



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

June 22, 2020

FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin *JH*
Senior Legislative Budget and Policy Analyst

FROM: Inez N. Claggett *JAC*
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Note
CB-046-2020 An Act Concerning Borrowing to Finance Capital Projects for County Buildings

CB-046-2020 (*Proposed and presented by:* The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

AN ACT CONCERNING BORROWING TO FINANCE CAPITAL PROJECTS FOR COUNTY BUILDINGS for the purpose of authorizing Prince George's County, Maryland, to borrow money upon its full faith and credit at any time and from time to time, in an aggregate principal amount not exceeding \$133,000,000 to finance the design, construction, reconstruction, extension, acquisition, improvement, enlargement, alteration, renovation, relocation, rehabilitation, or repair of County Buildings including the acquisition of sites therefor; prescribing terms and conditions upon which bonds issued pursuant to this Act shall be issued and sold and other incidental details with respect thereto; providing generally for the issuance of such bonds and providing for such borrowing to be submitted to a referendum of the legal voters of the County.

Fiscal Summary

Direct Impact:

Expenditures: Negative, if bonds are sold.

Revenues: None.

Indirect Impact:

Potentially positive, if bonds are sold.

Current Law/Background:

Pursuant to Section 323 and 823 of the Charter of Prince George's County, general obligation bonds are to be sold by solicitation of competitive bids at public sale after giving public notice as the County Council may determine by Ordinance. The bonds may be sold for such prices as may be determined to be for the best of the County, either at, above, or below the par value of such bonds, and may be sold in conjunction with other County issued bonds. If sold in conjunction with other County issued bonds, the notice of sale may require that consolidated bids be submitted on any two or more of such series of bonds.

Discussion/Policy Analysis:

CB-046-2020 authorizes borrowing to finance Capital Projects for County Buildings, and to incur indebtedness upon its full faith and credit, at any time and from time to time, in an aggregate principal amount not exceeding \$133,000,000 to finance the design, construction, reconstruction, extension, acquisition, improvement, enlargement, alteration, renovation, relocation, rehabilitation, or repair of County Buildings, including the acquisition and development of sites therefor, the architectural and engineering services incident thereto, and the acquisition and installation of necessary fixed permanent equipment therefor, and for other purposes as approved in the FY 2021 – 2026 Capital Improvement Plan.

The proposed generic project categories to be financed with these funds are shown in Section One (1) of CB-046-2020, page two, lines four (4) through eleven (11) and are described in the County's FY 2021-2026 Capital Improvement Program for the County. CB-046-2020 further provides that the Act be submitted to the voters of the County for their approval or disapproval, at the General Election to be held on Tuesday, November 3, 2020.

If the voters approve the proposed ballot question, the County will be authorized to incur additional debt in the aggregate principal amount of \$133,000,000, plus interest, on general obligation bonds or other credit instruments necessary to carry out the intent of the Act.

Fiscal Impact:

Direct Impact

Enactment of CB-046-2020 will have a negative fiscal impact on the County when, and if, the bonds authorized to be issued by this Act, are sold. The impact will be contingent upon the final value of the bond issuance, the bond interest rate, and the term of the bonds over the multi-year bond term.

Indirect Impact

Enactment of CB-046-2020 may have a positive indirect fiscal impact upon the County. Leveraging the costs of infrastructure improvements allows the County to potentially increase the return of the investment and allows for greater use of revenue for immediate resource needs.

Appropriated in the Current Fiscal Year Budget

Capital projects for which borrowing, or indebtedness will occur were appropriated within the FY 2021 - 2026 Capital Improvement Plan. The anticipated debt service related to the borrowing, or indebtedness, has been appropriated within the adopted FY 2021 Current Expense budget.

Effective Date of Proposed Legislation

The proposed Bill shall become effective immediately upon the date of the official certification of its approval by the voters at said general election.

If you require additional information, or have questions about this fiscal impact statement, please call me.