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## OFFICE OF THE COUNTY AUDITOR INTEROFFICE MEMORANDUM

TO: All Council Members  
FROM: Lauren M. Smelkinson, County Auditor *LMS*  
DATE: June 30, 2015  
SUBJECT: Addendum to Council Meeting Notes

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Please find attached a revised fiscal note for MB-2 on the Council's July 6, 2015 agenda (to be discussed at today's work session). We revised the fiscal note to provide two clarifications, which are shown in bold.

Attachment

cc: notes distribution list

MB-2 (Res. 46-15)

Council District(s) 6

Mrs. Bevins (By Req.)

Department of Permits, Approvals and Inspections

Exchange of Real Property – Helix Health System, Inc.

This resolution authorizes the County to convey approximately 3.112 acres of property located at 9100 Franklin Square Drive, at the northeast quadrant of the intersection of Franklin Square Drive and Hospital Drive, to HH MedStar Health, Inc., (formerly known as Helix Health System, Inc.). The property is improved with a 3-story office building known as the Eastern Family Resource Center. In exchange for the property, Helix Health System, Inc. will convey approximately 3.920 acres of real property located on the west side of Franklin Square Drive south of its intersection with King Avenue and just east of the Franklin Hospital complex, to be used for construction of a new Eastern Family Resource Center. The property is improved with a parking lot used by hospital employees. In addition, Helix Health System, Inc. will provide a \$5 million monetary consideration. The exchange will take place in accordance with the terms of a Memorandum of Understanding to be executed between the County and MedStar Health, Inc., once Resolution 46-15 is approved by the County Council.

**Fiscal Summary**

<b>Value of Property to be Conveyed</b>	<b>Value of Property to be Received</b>	<b>Notes</b>
* (1)	* (2)	* Value as appraised by two independent appraisers (required under §3-9-105(c) of the Baltimore County Code) not yet available. (1) In-house appraisal reflects a value of \$2,580,000. (2) In-house appraisal reflects a value of \$384,000. In addition, Helix will provide a \$5 million monetary consideration.

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### Analysis

Robert W. Kline, staff appraiser for the County, completed appraisals in November 2014 of the 3.112-acre property to be conveyed and the 3.920-acre property to be acquired, recommending values of \$2,580,000 and \$384,000, respectively. After review and analysis, S. David Nantz, review appraiser, concurred with each of the respective appraisal amounts. The Department advised that the two independent appraisals required by law (Section 3-9-105(c) of the Baltimore County Code) should be available at the County Council's June 30, 2015 work session.

The 3.112-acre property to be conveyed is improved with a 3-story, 49,623 sq. ft. office building that supports the Baltimore County Department of Health's Eastern Family Resource Center (EFRC). Helix Health System, Inc. intends to use the County-owned property as part of its hospital expansion plans. The County has agreed to convey the property to Helix Health System, Inc. in exchange for a 3.920-acre parcel (part of an 8.863-parcel) improved with an asphalt parking lot designated for Franklin Square Hospital employee parking plus a \$5 million monetary consideration from Helix Health System, Inc. The Department advised that the County will use the parcel for construction of a new 80,000 sq. ft. EFRC facility at a total project cost of \$24 million. **The project cost will be funded as follows: \$14 million in County funds, \$5 million in State funds, and \$5 million from Helix Health System, Inc.** The Department also advised that the new facility will be approximately 30,000 sq. ft. larger than the current facility and will be a full service health and social services center with improved services to customers.

The resolution states that the exchange will take place in accordance with the terms of a Memorandum of Understanding (MOU), to be executed between the County and MedStar Health, Inc. once Resolution 46-15 is approved by the County Council. Under the MOU, the County will plan, design, construct, equip, and furnish a replacement EFRC facility on the new parcel and pay all associated costs. MedStar will contribute \$5 million on or about July 1, 2015 to be used by the County for costs related to the construction, equipping, and furnishing of the new EFRC facility; **the Administration advised that MedStar also helped the County obtain State grant funds totaling \$5 million for the EFRC project.** Following the exchange, MedStar will lease back the existing EFRC property to the County at the rate of \$1 per year so the County can continue its existing EFRC operations. The County will be responsible for all costs and expenses incurred in connection with the existing EFRC property during the term of

the lease, including all maintenance and repair costs. If the new EFRC facility is not open and operating and the County has not moved out of the existing EFRC facility within 30 months from July 1, 2015, the County will pay a rate of fair market value to lease the existing EFRC property until the new EFRC is open and operating.

County Code, Section 3-9-103(c)(1), requires Council approval of real property exchanges where the value of the property to be conveyed by the County exceeds \$25,000 and Section 3-9-105(c) requires that two appraisals be obtained from independent qualified real estate appraisers. As noted, the Department advised that it plans to have final reports from the two consultant appraisers by the Council's work session on June 30, 2015.