"Federation Corner" column
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Funding the cost of infrastructure in White Flint
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The new master plan for White Flint, which was approved by the County Council on March 23 this year, calls for many improvements in public infrastructure in the area, to accommodate the amount of new development called for in the plan. The question is: who will foot the bill for the new infrastructure?

County Executive Isiah (Ike) Leggett has proposed a rational and fiscally safe and sane funding plan for White Flint infrastructure that deserves the support of county residents and the approval of Council.

According to the estimates included in the County Executive's September 27 memo to Council, the White Flint master plan calls for $586 million in infrastructure improvements. And his proposal calls for $208 million of that total to be funded through levying of an *ad valorem* tax on properties in a White Flint special taxing district (on the new, higher assessed value of the properties resulting from higher density rezoning approved in the master plan). And $378 million of the total would be funded through the county capital improvements program with money from the general fund, obtained through issuance of general obligation bonds, to be repaid by all county taxpayers and from other county resources.

The $208 million developer portion would fund road improvements called for in the master plan, and a second entrance to the White Flint Metro station. The $378 million provided through the county capital improvements program would fund additional road improvements, a bus depot, new elementary school, recreation center, "civic green" park, and a new county facility where a fire station, police substation and Urban District Office would be co-located.

Mr. Leggett stated in his September 27 memo to Council that "the scope of the White Flint Sector Plan has required more analytical resources than are currently available in the Executive Branch. In order to perform the in-depth analysis required by the Plan, the Executive contracted with one of its financial advisors to perform the Fiscal Impact Analysis of the Plan, and to provide preliminary financial analyses of the special taxing district that would be implemented..." if the Council approves his funding proposal.

The Council held a public hearing on the White Flint financing issue the evening of October 26, and the memo from the County Executive was included in the staff packet prepared for that hearing. This gave members of the public time to view Mr. Leggett's proposal and comment in their testimony. The White Flint Partnership, a developer consortium created by companies poised to profit richly from development of properties in White Flint, submitted its materials to Council too late to be included in the staff packet for the hearing or for citizens to comment on at the hearing.

The Partnership hired their own consultants to estimate the cost of infrastructure improvements and recommend a tax increment financing (tif) scheme as an alternative to special tax district funding of the developers' portion of the bill. A tif would not generate new revenue from development in White Flint, but iwould dedicate a portion of the regular property taxes collected in the area to pay the developers' portion of the bill.

In their submission, the Partnership also highlighted that $1.3 billion would be collected by the county over the next forty years in total net property tax revenue from new White Flint development. The total sounds great, but averages out to only $32.5 million per year--about three-fourths of 1% of the current annual budget.

The County Executive hired MuniCap Inc., a local assessment financing consultant, to run the fiscals for a modest $35,000 contract fee. In contrast, the Partnership hired their own consultants--the firms of Stone & Youngberg, one of the nation's oldest financial institutions specializing in private investment and underwriting, and Ballard Spahr, a national law firm--to run the numbers and challenge the CE's proposal. I wonder how much that cost the developers. Maybe they should have saved their money to pay the special district tax, instead.

The developers are also requesting the transportation impact tax applied to all projects in the county be waived in White Flint...no surprise there. The County Exec believes the revenue from impact taxes will be needed to fund any unforeseen cost overruns, and road improvements needed in the areas immediately adjacent to White Flint that may be negatively impacted by traffic from the growth that will occur there.

The CE has come up with plan to quickly fund and build the infrastructure, providing adequate public facilities that will allow development to take place quickly. He has proposed the county issue special obligation bonds to fund the developers' portion of the infrastructure costs (to be repaid through the special district tax) so the money could be borrowed at a lower interest rate than the developers could get--a savings for them.

And the beauty of the CE's plan, from the county's perspective, is that special obligation bonds do not count toward our debt limit, and so can not harm the triple A bond rating that allows our government to borrow money at a very low rate. Finally, the special tax would not be applied to existing residential development in the area, relieving condo owners already living there from an added tax burden.

County Executive Leggett knows that neither the Civic Federation nor I always agree with him on issues, and we are often vocal in our opposition. But this is a case in which the CE has a good proposal--good for the developers, fair to county taxpayers, and financially safe for a county government in fiscal crisis.

This Council only has two more sessions to go before the newly elected Council takes office. Let's hope they don't rush and get this wrong. Even the best of goals--job creation, new housing and increased revenue in White Flint--can't justify undermining the county government's long-term fiscal stability by caving in to developer desires. They need to support Ike on this one.

The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to theelms518@earthlink.net