

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 705 (Senator Dyson)
Education, Health, and Environmental Affairs

St. Mary's County - Adequate Public Facilities Ordinance - Requirement to Adopt

This bill requires the St. Mary's County Commissioners to adopt an adequate public facilities ordinance (APFO) that meets specified requirements. The adequacy of public services and facilities must be determined prior to the final approval of a subdivision or site plan. The county commissioners may not grant an exemption to the APFO. Provisions of the bill apply retroactively to development projects approved prior to October 1, 2005 if the projects have not been completed by July 1, 2006. The county commissioners may impose fees to recover reasonable costs for the determination of the adequacy of essential public services and facilities. The authority of St. Mary's County to approve site plans and issue building permits would be revoked if the county fails to comply with the provisions of the bill.

Fiscal Summary

State Effect: None.

Local Effect: St. Mary's County expenditures could increase by a significant amount to improve public services and facilities in order to comply with the APFO requirements specified in the bill. Based on a State task force report, \$58.8 million is needed to bring public school facilities in St. Mary's County up to standard and to meet presently anticipated enrollment growth through 2008. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Meaningful.

Analysis

Bill Summary: The APFO specified in this legislation must contain provisions that address the following essential public services and facilities: schools, roads, water, sewer, stormwater drainage, health care, fire, police, solid waste disposal, and parks and recreation. The determination of adequacy may not rely solely upon information provided by development applicants. The adequacy of all essential public services and facilities must be present at the time of plan approval. The county commissioners cannot permit mitigations from developers that do not directly correct adequacy deficiencies to a proposed subdivision or development. The county commissioners may not grant an exemption to the APFO.

Current Law: County and municipal governments with planning and zoning authority may impose an APFO. St. Mary's County exercises planning and zoning authority in unincorporated areas of the county. The Town of Leonardtown exercises planning and zoning authority within its boundaries. St. Mary's County has adopted an APFO; Leonardtown has not.

Background: An APFO establishes capacity standards for public schools, roadways, water/sewer utilities, police, fire and rescue services, storm drainage, and utilities. If new development is projected to exceed capacity standards in an area, the developer may be required to make contributions for capital improvements, such as building additional classrooms for a public school or constructing new roadways, as a condition of moving the development forward. Another option would be for the county or municipality to delay the development until the respective government provides the capital improvements. APFOs have been adopted in 13 counties as shown in **Exhibit 1**.

Exhibit 1 Counties with Adequate Public Facilities Ordinances

Anne Arundel	Carroll	Harford	Prince George's	Washington
Baltimore	Charles	Howard	Queen Anne's	
Calvert	Frederick	Montgomery	St. Mary's	

According to the Department of Planning, a local APFO typically addresses three public services and facilities: public school capacity, roads and highways, and water and sewer services. A local APFO usually provides for certain exemptions for development that will not impact public facilities, such as exempting senior housing developments from the public school capacity standards.

Local Fiscal Effect: St. Mary's County expenditures could increase by a significant amount to improve public services and facilities in order to comply with the proposed APFO requirements specified in the bill. Adequate public services and facilities must be in place before St. Mary's County can grant approval to a final subdivision plan or final site plan. If the county fails to comply with the bill's provisions, the authority of St. Mary's County to approve site plans and issue building permits would be revoked. The failure to issue building permits and approve new development projects could significantly reduce economic development in the county, resulting in a reduction in local tax revenues. Whether the reduction in future local tax revenues would be greater than the cost to accommodate the new growth cannot be determined at this time.

Development and Population Growth in St. Mary's County

St. Mary's County is the seventh fastest growing jurisdiction in Maryland, with a 7.6% population growth rate from 2000 to 2003. The statewide average population growth rate for this period is 4.0%. Since the 2000 Census, the county has added over 6,500 residents which represents approximately 2,200 new residents each year. Between 1990 and 2000, the county's population increased by 10,200 individuals which represented approximately 1,000 new residents each year. Neighboring Calvert and Charles counties have the State's highest population growth rates for 2000 to 2003, at 12.8% and 10.4%, respectively.

St. Mary's County has benefited from strong employment growth from 2000 to 2003. During this period, total employment in the county increased by 10.9% compared to the State average of 1.3%. Over the three-year period, over 3,600 net jobs were created in the county. Only four other counties (Calvert, Cecil, Frederick, and Queen Anne's) realized a higher employment growth rate. Even with this high employment growth, the number of jobs per capita in St. Mary's County (399 per 1,000 residents) remains below the statewide average (442 per 1,000 residents). **Exhibit 2** shows population and economic indicators for St. Mary's County and neighboring jurisdictions.

