



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

October 7, 2020

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

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

FROM: Alex Hirtle *AJH*
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-076-2020 Stormwater Management - Wastewater Protection and Restoration Program
Revenue Obligations - Maryland Water Quality Financing Administration Loans

CB-076-2020 (*proposed by:* the Chair of the Council at the request of the County Executive)

Assigned to Committee of the Whole (COW)

AN ACT CONCERNING STORMWATER MANAGEMENT – WASTEWATER PROTECTION AND RESTORATION PROGRAM REVENUE OBLIGATIONS – MARYLAND WATER QUALITY FINANCING ADMINISTRATION LOANS for the purpose of authorizing and empowering Prince George's County, Maryland to borrow money and incur indebtedness not to exceed One Hundred Million Dollars (\$100,000,000).

Fiscal Summary

Direct Impact:

Expenditures: Negative, in the form of debt service costs.

Revenues: None.

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Indirect Impact:

Positive.

Legislative Summary:

CB-076-2020 was introduced on September 22nd, 2020, by the Council Chair at the request of the County Executive and was referred to the Council of the Whole (COW). The Bill would allow the County to borrow up to One Hundred Million dollars (\$100,000,000) for stormwater management projects.

Current Law/Background:

This legislation authorizes Prince George's County to borrow money and incur debt not to exceed One Hundred Million Dollars (\$100,000,000) under one or more loans covered under agreements, which will be executed by the County and the Maryland Water Quality Financing Administration (MWQFA). MWQFA is a State entity that provides low interest rate loans and grant funding for clean water and drinking water capital projects across Maryland through revolving loan programs. They receive federal funding from the U.S. Environmental Protection Agency (EPA) and offer below market interest rate loans to eligible borrowers. The money the County can borrow under this legislation will be specific to the provisions of CB-32-16 pursuant of the Federal Water Quality Act, which approved spending for Phase Two of the Watershed Implementation plan (WIP II). Projects in the WIP II primarily include (but are not limited to) design, planning, construction, installation, improvement, and expansion of retrofits for the County's Stormwater Management Watershed Protection and Restoration Program.

Resource Personnel:

Joseph Gill, Department of the Environment
Jeff Dehan, Department of the Environment

Discussion/Policy Analysis:

The legislation will facilitate the reimbursement of the County for multiple projects that will be designed and constructed by the Clean Water Project (CWP). CWP is a long-term community-based public-private partnership (CB-P3) created to achieve timely and cost-effective compliance with the National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) permits by retrofitting and maintaining the County's stormwater management devices while optimizing economic benefits to the County through local businesses. The projects include rain gardens, urban and pond retrofits, stream restoration, green streets, high-flow media treatment devices, bio-swales, and other Green infrastructure that will increase the water quality of the County's stormwater.

Given the County's obligation to meet State and federal stormwater mandates, and its challenge in obtaining resources to implement capital projects that will reduce pollutants and flooding within our jurisdictional boundaries, CB-076-2020 is legislation that is timely and necessary for our government, local businesses, residents, and the environment.

Fiscal Impact:

- *Direct Impact*

Enactment of CB-076-2020 will authorize the County to borrow money at extremely favorable interest rates to meet its State and federal environmental obligations, while improving the safety and health of its residents. Although loans from the MWQFA will need to be paid back, interest rates will be exceedingly low: about 1-2% versus about 5% for bond financing.

- *Indirect Impact*

Enactment of CB-076-2020 should have a positive indirect fiscal impact by providing opportunities to local businesses and residents. By using the CWP program, which has a 5-year track record of ensuring approximately 80% of all expenditures are received by county-based and located businesses and at least 50% of the work is done by County residents, this will increase tax revenue for the County.

- *Appropriated in the Current Fiscal Year Budget*

Yes.

Issues for Committee Consideration:

- Repayment terms of the loan from MWQFA is for 30 years, which is an extended commitment by the County.
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Effective Date of Proposed Legislation:

This Act shall take effect forty-five (45) days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please reach me via phone or email.