



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

September 24, 2019

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-048-2019 Issuance and Sale of General Obligation and Stormwater Management Bonds

Legislative Summary

CB-048-2019 authorizes the County to issue and sell up to \$455,523,000 in aggregate principal amount of general obligation and stormwater management bonds to finance various County capital projects approved in the FY 2020 Capital Budget and Program.

Background/Current Law

Pursuant to Section 823 of the Prince George's County Charter, any borrowing to finance capital projects must be authorized by law of the General Assembly of Maryland, or by law of the County Council. The Bond Issue Authorization Ordinance shall include the purpose of the issue, and the description, amount to be financed, source of financing, and probable or average probable useful life, for each capital project. Also, the amount of the proposed issue, a statement supporting the proposed issuance is within the legal limitation on the indebtedness of the County, the amount of tax or other revenues pledged to the payment of principal and interest, along with a pledge of the full faith and credit of the County toward such payments, shall be included within the Ordinance.

Assumptions and Methodology

CB-048-2019 authorizes the County to issue and sell up to \$455,523,000 in aggregate principal amount of general obligation and stormwater management bonds to finance various County capital projects approved in the FY 2020 Capital Budget and Program. In addition to general obligation bonds, general

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obligation bond anticipation notes and general obligation refunding bonds also are authorized. The projects proposed to receive funding are listed in Attachment 1 of CB-048-2019, and include projects from the Board of Education, the Department of Public Works and Transportation, the Memorial Library System, the Health Department, the Department of Corrections, the Circuit Court, the Police Department, the Fire/EMS Department, the Community College, the Office of Central Services, the Office of Information Technology, the Department of the Environment, and the Stormwater Management District.

Fiscal Impact

- Direct Impact

Enactment of CB-048-2019 will authorize the County to incur additional debt in the aggregate principal amount of \$455,523,000, plus interest on the general obligation bonds, necessary to carry out the intent of the Act. The additional debt and related interest and issuance costs associated with the proposed general obligation bonds, or bond anticipation notes, when issued, will have a negative fiscal impact on the County to the extent of the total multi-year debt service costs. The amount of the negative fiscal impact is contingent upon the bond interest rate and the term of the bonds. The fiscal impact on the County for any refunding bonds should be positive if, and when, such refunding bonds are sold.

Appropriated in the Current Fiscal Year Budget

Yes.

Effective Date

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law.

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