

DIVISION OF FINANCE PROGRAMS
SMART GROWTH ECONOMIC DEVELOPMENT
INFRASTRUCTURE FUND

(ONE MARYLAND)

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SMART GROWTH ECONOMIC DEVELOPMENT INFRASTRUCTURE FUND
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SMART GROWTH ECONOMIC DEVELOPMENT INFRASTRUCTURE FUND (ONE MARYLAND)

History and Program Description

The Governor and the General Assembly approved the Smart Growth Economic Development Infrastructure Fund, commonly referred to as “One Maryland”, in 1999. One Maryland provides financial assistance for infrastructure and real estate projects in qualified distressed jurisdictions. The program was intended to be a five-year program, terminating on June 30, 2004.

The Governor and General Assembly approved House Bill 1064 during the 2004 Legislative session, transferring the assets and monies on deposit in the “One Maryland” Fund on July 1, 2004 to the Maryland Economic Development Assistance Authority and Fund (“MEDAAF”) and altering requirements under “MEDAAF” to accommodate the continuation of the “One Maryland” program under MEDAAF

A qualified distressed jurisdiction may make a request for assistance through the One Maryland programs after it has completed an economic development plan in consultation with the municipal corporations located within the County and submitted the Plan for approval by the Department. A “One Maryland” jurisdiction must also have an average rate of unemployment for the most recent 18 month period for which data is available that is greater than 150% of the average rate of unemployment for the entire State during the same period; or an average per capita personal income for the most recent 24-month period that data is available that is equal to or less than 67% of the average personal per capita income for the entire State during the same period.

There are eight (8) jurisdictions that qualify as distressed “One Maryland” counties; Allegany, Caroline, Cecil, Dorchester, Garrett, Somerset, and Worcester and Baltimore City. Cecil County qualified for the program in 2003, the other seven jurisdictions qualified as “One Maryland” counties at the inception of the Program

Assistance can be provided for the purpose of financing the cost of acquisition, improvement and rehabilitation of land or industrial sites and parks, development of water and sewer lines, shell buildings and other needed infrastructure projects. Funding will be in the form of a loan, conditional loan or investment. Eligible borrowers are MEDCO and local jurisdictions that qualify as economically distressed.

The Department determines the terms of the funding of projects. While repayment is not required until the project attains occupancy, the Department can structure flexible, patient capital (referred to as an investment) that is essential for development in these jurisdictions. A jurisdiction must submit an approved plan for economic development; marketing plan, and a site plan for the project to DBED. A project must include potential for creating or retaining employment and have a positive impact on the per capita income. The original qualified jurisdictions submitted an acceptable plan to the Department in the first year of the program. Cecil County will submit a plan prior to the approval of a project.

Program Performance Since Inception

From the inception of the program through FY2004, \$30,445,000 in General Funds and general obligation bonds have been appropriated for the program.

The Department has focused significant resources to this program and actively worked with the eight (8) jurisdictions to complete their initial round of projects. The Secretary has approved at least one project for the original seven (7) jurisdictions and the first project for Cecil County is in process.

Status of Projects To Date

Allegany County – The Department approved a request by Allegany County to provide \$3,463,000 in funding for the acquisition of land and infrastructures to develop an industrial park know as “Barton Business Park”. This transaction was structured as a conditional loan and the Department anticipates being repaid from the proceeds of the land sales. The project consists of approximately 150 acres of land located approximately 7 miles south of Cumberland along Route 220. The Department has subsequently committed a \$1,000,000 conditional loan to fund the construction of an electrical substation for the Barton Business Park and \$1,000,000 to fund the construction of a sewage treatment plant that will serve the business park. Projected costs to complete Phase I of the business park total \$8,895,581. The County is contributing \$892,700 and the Federal Government is providing \$2,627,000. The Department provided MEDCO with the necessary funding to purchase the property in February 2002 with land settlement occurring in the spring of that same year. Allegany County is presently developing Phase I of the Barton Business Park. Phase I is designed to provide 2-3 lots at the north end of the park with utilities and road access. There are four on-site projects involved with developing this phase. These include; road entrances, wetlands mitigation, site development, and sewage treatment plant.

The master plan for the business park is envisioned to provide up to seven (7) building lots that could accommodate up to 1,230,660 square feet of new building space. Given the County’s experience with other projects, the original expectation was that businesses in the Park would employ from 750 to 1,100 workers.

