

# Capital Improvement Program and Capital Budget

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## **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 expenditures reflects the cost to acquire, maintain or improve the County's fixed assets, such as land, buildings and equipment.

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 longterm 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.

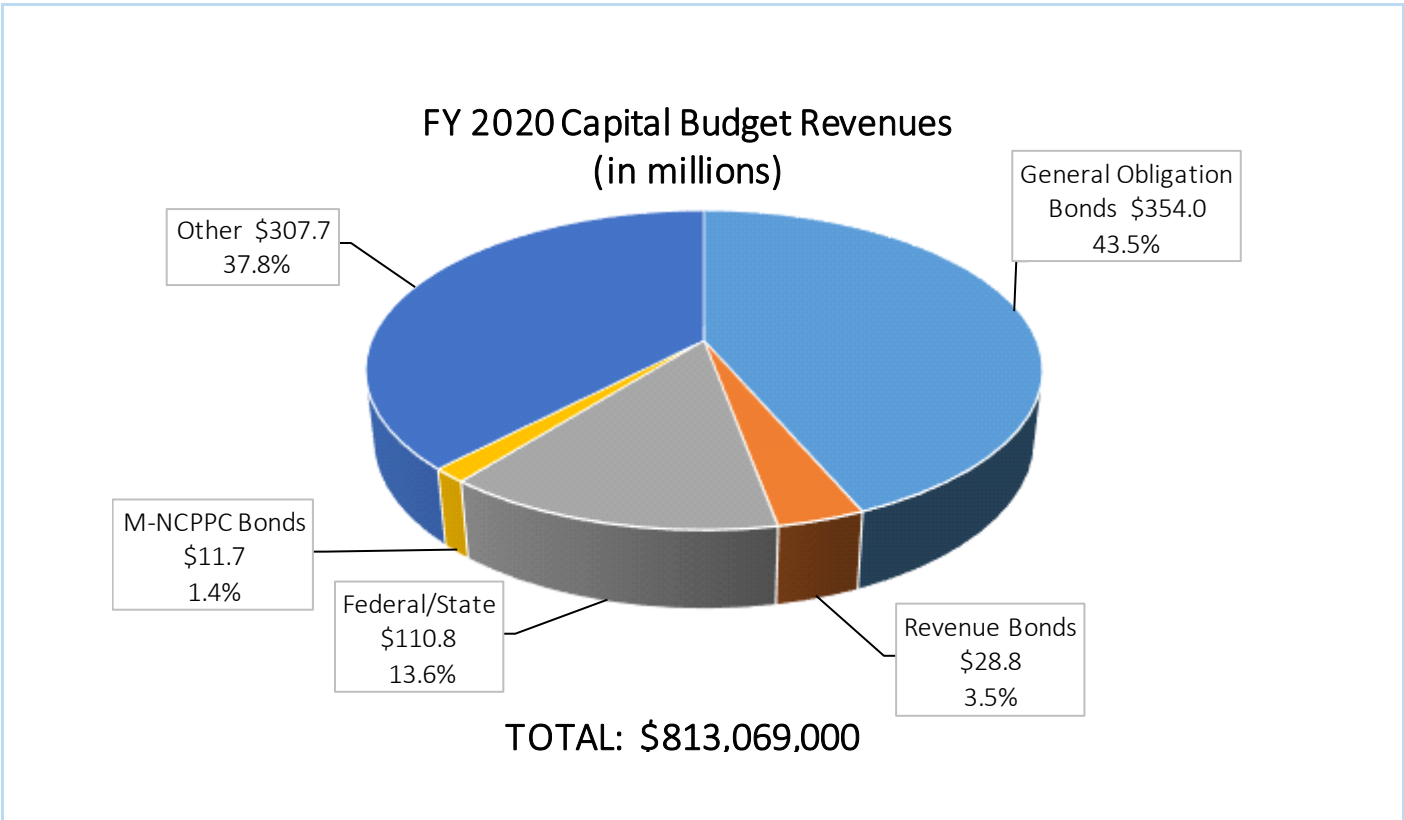
## FY 2020 – 2025 CAPITAL IMPROVEMENT PROGRAM AND BUDGET

The FY 2020- 2025 Capital Improvement Program (CIP) consists of various projects totaling \$4.2 billion, including projects for the Maryland-National Capital Park and Planning Commission (M-NCPPC). The table below provides a summary of the CIP program by agency. The following sections provides an overview of the FY 2020 capital budget, including revenues and expenditures by functional area and highlights of key capital projects. For additional details, please consult the FY 2020- 2025 CIP book.

