

THE CAPITAL IMPROVEMENT PROGRAM AND CAPITAL BUDGET

Introduction

The Capital Improvement Program (CIP) is the County's six-year financial plan for constructing and renovating permanent facilities such as schools, libraries, fire stations and roads. Capital projects often take two to three years to complete. The CIP provides a detailed, year-by-year schedule of all planned expenditures and financing requirements for each construction project.

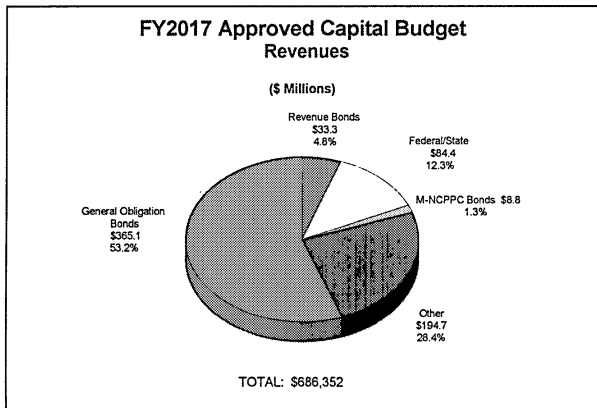
The capital budget refers to expenditures planned for the first year of the CIP and provides the appropriation authority to spend the funds. The funds contained in the capital budget customarily support only a particular phase of a project, such as design, land acquisition or construction.

Since capital facilities provide benefits over a long period of time, the County normally spreads out their costs, paying for them through general obligation bonds and other forms of long-term indebtedness. This ensures that capital costs are not borne solely by today's taxpayers, but that future beneficiaries of capital projects also pay for them.

FY 2017-2022 Capital Improvement Program and Budget

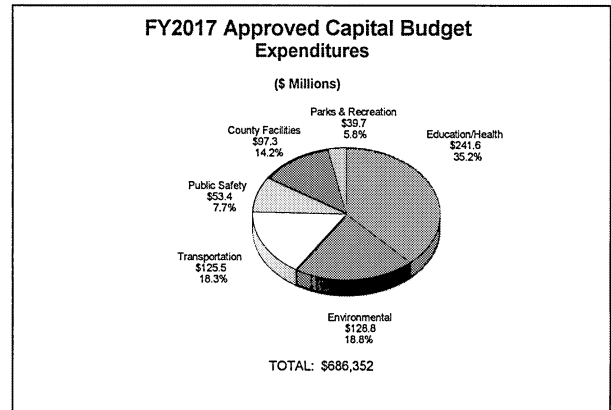
The FY 2017-2022 Capital Improvement Program (CIP) consists of various projects totaling \$4.8 billion, including projects for the Maryland-National Capital Park and Planning Commission (M-NCPPC). The following section provides an overview of the FY 2017 capital budget, including revenues and expenditures by functional area and highlights of key capital projects. For additional details, please consult the FY 2017-2022 CIP book.

FY 2017 Capital Budget Revenues



The FY 2017 capital budget totals \$686.4 million and is supported by multiple revenue sources, including revenues received from prior years. General obligation (GO) bonds comprise a significant component of the funding plan for the budget. In FY 2017, GO bonds total \$365.1 million, or 53.2%, of the total funding for capital budget. Federal and State aid provides \$84.4 million, or 12.3% of funding for the capital budget. M-NCPPC bonds support 1.3% of total funding at \$8.8 million. The remaining \$194.7 million or 28.4% is comprised of revenue bonds, miscellaneous revenues and developer contributions.

FY 2017 Capital Budget Expenditures



Education and Health

The education and health portion of the FY 2017 Capital Budget comprises \$241.6 million or 35.2% of the total budget. This category includes expenditures for the Board of Education, Prince George's Community College, Prince George's Memorial Library and the Health Department.

