



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

June 21, 2018

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CB-030-2018 DR-1 Capital Projects for Public Works and Transportation Facilities

Legislative Summary

CB-030-2018, borrowing to finance Capital Projects for Public Works and Transportation facilities, authorizes the County to borrow money and incur indebtedness upon its full faith and credit, at any time and from time to time, in an aggregate principal amount not exceeding \$148,287,000 to finance the design, construction, reconstruction, extension, acquisition, improvement, enlargement, alteration, renovation, relocation, rehabilitation, or repair of Public Works and Transportation facilities, including the acquisition and development of sites, as approved in the FY 2019 – 2024 Capital Improvement Plan.

Background/Current Law

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.

Assumptions and Methodology

The proposed legislation authorizes borrowing to finance Capital Projects for Public Works and Transportation facilities, 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 \$148,287,000 to finance the design, construction, reconstruction, extension, acquisition, improvement, enlargement, alteration, renovation, relocation, rehabilitation, or repair of Public Works and Transportation facilities, including the acquisition and development of sites and for other purposes, as approved in the FY 2019 – 2024 Capital Improvement Plan. The proposed generic project categories to be financed with these funds are shown in Section One (1) of CB-30-2018, page two, lines five (5) through twenty-six (26) and are described in the County's FY 2019-2024 Capital Improvement Program for the Department of Public Works and Transportation. CB-030-2018 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 6, 2018.

If the voters approve the proposed ballot question, the County will be authorized to incur additional debt in the aggregate principal amount of \$148,287,000, plus interest, on the general obligation bonds or other credit instruments necessary to carry out the intent of the Act.

Fiscal Impact

- Direct Impact

Enactment of CB-030-2018 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-030-2018 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 2019 - 2024 Capital Improvement Plan. The anticipated debt service related to the borrowing, or indebtedness, has been appropriated within the adopted FY 2019 Current Expense budget.

Effective Date

Immediately upon the date of the official certification of approval by the voters at the 2018 general election.

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