

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 300

(Senators Young and Brinkley)

Budget and Taxation

Appropriations

Frederick County - Public Facilities Bonds

This bill authorizes the Frederick County Commissioners to issue up to \$100.0 million in general obligation bonds in order to finance the cost of specified public facilities in the county. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County receives up to \$100.0 million in bond proceeds. County debt service expenditures increase by an estimated \$6.6 million annually over a 20-year period.

Small Business Effect: None.

Analysis

Current Law: Commission counties do not have the legislative power to create debt; General Assembly authorization is required before any bonds can be sold. Frederick County is one of eight counties that still operate under the commission form of government.

Background: Since 2001, Frederick County has received authorization by the General Assembly to issue up to \$330.0 million in general obligation bonds for public facilities, as shown in **Exhibit 1**. A detailed listing of projects included in the Frederick County *Capital Improvement Program* (CIP) for fiscal 2012 through 2017 is shown in **Exhibit 2**.

Exhibit 1
Bond Authorizations for Frederick County

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2001	Ch. 208	\$43.0 million
2003	Ch. 37	101.0 million
2005	Ch.145	66.0 million
2007	Ch. 382	120.0 million
4-year Total		\$330.0 million

Local Fiscal Effect: Frederick County revenues increase by up to \$100.0 million from bond proceeds. Annual debt service costs for the bonds total approximately \$6.6 million. This estimate is based on a 2.96% interest rate and a 20-year term of maturity. To the extent that the bond issuance, interest rate, or term of maturity deviate from this assumption, expenditures would adjust accordingly.

At the end of fiscal 2011, Frederick County had approximately \$274.0 million in total net general obligation debt outstanding, which represented a \$18.9 million decrease over the prior year. The outstanding debt represented 1.02% of the county's assessable base and \$1,164 on a per capita basis. In fiscal 2011, the county was assigned a AA+ rating by Standard and Poor's, and has an Aa1 credit rating from Moody's Investors Service, and an AAA rating from Fitch Ratings.

Additional Information

Prior Introductions: None.

Cross File: HB 124 (Frederick County Delegation) - Appropriations.

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

Fiscal Note History: First Reader - February 3, 2012

mc/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Exhibit 2
Bond Authorization Request for the 2012 Session
Fiscal 2012-2017 CIP
(\$ in Thousands)

General Government	Total Approved GO Bonds CIP FY 12-17
<i>New/Expanded Facilities</i>	
Frederick Fire/Rescue Station 1	\$1,101.0
New Market Fire/Rescue Station 15	4,859.0
North Frederick Fire/Rescue Station	4,067.5
Green Valley Station 25	3,697.1
Middletown Fire Station 7	4,587.3
LEC Expansion (Emergency Communications)	2,401.5
Southern District Substation	101.0
Walkersville Library	398.8
300 Scholls Lane Renovation	2,111.2
Highway Operations & Fleet Services Expansion	259.5
Montevue Complex Parking 1b	639.0
ADC Parking Lot Improvements	310.0
 <i>Building Maintenance/Upgrades</i>	
Winchester Hall & 30 N. Market – Site Improvements	75.0
IIT – 117 East Church Street	1,199.5
520 North Market HVAC	2,590.0
Courthouse Site Improvements	672.0
Senior Center HVAC	384.3
Courthouse HVAC Upgrades	577.5
Adult Detention Center HVAC Control Upgrades	555.5
Adult Detention Center Air Handling Equipment	380.5
PSTF Existing Bldg – HVAC Replacement	1,380.0
Health Department HVAC Component Replacements	66.5
Mechanical System/HVAC Repairs	250.0
Roof Replacements	1,357.5
Elevator Replacements/Refurbishment	63.0
Total General Government	\$34,084.1

Parks and Recreation

Acquisition – Unallocated	\$7,500.0
Othello Regional Park	2,082.6
Park Schools	387.0
Total Parks and Recreation	\$9,969.6

Highways and Transportation

Roads

Ijamsville Road Corridor Improvements – Phase 2	\$5,717.0
Boyers Mill Road	5,400.5
West Frederick Intersections Improvements	733.0
Reichs Ford Road – Phase 2	191.0

Bridges

Boyers Mill Road Bridge	964.0
Blacks Mill Road Bridge	401.0
Lewistown Road Bridge	706.0
Ball Road Bridge	243.0
Gas House Pike Bridge	347.0
Pete Wiles Road Bridge	523.0
Reels Mill Road Bridge	584.0

Highways

Pavement Management Program	19,649.0
Pipe Culvert Replacement	3,214.0
Roads Satellite Facilities #3	1,132.0
Total Highways & Transportation	\$39,804.5

Community College

Allied Health Building	\$1,081.2
Systemics	1,660.0
Science/Tech Hall Renovations	406.0
Central Plant Renovation/Expansion	718.0
Total Community College	\$3,865.3

Total FY 12-17 Budgeted GO Bonds **\$87,723.4**

Source: Frederick County Government