### SUMMARY OF THE FY 2020 - 2025 APPROVED CAPITAL IMPROVEMENT PROGRAM EXPENDITURES (Dollars in Thousands)

AGENCY/PROGRAM	FY 2020 APPROVED CAPITAL BUDGET	FY 2020 - FY 2025 APPROVED CAPITAL PROGRAM
Board of Education	\$ 524,624	\$ 1,529,624
Public Works and Transportation	146,324	719,080
Parks Department / M-NCPPC	135,913	432,221
Stormwater Management	116,807	440,691
Central Services	76,108	162,995
Community College	49,309	289,215
Revenue Authority	40,509	47,509
Redevelopment Authority	27,286	44,648
Department of the Environment	26,612	114,959
Memorial Library	26,328	80,493
Health Department	25,572	34,072
Police Department	23,962	76,607
Fire/EMS	16,097	112,688
Corrections	13,305	30,926
Courts	9,318	45,403
Federal Programs	5,392	5,392
Information Technology	2,526	2,526
Soil Conservation District	-	200
Hospitals	-	-
<b>Total</b>	<b>\$ 1,265,992</b>	<b>\$ 4,169,249</b>

**FY 2020 CAPITAL BUDGET REVENUES**

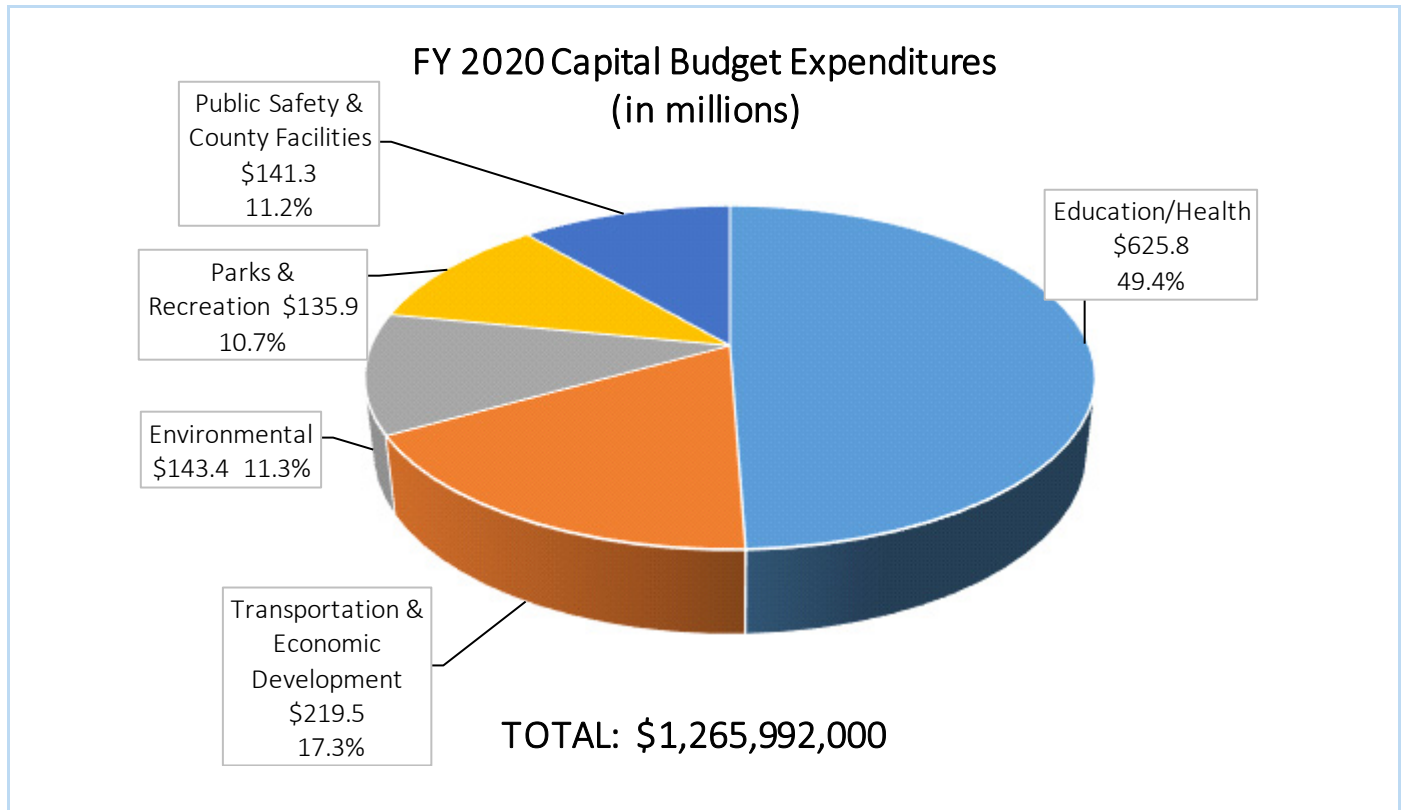


**Overview**

The FY 2020 capital budget totals \$1.3 billion; however, it is supported by new revenues of \$813.1 million and by \$452.9 million in revenues received from prior fiscal years. General obligation (GO) bonds are the primary source of the funding plan for the budget. In FY 2020, GO bonds total \$354.0 million, or 43.5%, of the total funding for capital budget. Federal and State aid

provides \$110.8 million, or 13.6% of funding for the capital budget. M-NCPPC bonds support 1.4% of total funding at \$11.7 million. The remaining \$336.5 million or 41.4% consists of revenue bonds, stormwater bonds, miscellaneous revenues and developer contributions. The specific funding sources for all expenditures are identified on each individual capital project page in the CIP budget.

## FY 2020 CAPITAL BUDGET EXPENDITURES



### Education and Health

The education and health portion of the FY 2020 Capital Budget is \$625.8 million or 49.4% 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

- The FY 2020 Capital Budget contains County and State funding in support of systemic repairs to schools in need of roofs, boilers, windows, piping, HVAC and elevators.
- Construction is planned for the New Glenridge Area MS and Cherokee ES.

##### LIBRARY

- Improvements to ensure compliance with the Americans with Disabilities Act continue to be a top priority.