On June 30, 2004, the first occupant of the Park was determined when American Woodmark announced its plans to construct a 250,000 square feet facility on approximately 50 acres in the Barton Business Park, creating at least 500 new jobs by 2009. The site selected by American Woodwork allows for the possibility of future expansion.

Baltimore City –The Department has approved five (5) projects in Baltimore City, which include \$9,000,000 of investment in two parking facilities (Fleet Street Garage and St. Paul Garage); \$3,600,000 in loan funds for infrastructure in the redevelopment and expansion of Mondawmin Mall; a \$3,600,000 investment in the development of a new commercial/industrial park located in the Hollander Ridge area; and a \$5,000,000 investment to assist with the infrastructure costs of developing the National Aquarium in Baltimore’s Center for Aquatic Life (CALC).

The garages are being funded through and developed by MEDCO, with the Mondawmin Mall redevelopment project, Hollander Ridge, and the CALC projects being funded through the City. The construction of the St. Paul Garage, providing 500 new spaces to the city, was completed in the fall 2003. The Fleet Street Garage is currently under construction and Mondawmin Mall redevelopment project is projected to be under construction in the second half of 2005, with completion in 2006. The Hollander Ridge and CALC project are expected to be funded in fiscal year 2005.

The Fleet Street Garage in Inner Harbor East will add 800+ new spaces in an area requiring significant support for job retention and attraction, with lower rates for business employees. In addition, the project is expected to attract new businesses to the rapidly expanding Inner Harbor East area of the City. The Mondawmin Mall loan funds will help revitalize and expand approximately 485,000 square feet of existing retail and office space, which currently accommodates 110 existing businesses that draw an average of 100,000 customers per month, and employ approximately 900 people. The Hollander Ridge Industrial Park is a 50 acre site on Rt 40, near the City – County line that offers excellent access to I-95.

The City has issued an RFP to solicit private development plans for the site. The CALC project will ultimately redevelop 20 acres of waterfront land on the Middle Branch of the Patapsco River. This area has been identified as a strategic gateway to the City and the redevelopment plans should act as a catalyst for the surrounding area. The funding for this investment is contingent on the reallocation of \$3.6 million of One Maryland funds previously committed to the Hollander Ridge Project.

Caroline County –The Department has approved funding for four (4) Caroline County projects; Denton Industrial Park, Federalsburg Industrial Park, Caroline Business Center, and Regional Business and Technology Park.

Denton Industrial Park – One Maryland provided \$1,086,000 to the Town of Denton for the acquisition and development of the Denton Industrial Park. County and private investment was \$5,400,000. As a result, six (6) companies have expanded and/or located there, creating 71 jobs.

Federalsburg Industrial Park – One Maryland provided \$836,800 to the Town of Federalsburg for the acquisition and development of the Federalsburg Industrial Park. County and private investment was \$17,023,000. As a result, five (5) companies have expanded and/or located there, creating 137 jobs.

Button Factory - One Maryland provided \$160,000 to Caroline County EDC to establish a fully equipped small business resource center that has counseled approximately thirty-one (31) small businesses in two years.

Caroline County Regional Business and Technology Park - One Maryland provided \$1,500,000 to Caroline County for the acquisition of land and the development of the new Regional Business and Technology Park located in Ridgely, Maryland.

Cecil County – The Department has tentatively approved a \$2,000,000 investment to Cecil County, for the construction of a gas main line from Perryville to the Principio Industrial Park. A study is currently in process which will determine the route as well as the costs for BGE to construct the line. This will provide necessary infrastructure for development of 700 net developable acres, potentially accommodating approximately 8 million square-feet of industrial building space.

Dorchester County - The Department approved \$1,750,000 in funding to Dorchester County, for the acquisition of land to construct and develop an industrial park. During FY'02, a feasibility study was conducted by the County to determine possible sites and potential economic impact. The County has a contract with an option to purchase the 113 acres near the existing Chesapeake Industrial Park, Rt. #50, the Cambridge Hyatt, and the Cambridge Airport. According to the feasibility study this new park is expected to yield approximately 10 lots. The \$1,750,000 is anticipated to cover the costs of land acquisition, and an additional \$3,000,000 to \$4,000,000 will be required to fund the water, sewer infrastructure to the site, as well as the engineering site work design of roads, curbs for the remainder of the project. In April 2004, \$100,000 of the \$1,750,000 was funded for the preliminary engineering study. The results of this study are expected to determine whether DBED/MEDCO should exercise the purchase option which expires on 7/1/05.

