

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 168

(Calvert County Senators)

Budget and Taxation

Appropriations

Calvert County - Public Facilities Bonds

This bill authorizes the Calvert County Commissioners to issue up to \$12.65 million in general obligation bonds for the acquisition, construction, improvement, or renovation of public buildings, facilities, and public works projects. The date of maturity of the bonds cannot exceed 30 years.

The bill takes effect June 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Calvert County receives up to \$12.65 million in bond proceeds. County debt service expenditures increase by an estimated \$897,900 annually.

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. Calvert County is one of seven counties that still operate under the commission form of government.

Background: Since 2004, Calvert County has received authorization by the General Assembly to issue up to \$191.3 million in general obligation bonds for public facilities,

as shown in **Exhibit 1**. **Exhibit 2** shows the planned capital projects in Calvert County for fiscal 2015.

Exhibit 1
Bond Authorizations for Calvert County

<u>Session</u>	<u>Chapter Number</u>	<u>Authorized Amount</u>
2004	Ch. 367	\$5.100 million
2005	Ch. 54	21.670 million
2006	Ch. 105	26.100 million
2007	Ch. 597	53.110 million
2008	Ch. 77	8.895 million
2009	Ch. 381	19.025 million
2010	Ch. 135	11.275 million
2011	Ch. 150	12.325 million
2013	Ch. 56	33.810 million
10-year Total		\$191.310 million

Local Fiscal Effect: Calvert County revenues increase by up to \$12.65 million from bond proceeds. Annual debt service costs for the bonds total approximately \$434,600 for bonds issued with a 15-year term of maturity and by an additional \$463,300 for bonds issued with a 25-year term of maturity. This estimate is based on a 3.22% interest rate and 3.78% interest rate, respectively. To the extent that the bond issuance, interest rates, or terms of maturity deviate from this assumption, debt service expenditures would adjust accordingly.

At the end of fiscal 2012, Calvert County had approximately \$153.7 million in total outstanding debt, which represents approximately 1.2% of the county's assessable base and \$1,722 on a per capita basis. The county currently has an AAA credit rating from Standard and Poor's, an Aa1 credit rating from Moody's Investors Service, and an AAA credit rating from Fitch Ratings.

Exhibit 2
Calvert County Bond Authorization Request
Fiscal 2015

<u>Project</u>	<u>Requested Bond Authority</u>	<u>Bond Duration</u>
Boyd's Turn Road – Phase II	\$2,550,000	15 years
Mount Harmony Road Safety Improvements	1,000,000	15 years
Pushaw Station Road Improvements	1,000,000	15 years
Barstow Convenience Center Upgrade	556,000	15 years
Issuance Costs	59,000	15 years
<i>Subtotal 15 Years</i>	<i>\$5,165,000</i>	
Chesapeake Heights/Dares Beach Water Treatment and System Improvements	571,700	25 years
Cove Point Water Expansion	920,000	25 years
District One Tank Replacements	749,800	25 years
Industrial Park Wastewater Treatment Plant Improvements	1,943,400	25 years
Prince Frederick Pump Station Improvements	2,765,100	25 years
Prince Frederick Sewer Line Improvements	449,600	25 years
Issuance Costs	85,400	25 years
<i>Subtotal 25 Years</i>	<i>\$7,485,000</i>	
Total	\$12,650,000	

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 27, 2014
ncs/hlb

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