

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE

House Bill 149
Appropriations

(Chair, Calvert County Delegation)

Budget and Taxation

Calvert County - Public Facilities Bonds

This bill authorizes the Calvert County Commissioners to issue up to \$11,275,000 in general obligation bonds for the construction, improvement, or development of public facilities capital projects and any cost incurred by the county in connection with the projects. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2010.

Fiscal Summary

State Effect: None.

Local Effect: Calvert County receives up to \$11.3 million in bond proceeds. County debt service expenditures increase by an estimated \$974,600 annually over a 15-year period.

Small Business Effect: None.

Analysis

Background: Chapter 381 of 2009 authorized Calvert County to issue up to \$19.0 million in public facilities bonds. Chapter 77 of 2008 authorized Calvert County to issue up to \$8.9 million in public facilities bonds. In addition, Chapters 597 of 2007 and 105 of 2006 authorized the county to issue up to \$53.1 million and \$26.1 million in public facilities bonds, respectively. **Exhibit 1** shows the projects for which the county has currently planned appropriations.

Exhibit 1
Calvert County Public Facilities Bonds
Calendar 2010

<u>Purpose</u>	<u>Amount</u>
Appeal Landfill	\$272,000
Boyd's Turn Road	1,000,000
Brickhouse/Chaney Road	790,000
Calvert Middle School	4,801,000
CSM – Flagship Building	137,000
Detention Center – Work Release	1,727,000
Fairground Road Improvements	1,200,000
Marley Run WWTP	2,300,000
Mutual Elementary	608,000
PF Loop Road	2,484,000
Pushaw Salt Dome	613,000
Route 231/Williams Road Intersection	1,100,000
Wilson Road	550,000
Total	\$17,582,000

During fiscal 2009, Calvert County general obligation debt increased from \$129.5 million to \$135.3 million. This represents a \$5.8 million or 4.5% increase from the prior year.

In 1990, the county adopted a debt affordability model to ensure debt levels are kept at an affordable, manageable, and moderate level. In fiscal 2009, a debt policy was adopted to comply with a new State requirement, thereby creating maximum acceptable debt ratios for the county. These ratios and the corresponding maximum acceptable levels are as follows: (1) debt to assessed value, 4.5%; (2) debt service as a percent of general fund revenue, 9.5%; and (3) debt service per capita, \$1,500.

For fiscal 2009, debt service (\$16.3 million) comprised 7.7% of general fund revenue. The county's debt to assessed value totaled 0.9% and the county's debt per capita totaled \$1,375. In April of 2009, the county's bond ratings were ranked as Aa2 by Moody's Investor's Service, AA+ by Standard and Poor's, and AA+ by Fitch Ratings.

Local Fiscal Effect: Calvert County revenues increase by up to \$11.3 million from bond proceeds. Annual debt service costs for the bonds total \$974,600. This estimate is based on a 3.61% interest rate and a 15-year term of maturity. To the extent that the bond

issuance, interest rate, or term of maturity deviate from this assumption, expenditures adjust accordingly.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 29, 2010
a/hlb

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