

THE CAPITAL IMPROVEMENT PROGRAM AND CAPITAL BUDGET

Introduction

The Capital Improvement Program (CIP) is the County's six-year financial plan for constructing and renovating permanent facilities such as schools, libraries, fire stations and roads. Capital projects often take two to three years to complete. The CIP provides a detailed, year-by-year schedule of all planned expenditures and financing requirements for each construction project.

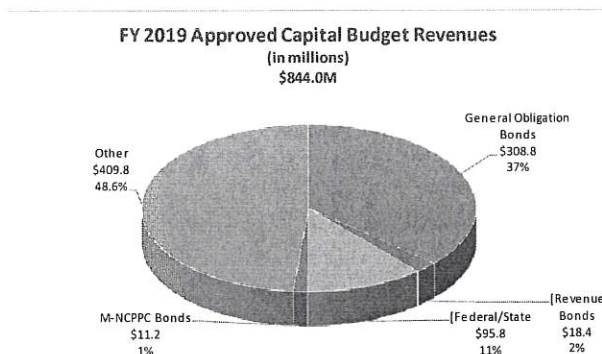
The capital budget refers to expenditures planned for the first year of the CIP and provides the appropriation authority to spend the funds. The funds contained in the capital budget customarily support only a particular phase of a project, such as design, land acquisition or construction.

Since capital facilities provide benefits over a long period of time, the County normally spreads out their costs, paying for them through general obligation bonds and other forms of long-term indebtedness. This ensures that capital costs are not borne solely by today's taxpayers, but that future beneficiaries of capital projects also pay for them.

FY 2019 – 2024 Capital Improvement Program and Budget

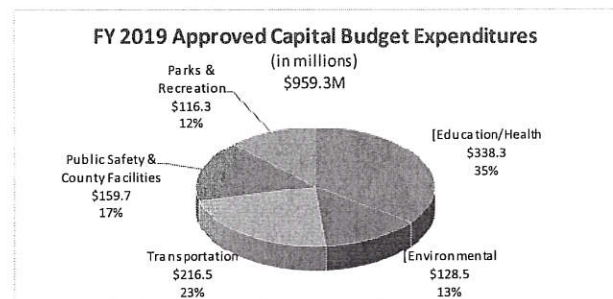
The FY 2019 - 2024 Capital Improvement Program (CIP) consists of various projects totaling \$5.0 billion, including projects for the Maryland-National Capital Park and Planning Commission (M-NCPPC). The following section provides an overview of the FY 2019 capital budget, including revenues and expenditures by functional area and highlights of key capital projects. For additional details, please consult the FY 2019 - 2024 CIP book.

FY 2019 Capital Budget Revenues



The FY 2019 capital budget totals \$959.3. It is supported by new revenues of \$844.0 million and by \$115.2 million of revenues received from prior fiscal years. General obligation (GO) bonds comprise a significant component of the funding plan for the budget. In FY 2019, GO bonds total \$308.7 million, or 36.6%, of the total funding for capital budget. Federal and State aid provides \$95.8 million, or 11.35% of funding for the capital budget. M-NCPPC bonds support 1.3% of total funding at \$11.3 million. The remaining \$409.9 million or 48.6% is comprised of revenue bonds, miscellaneous revenues and developer contributions.

FY 2019 Capital Budget Expenditures



Education and Health

The education and health portion of the FY 2019 Capital Budget comprises \$338.2 million or 35.3% of the total budget. This category includes expenditures for the Board of Education, Prince George's Community College, Prince George's Memorial Library, Hospitals and the Health Department.

Key Projects

Board of Education

- Planning will continue for the Kenmoor MS Complex, New Glenridge Area MS and New Aldephi Area MS.
- The FY 2019 Capital Budget contains County and State funding in support of systemic repairs to schools in need of repair to structural systems such as roofs, boilers, windows, piping, HVAC and elevators.

Library

- Improvements to ensure compliance with the Americans with Disabilities Act continues to be a top priority.
- Construction will continue for the new Hyattsville Branch Library in FY 2019.

- Construction will continue for the Surratts-Clinton Branch Renovations and Hyattsville Branch.
- Renovations will continue in FY 2019 for the New Carrollton Branch Library.
- Renovating branch libraries will continue in FY 2019. This includes replacing carpet, roofs, HVAC systems, fences, walk-ways, parking lots and public restrooms.

Community College

- Queen Anne Academic Center renovations and addition will continue in FY 2019. The construction is anticipated to be complete in July 2018.
- Design will continue for the Renovate Marlboro Hall project will continue in FY 2019.
- Area improvements will continue in FY 2019 under the College Improvements Project.

