale, and remediation costs. These are outlined below.

Based on the assessed value of \$2,833,000.00, County Tax revenues would be generated in the amount of approximately \$28,727. State, Fire, and Ad Valorem Tax revenues would be generated in the amount of approximately \$12,125. Revenues totaling \$40,852 would be generated due to the sale of the building.

The County had agreements with various entities for use of the building. We have not confirmed if these are active agreements or the amounts of revenue collected under these agreements. Possible lost revenue would offset any savings in the cost for maintenance and utilities. In Fiscal Year 2020, maintenance and utility costs were approximately \$83,000.

The County has retained the services of Chartwell Enterprises LLC (Chartwell), a commercial real estate services firm, to advise and represent the county throughout the sale. **We are awaiting Chartwell invoices to determine the cost to the County to utilize Chartwell's services related to their work on the Flier Building.**

In April 2014, Business Environmental Risks were identified in a Phase One study. We are awaiting a response to determine if the County is responsible for the remediation costs and the effect on the value of the property. NOTE: We can provide details of the findings to the Council if requested.

Purpose:

To authorize the County Executive to sell County owned real property known as the “Flier Building” located at 10750 Little Patuxent Parkway, MD, so that the property can be listed for fee simple sale with Chartwell Enterprises LLC.

Other Comments:

The Flier Building was purchased by Howard County in July 2014 under Capital Project C0309 Land Acquisitions for approximately \$2.8 million. **We are awaiting confirmation on whether this was bond funded and if debt service is still being paid on the original purchase.**

For the purpose of pedestrian access to Wilde Lake Middle School, there is a 24-foot perpetual easement along the rear property, in addition to other easements.

Agreements existed with the following:

- o Howard County Community College for theatre program storage;
- o Howard County Public School (HCPSS) for use of the parking lot; and
- o A local community organization to store donated school supplies.

We are awaiting confirmation on whether the licensing agreements are currently active and, if so, what the plans are for these agreements after the sale of the building.

Deed/ Covenant

There is a perpetual private covenant established on March 18, 1976, between Howard Research and Development Corporation and Howard Financing Corporation that would need to be re-negotiated by the buyer, including restrictions on architectural and design components of the building. NOTE: We can provide details of the covenant to the Council if requested.

Community Input

A virtual Community meeting was held July 23, 2020, to discuss the sale and repurposing of the property. The results of the community survey are available here:

<https://www.howardcountymd.gov/Departments/Planning-and-Zoning/Community-Planning/Columbia-Flier-Building>