- Construction will continue for the new Hyattsville Branch Library in FY 2020.
- Construction will continue for the Surratts-Clinton Branch Renovations.
- Renovations will continue in FY 2020 for the New Carrollton Branch Library.
- Renovating branch libraries will continue in FY 2020. This includes replacing carpets, roofs, HVAC systems, fences, walk-ways, parking lots and public restrooms.

##### COMMUNITY COLLEGE

- Queen Anne Academic Center renovations and addition will continue in FY 2020. The project is anticipated to be complete in April 2020.

- Construction for the Renovate Marlboro Hall project will begin in FY 2020.
- Area improvements will continue in FY 2020 under the College Improvements 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 Health and Human 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.
- Improvement and renovations to various health facilities continues in FY 2020. 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.

## Transportation and Economic Development

The transportation and economic development component is budgeted at \$219.5 million, or 17.3%, of the total FY 2020 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 2020 under the Curb & Road Rehabilitation 2 project.
- The Major Reconstruction Program (DPW&T) project is moved to the "Stormwater" section of the Capital Improvement Program in FY 2020.
- The Transportation Enhancements 2 project includes funding for thermoplastic pavement marking, striping and on-going installation in FY 2020.

Guardrail and speed hump installation will continue in FY 2020.

- FY 2020 funding will support the replacement and rehabilitation of several bridges, including Chestnut Avenue, Livingston Road, and Sunnyside Avenue, Temple Hill Road.
- Construction will be completed on 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 2020, construction will continue for Marlboro Pike, Phase 1 on Race Track Road, Stuart Lane and Bike Share. 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 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 \$135.9 million, or 10.7%, 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 approved park acquisition is \$7.3 million for FY 2020 and covers three (3) acquisition categories that will be funded by Program Open Space, PAYGO and a State Grant.