Transportation and Economic Development

The transportation and economic development component is budgeted at \$216.5 million, or 22.6%, of the total FY 2019 capital budget. Agencies within this category include the Department of Public Works and Transportation, Revenue Authority of Prince George's County and the Redevelopment Authority of Prince George's County. Transportation funding comes primarily from general obligation bonds. Additional revenues come from developer contributions and from the Federal government, primarily in support of the bridge construction program.

Key Projects

- Substantial pavement rehabilitation and concrete rehabilitation work will continue in FY 2019 under the Curb & Road Rehabilitation 2 project.
- The Major Reconstruction Program project includes the following grants and the grant match: Maryland Department of Natural Resources (MD DNR) Community Resiliency Grant, MD DNR Natural Filters Grant, Chesapeake and Atlantic Coastal Bays Trust Fund, and the Small Scale Construction and Acquisition Program.
- The Transportation Enhancements 2 project includes funding for thermoplastic pavement marking, striping and on-going installation in FY

2019. Guardrail and speed hump installation will continue in FY 2019.

- FY 2019 funding will support the replacement and rehabilitation of several bridges, including Chestnut Avenue, Livingston Road, and Sunnyside Avenue, Temple Hill Road, Cedarville Road and 34th Street Bridges.
- Construction will be continuing on the Hill Road between 704 and Lowland Drive.
- DPW&T will continue the design and construction of Green Street Improvement Program projects utilizing the complete the street concept to include environmental and bio-retention facilities, pedestrian and bicyclist safety improvements, landscaping enhancements and street lights.
- Under the Pedestrian Safety Improvements project, design along with pavement and concrete rehabilitation work will be ongoing. In FY 2019, construction will continue for Marlboro Pike, Phase 1 on Race Track Road, Stuart Lane and BikeShare. DPW&T will continue conducting pedestrian road safety audits to identify critical pedestrian safety issues and offer solutions.
- The Countywide Street Light Enhancement Program will continue.
- Further development and implementation of a pavement preventive maintenance program and the continuation of the Resurfacing and Sidewalk Improvement Program as related to the ADA Right-of-way Modifications program, County Revitalization and Restoration program, Developer Contribution Projects program, and Permit Bond Default Revolving Fund program.

Parks and Recreation Facilities

A portion of the capital budget spending is for park and recreation facilities, accounting for \$116.3 million, or 12.1%, of the total expenditures. This part of the capital program is administered by the M-NCPPC. Funding comes from a combination of sources that include the sale of bonds by the Commission, State Aid under Program Open Space, "Pay-as-You-Go" (PAYGO) funding and contributions from grants. The budget supports the acquisition of park land and the development of park facilities, including the purchase of playground equipment and the construction of new community centers.

Key Projects

- **Park Acquisition**
The total cost for proposed park acquisition is \$6,000,000 for FY 2019 and covers three (3) acquisition categories that will be funded by Program Open Space, Bonds and PAYGO.
- **Park Development**
The total cost for proposed park development is \$8,310,000 for FY 2019. This covers nine (9) specific park development projects and three (3) general renovation funds that cover the cost to renovate community centers, playgrounds, trails and other public facilities.
- **Infrastructure Maintenance**
The total cost for proposed infrastructure maintenance is \$31,485,000 for FY 2019. This covers thirty-five (35) specific infrastructure projects which covers our aging infrastructure including aquatic facilities, historic facilities, and storm water infrastructure.

Environment

The capital budget for the Environment category totals \$128.5 million, or 13.4% of the FY 2019 budget. The two major areas that are addressed under this component are solid waste management and stormwater management. Solid waste management capital projects are funded primarily by revenue bonds. The debt service costs for these bonds are supported by tipping fee charges to trash haulers and other revenues collected by the Solid Waste Management Enterprise Fund.

Key Projects

- The FY 2019 program continues operational and facility improvements and repairs as well as closure and post closure requirements for Brown Station Road and Sandy Hill Landfills. For the Brown Station Landfill, the FY 2019 Program includes funding to continue design for upgrades and modifications to the existing Leachate Pretreatment Facility as required by the regulatory arm of WSSC.
- The Materials Recycling Facility FY 2019 program includes funding to continue repaving work, replacements of process components such as the balers for the paper and plastics that are heading to market.
- FY 2019 funds support continued construction of the Organic Composting Facility, which includes the expansion of the County's Gore

Composting System, which will double its size and output to a permanent installation.