The Department approved and funded \$2,200,000 to construct a shell building in Cambridge, this transaction closed in early 2002. The building was completed in early 2004. A nationwide distributor of exterior building products has entered a lease of the entire 30,000 square foot building effective September 1, 2004 and will create 40 new jobs in the next three years.

Garrett County – The Department originally committed funding for a 50,000 square foot shell building with an estimated cost of \$3,000,000. MEDCO was engaged by the Department to develop the engineering design for the facility at a cost of \$27,931. This shell building project was put on hold when the site was selected for the ClosetMaid project.

The County submitted a request for another project, a 30,000 square foot shell building at the Southern Industrial Park with an estimated project cost of \$2,300,000. The Department approved this request, with funding occurring in January 2002, and construction beginning in the summer of 2002. The structure was near completion when a heavy snow during the February 2003 blizzard collapsed the roof, causing structural damage to the building. Repairs were completed in July 2004.

The Department approved up to \$2,500,000 loan to MEDCO to fund the acquisition of land in the Keyzers Ridge area of the County. The site selected includes approximately 269 acres, of which 140 acres can be developed. To date, approximately \$1,500,000 has been expended to cover the costs of land acquisition, engineering and environmental expenses. The County has estimated that costs for infrastructure and site work are \$7.1 million. The County will apply to EDA for funds to further develop this project.

Somerset County – The Department approved and funded a \$2,000,000 investment through MEDCO for the construction of a 30,000 square foot shell building in the Princess Anne Industrial Park. The building is complete and the County has been actively marketing the facility. A company that designs and operates wire line and wireless networks for commercial and government use is planning on leasing 2,500 square feet of space, initially creating four (4) new jobs by mid-summer 2004. The company will use the premises for the installation and maintenance support of emergency communications systems to be installed in both Somerset County and Worcester County emergency vehicles.

Worcester County – Although the Department originally approved \$5,000,000 for the Berlin Technology Park efforts to acquire the land have not been successful. The Department funded approximately \$75,000, in FY'03, to cover the engineering expenses incurred by the Town of Berlin. The remainder of the commitment has been rescinded.

The Department approved and funded a \$2,200,000 investment through MEDCO for, the construction of a 42,000 square foot shell building in Pocomoke City. This building is complete and the County has been actively marketing the facility. MEDCO is currently closing on a lease for 10,000 square feet in the building to assist a local company that currently employs 80 people in the County.

Project Summary Chart

Jurisdiction	Project Name	Amount
Allegany	MEDCO/Allegany/Barton Farm	\$5,463,000
Baltimore City	MEDCO/Fleet Street	\$6,000,000
Baltimore City	MEDCO/St. Paul St.	\$3,000,000
Baltimore City	Hollander Ridge	\$3,600,000
Baltimore City	BDC/Rouse/Mondawmin	\$3,600,000
Baltimore City	CALC	\$5,000,000*
Caroline	Town of Denton/Ind. Pk	\$1,086,000
Caroline	Town of Federalsburg/Ind. Pk.	\$836,800
Caroline	Caroline EDC/Button Factory	\$160,000
Caroline	Caroline County/Ridgely	\$1,500,000
Dorchester	MEDCO/Dorchester/Flex	\$2,200,000
Dorchester	MEDCO/Dorchester Co./Tech	\$1,750,000
Garrett	MEDCO/I-68 Ind. Pk	\$2,500,000
Garrett	MEDCO/Garrett Shell Bldg	\$27,931
Garrett	MEDCO/So. Garrett	\$2,300,000
Somerset	MEDCO/Somerset/Flex Bldg	\$2,000,000
Worcester	MEDCO/Worcester/Poc	\$2,200,000
Worcester	MEDCO/Berlin Tech	\$75,000

* \$3.6 MM of the \$5 MM is contingent on the repayment of the \$3.6 MM for the Hollander Ridge Project.

Projected Program Performance

With the approval of House Bill 1064, the assets of the One Maryland Fund will be transferred into the Maryland Economic Development Assistance Authority Fund. Discussion of future projects can be found under MEDAAF Projected Performance for Fiscal Years '05 and '06.