

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 203 (Frederick County Delegation)
Appropriations

Budget and Taxation

Frederick County - Public Facilities Bonds

This bill authorizes the County Commissioners of Frederick County to issue up to \$101 million in general obligation bonds for the construction and improvement of public facilities in Frederick County. The date of maturity cannot exceed 30 years.

The bill is effective June 1, 2003.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County would receive up to \$101 million in bond proceeds for capital projects. Annual county debt service expenditures would increase by \$2.4 million in FY 2004 and by \$8.0 million in FY 2006.

Small Business Effect: Minimal.

Analysis

Background: Frederick County advises that \$101 million would be used for projects in the County's Capital Improvement Plan, including \$42.2 million for county government facilities, \$46.0 million for public school facilities, \$5.0 million for road projects, \$4.3 million for a parking facility, \$1.6 million for roads and athletic facilities at the Frederick Community College, and \$1.9 million for parks and recreation projects. **Exhibit 1** lists the various projects that will be funded with the bond proceeds.

Local Fiscal Effect: Frederick County revenues could increase by up to \$101 million due to the bond proceeds. Frederick County advises that the \$101 million bond authorization would be issued over three years: \$30 million in fiscal 2004, \$35 million in fiscal 2005, and \$36 million in fiscal 2005. Annual debt service costs for the bonds would total approximately \$2.4 million in fiscal 2004, \$5.2 million in fiscal 2005, and \$8.0 million beginning in fiscal 2006. These estimates are based on an annual interest rate of 4.88% over 20 years. Assuming the \$101 million bond authorization was issued in one year for a 20-year term, annual debt service costs would total approximately \$8 million.

At the end of fiscal 2002, Frederick County had approximately \$304.2 million in outstanding debt which represents approximately 2.3% of the county's assessable base. The statewide average is 3.1%. The county currently has an AA credit rating from Standard and Poors, and an Aa2 credit rating from Moody Investors Service.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Frederick County, Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2003
ncs/hlb

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Exhibit 1
Projects in Frederick County Requiring Bond Authority
FY 2003 – 2005

| <u>Project Description</u> | <u>(\$ in Millions)</u> |
|---|-------------------------|
| County Government | |
| Citizens Nursing Home | \$17.9 |
| Thurmont Regional Library | 4.7 |
| South County Library & Senior Center | 3.5 |
| North Frederick Fire/Rescue Station | 2.8 |
| Public Safety Training Facility | 2.4 |
| Spring Ridge Fire/Rescue Station | 2.2 |
| Scott Key Center Expansion | 1.1 |
| Green Valley Station Expansion | 0.5 |
| Law Enforcement and Public Safety (LEAPS) | 3.0 |
| Courthouse Expansion, Phase II | 2.8 |
| Emmitsburg Community Center Upgrade, Phase II | 1.1 |
| Montevue Home Upgrade | <u>0.2</u> |
| Total | 42.2 |
| Board of Education | |
| Brunswick Middle School | 0.5 |
| Crestwood Middle School | 5.7 |
| Five Year Tech Plan | 0.5 |
| Middletown Primary School | 8.5 |
| Oakdale Middle | 0.6 |
| Parks/Schools | 0.2 |
| Tuscarora Elementary School | 11.0 |
| Tuscarora High School | 5.3 |
| Tuscarora High School Bridge | 1.0 |
| Urbana Area Middle School | 0.6 |
| Urbana Elementary School | 7.2 |
| Urbana High School Addition | <u>4.9</u> |
| Total | 46.0 |
| Frederick Community College | |
| Roads/Athletic Facilities | <u>1.6</u> |
| Total | 1.6 |
| Roads | |
| Boyers Mill Road | 2.2 |
| Grove Road Improvements | 0.4 |
| Mussetter Road | 0.4 |
| Fountaindale South | <u>2.0</u> |
| Total | 5.0 |
| Municipalities | |
| Parking Deck #4 | <u>4.3</u> |
| Total | 4.3 |
| Parks and Recreation | |
| Utica District Park | 1.1 |
| Pinecliff Restrooms | <u>0.8</u> |
| Total | 1.9 |
| Grand Total | \$101.0 |