#### PARK DEVELOPMENT

The total cost for approved park development is \$22.0 million for FY 2020. This category includes specific park development projects, public safety improvements, other facility development and two (2) general renovation funds.

#### INFRASTRUCTURE MAINTENANCE

The total cost for approved infrastructure maintenance is \$45.6 million for FY 2020. This category includes aquatic facilities, historic properties, community centers, park buildings and stormwater infrastructure.

### Environment

The capital budget for the Environment category totals \$143.4 million, or 11.3% of the FY 2020 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 2020 program continues operational and facility improvements and repairs as well as post-closure requirements for Brown Station Road and Sandy Hill Landfills. For the Brown Station Landfill, the FY 2020 Program includes design funding to fill in Area C, extending the County's landfill capacity to the year 2045 and to continue design for upgrades to the existing leachate pretreatment facility as required by the regulatory arm of WSSC.

- For the Materials Recycling Facility FY 2020 program includes funding to install an optical sorter for plastics and upgrade equipment.
- FY 2020 funds support stormwater pond construction and equipment needs for the organics Composting Facility.

### Public Safety and County Facilities

Constructing public safety and other County facilities comprise the remainder of the FY 2020 capital budget. These two functions account for \$141.3 million, or 11.2%, of the FY 2020 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 continue in FY 2020.
- Improvement and rehabilitation of various Police Stations will continue in FY 2020.
- Construction of the combined Public Safety Training Facility and Headquarters will continue in FY 2020.

#### 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 2020.
- Planning for West Lanham Hill Fire/EMS Station will continue in FY 2020.

#### CORRECTIONS

- FY 2020 Detention Center Housing Renovations include beginning Phase 3 of the renovations on Housing Units 3, 4, 5 and 6, which is scheduled to begin in January 2020.
- Construction continues on the Medical Unit Renovation and Expansion project.

- FY 2020 funding for the Detention Center Improvements include: upgrade and continuous work towards completing flooring, water filtration, camera installation in the facility parking lot and upgrade air handlers.

**COURTS**

- Renovations and security improvements to the Courthouse will continue in FY 2020.

- Planning for the Court School project will begin in FY 2020.

**CENTRAL SERVICES**

- Renovations of the Regional Administration Building will continue.
- Construction of the Prince George's Homeless Shelter will begin during FY 2020.



## OPERATING IMPACTS

Most capital improvement projects generate future operating budget costs in one or more of three ways: debt service, current revenues that fund projects not eligible for debt financing, PAYGO which offsets the need to issue debt; and changes to the operating budget to support new or renovated facilities.

### Key Operating Impacts

#### DEBT SERVICE

- The capital budget's primary impact on the operating budget is the debt service cost. These costs are paid from local revenue in the general fund operating budget and reflects costs associated with issuing long-term bonds to finance the CIP. Debt service is funded in the FY 2020 operating budget and includes interest and principal payments for debt issued for capital projects. A detailed description and explanation of these costs are included in the Non-Departmental section of the operating budget under Debt Service. The FY 2020 General Fund budget includes \$136.6 million for debt service costs and represents 3.8% of total general fund spending.
- 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 2.6% as of June 30, 2018, 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 1.5% of the net direct debt to assessed value for FY 2018.

#### CURRENT REVENUE AND PAYGO

- Certain CIP projects are funded directly with County current revenues to avoid costs of borrowing. These amounts are included in the operating budget as specific transfers to individual projects within the capital budget. PAYGO, or "pay as you go" funding, is

an additional amount included in the operating budget as a direct bond offset to reduce the amount of borrowing required for project financing. PAYGO funding can include current year revenues or transfers from the County's undesignated fund balance reserves. The FY 2020 PAYGO information is displayed in Non-Departmental – Grant and Transfers section of the budget and totals approximately \$30.8 million.

#### OPERATING BUDGET IMPACTS

- 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.
- 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.

- A detailed analysis of the operating budget impacts is currently under construction in the FY 2020- FY2025 CIP book due to changes in the County’s budget and publication systems. When developed, this information will aid in the review and decisions on the timing of public facilities and to show what a new building or road will cost in addition to its

construction costs and any required debt service payments. Each project page will display operating budget impacts of each individual project where applicable. This information is anticipated to be displayed and completed in the FY 2022 – FY 2027 CIP budget book.