Public Safety and County Facilities

Constructing public safety and other County facilities comprise the remainder of the FY 2019 capital budget. These two functions account for \$159.6 million, or 16.6%, of the FY 2019 capital budget. The public safety category includes facilities for the Police, Fire/EMS and Corrections departments. Projects under the County facilities portion of the capital budget consist primarily of renovations to current facilities. The funding for these projects are from the sale of general obligation bonds.

Key Projects

Police

- Construction of the Forensic Lab Renovations will begin in FY 2019.
- The improvement and rehabilitation of various Police Stations will continue in FY 2019.
- Construction of the combined Public Safety Training Facility and Headquarters will continue in FY 2019.
- Construction of a joint public safety facility at National Harbor to include MNCPPC and Fire/EMS.

Fire/EMS

- Construction for the new Hyattsville Fire/EMS Station will continue.
- Construction for the new Shady Glen Fire/EMS Station will continue in FY 2019.
- West Lanham Hill Fire/EMS Station will continue in FY 2019.

Corrections

- FY 2019 Detention Center Housing Renovations include the replacement of bathroom fixtures, cell lighting and modifications to units, door frames, and interior plumbing.
- Construction will continue on the Medical Unit Renovation and Expansion project.

Health

- Construction will continue for the creation of a headquarters building that will co-locate the administrative offices of the Health Department, the Department of Family Services and the Department of Social Services (HHS). The HHS Building will serve as a centralized focal point for the delivery of services to older adults, persons with disabilities, and family caregivers.
- The improvement and renovations of various health facilities will continue in FY 2019. This includes parking lot lights and lot repaving, replacing carpets, painting, roof repairs, installing security cameras and bringing the buildings up to current codes with ADA standards.

Courts

- Renovations and security improvements to the Courthouse will continue in FY 2019.
- Planning for the Court School project will begin in FY 2020.

Central Services

- Renovations will continue on the Regional Administration Building.
- Construction of the Prince George's Homeless Shelter will begin during FY 2019.

SUMMARY OF THE FY 2019-2024 CAPITAL IMPROVEMENT PROGRAM
EXPENDITURES - BY AGENCY OR PROGRAM
(Dollars in Thousands)

AGENCY/PROGRAM	PROPOSED CAPITAL BUDGET	PROPOSED CAPITAL PROGRAM
Board of Education	\$ 172,364	\$ 2,469,706
Stormwater Management	112,265	489,999
Parks and Recreation	116,288	333,624
Soil Conservation	-	200
Public Works & Transportation	159,774	743,945
Library	10,442	63,905
Health	30,500	33,000
Hospitals	104,000	104,000
Corrections	16,435	27,338
Police	18,800	69,550
Fire/EMS	15,699	98,308
Department of the Environment	16,283	58,660
Community College	20,945	235,026
Central Services	92,444	162,964
Courts	5,000	37,880
Revenue Authority	35,391	48,100
Redevelopment Authority	16,713	27,327
Federal Programs	4,637	4,637
Office of Information Technology	11,300	11,300
TOTAL	\$ 959,280	\$ 5,019,469

Operating Impacts

Constructing capital projects affect the operating budget in two ways:

(1) Interest and principal payments for debt issued for capital projects. To ensure that capital spending levels do not adversely impact the operating budget and the County's ability to maintain current services in future fiscal years, debt levels are carefully monitored. The two principal debt ratios used by the County as debt policy guidelines are:

- The ratio of General Fund debt service to County source revenues not to exceed 8.0%. The level of this ratio is 3.3% as of June 30, 2017, which is within this limit.
- County policy limits net direct debt to no more than 3.0% of the full market assessed value of property. The County's statutory debt limit under the Annotated Code of Maryland is 6.0% of its assessable base. The County remains within this limit at 1.3% of the net direct debt to assessed value for FY 2016.

(2) Capital projects that represent new initiatives or that add additional space to existing facilities impact the operating budget. The most significant effect

occurs when additional personnel must be hired to staff the newly constructed facility. Other impacts can include custodial, utility and maintenance costs. If a new building is a replacement for an existing structure, however, the additional expenses are usually minor, and in some instances the County may even realize cost savings. For renovations of existing facilities or infrastructure, the impact on the operating budget is minimal. In the case of resurfacing, road maintenance costs should decrease, resulting in operating budget savings.

Key Operating Impacts

- Individual environmental projects in the stormwater category do not add significantly to agency operating costs. When taken in aggregate, however, the addition of thousands of feet of new storm drain and numerous holding and detention ponds does have operational impacts. The grounds around flood control systems, drainage channels, retention basins and storm drain easements must be maintained in connection with the new construction. Catch basins and main lines must be cleaned and kept clear of debris, as well. The operating costs will be supported by the Stormwater Management Enterprise Fund.