Exhibit 2
Population and Economic Indicators for Southern Maryland

<u>Indicator</u>	<u>Calvert</u>	<u>Charles</u>	<u>St. Mary's</u>	<u>Statewide</u>
Population Growth (1990-2000)	45.1%	19.2%	13.5%	10.8%
Population Growth (2000-2003)	12.8%	10.4%	7.6%	4.0%
Employment Growth (2000-2003)	17.8%	6.5%	10.9%	1.3%
Unemployment Rate (FY 2004)	2.8%	3.0%	2.7%	4.3%
Median Household Income (CY 2003)	\$75,250	\$70,450	\$59,700	\$59,200
Median Home Price (FY 2004)	\$234,900	\$225,000	\$195,000	\$221,100

Increased Capital Expenses for Public Facilities

The impact on capital expenses in St. Mary's County is affected by several unknown factors including: (1) if the new APFO allows developer contributions to provide funding for public facilities in order to move the development project forward; (2) the number of proposed projects in a jurisdiction making development contributions; (3) market values and the demand for new development; and (4) the existing deficiencies in existing capacity and levels of services.

Public School Construction Funding

St. Mary's County would be required to increase funding for public school construction in order to meet the APFO requirements established in this legislation. The county's existing APFO stipulates that new development cannot result in student enrollment exceeding 107% of State-rated capacity. The State-rated capacity does not include relocatable classrooms. The county's planning director or planning commission assesses the impact of each development on school capacity. Pursuant to this legislation, any new development would not be able to move forward if student enrollment exceeds 100% of the local-rated capacity. The local school system would assess the impact of each development on school capacity.

School construction projects are funded by the State and county government. For State approved projects, the State provides 72% of eligible costs and the county provides 28%. Based on a report prepared for the Task Force to Study Public School Facilities in 2003, approximately \$52.5 million is needed to bring public school facilities in St. Mary's County up to standard and to meet presently anticipated enrollment growth through 2008. Updated for current dollars, this amount has increased to \$58.8 million.

Based on findings from the task force report, 88% of public schools in St. Mary's County do not meet current student capacity standards. Statewide, 35% of applicable schools did not meet the current standards. St. Mary's County had the highest percentage of schools in the State that failed to meet student capacity standards, followed by Calvert County (83%) and Charles County (78%). Student capacity standards is defined as a school building that has sufficient permanent classrooms to accommodate at least 95% of the projected 2007/2008 school year student enrollment at current State or local standards of occupancy, even when considering available capacity in adjacent schools. Based on these findings, unless St. Mary's County significantly expands student capacity at its public schools, new development would not be able to move forward.

Impact on Local Expenditures and Tax Revenues

St. Mary's County advises that over \$600 million in capital expenditures would have to be made to meet the APFO requirements specified in this legislation. These expenditures include \$103.6 million to construct three new elementary schools and one new high school and \$499.6 million for various roadway and intersection projects throughout the county. The county advises that, if these expenditures are not made, over 14,000 current and planned jobs could be eliminated resulting in \$886 million in lost wages and \$19 million in lost income tax revenue.

Legislative Services cannot verify the accuracy of these assumptions. As stated previously, St. Mary's County is one of the fastest growing jurisdictions in the State, with above average demand for new development. In addition, the county has the highest percentage of schools in the State that fail to meet student capacity standards.

Small Business Effect: The construction industry in Maryland employed approximately 170,000 individuals in calendar 2003 resulting in \$7.1 billion in wages and \$813 in average weekly wages per worker. The construction industry accounts for 8.5% of total private sector employment and 9.2% of private sector wages. In St. Mary's County, the construction industry employed approximately 1,700 individuals resulting in \$54.7 million in wages and \$613 in average weekly wages per worker. The construction industry in St. Mary's County accounts for 6.6% of total private sector employment and 6.0% of private sector wages. **Exhibit 3** shows the economic impact of the construction industry in Southern Maryland.

Exhibit 3
Construction Industry Statistics – Southern Maryland
Calendar 2003

<u>Indicator</u>	<u>Calvert</u>	<u>Charles</u>	<u>St. Mary's</u>	<u>Total</u>
Number of Businesses	402	457	309	1,168
Annual Employment	2,231	3,719	1,716	7,666
Total Wages	\$83,205,740	\$137,692,975	\$54,742,436	\$275,641,151
Average Weekly Wage	\$717	\$712	\$613	n/a

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): St. Mary's County; Department of Planning; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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