Key Projects

- Planning will begin for the Suitland HS Complex, William Wirt MS Demolition and Replacement and the International School at Langley Park.
- The FY 2017 Capital Budget contains County and State funding in support of systemic repairs to 60 schools in need of repair to structural systems such as roofs, boilers, windows, piping, HVAC and elevators.
- The Memorial Library will continue construction at the Laurel, Hyattsville and New Carrollton Branch libraries and will begin planning for the Bladensburg Library Replacement.

- The Community College will begin renovating and constructing an addition to the Queen Anne Academic Center.
- The County will begin work on the Regional Health and Human Services Center. The Center will provide a one-stop full-service health and human service facility.

Transportation and Economic Development

The transportation and economic development component is budgeted at \$125.5 million, or 18.3%, of the total FY 2017 capital budget. Agencies within this category include the Department of Public Works and Transportation, Revenue Authority of Prince George's County and the Redevelopment Authority of Prince George's County. Transportation funding comes primarily from general obligation bonds. Additional revenues come from developer contributions and from the Federal government, primarily in support of the bridge construction program.

Key Projects

- The Department of Public Works will continue its focus on rehabilitating and maintaining many of the County roads such as Oxon Hill Road. The Department will also continue countywide initiatives such as the Bridge Repair and Replacement Program, the Street Light Enhancement Program, and upgrades of the County's traffic signal infrastructure.

Parks and Recreation Facilities

A portion of the capital budget spending is for park and recreation facilities, accounting for \$39.7 million, or 5.8%, of the total expenditures. This part of the capital program is administered by the M-NCPPC. Funding comes from a combination of sources that include the sale of bonds by the Commission, State aid under Program Open Space, "Pay-as-You-Go" (PAYGO) funding and contributions from grants. The budget supports the acquisition of park land and the development of park facilities, including the purchase of playground equipment and the construction of new community centers.

Key Projects

- The budget includes funding for the Southern Regional Tech/Rec-Aquatic Facility which will be located in the greater Oxon Hill area.

Environment

The capital budget for the Environment category totals \$128.8 million, or 18.8% of the FY 2017 budget. The two major areas that are addressed under this component are solid waste management and stormwater management. Solid waste management capital projects are funded primarily by revenue bonds. The debt service costs for these bonds are supported by tipping fees charged to trash haulers and other revenues collected by the Solid Waste Management enterprise fund.

Key Projects

- The FY 2017 program continues to encompass operational and facility improvements & repairs, closure and post-closure requirements for Brown Station Road and Sandy Hill landfills, upgrade of existing Rural Convenience centers.

Public Safety and County Facilities

Constructing public safety and other County facilities comprise the remainder of the FY 2017 capital budget. These two functions account for \$150.7 million, or 21.9%, of the FY 2017 capital budget. The public safety category includes facilities for the Police, Fire and Corrections departments. Projects under the County facilities portion of the capital budget consist primarily of renovations to current facilities. The funding for these projects are from the sale of general obligation bonds.

Key Projects

- The Police Department will continue to renovate the Training/Administrative Headquarters located on Presidential Plaza. Also, planning and design will begin for the new Forensics Lab Renovations.
- The Fire Department will continue constructing the new Hyattsville Fire/EMS and Oxon Hill Fire/EMS Station.
- The Department of Corrections will renovate the medical unit and the housing units.
- The Office of Central Services will begin renovations at the Prince George's Homeless Shelter.

SUMMARY OF THE FY 2017-2022 CAPITAL IMPROVEMENT PROGRAM
EXPENDITURES - BY AGENCY OR PROGRAM

(Dollars in Thousands)

AGENCY/PROGRAM	APPROVED CAPITAL BUDGET	APPROVED CAPITAL PROGRAM
Board of Education	\$ 151,817	\$ 2,314,991
Stormwater Management	113,460	676,546
Parks and Recreation	39,732	107,514
Hospitals	-	-
Public Works & Transportation	98,561	663,626
Library	23,644	123,365
Health	6,500	38,500
Corrections	13,668	32,571
Police	17,921	95,647
Fire/EMS	21,807	122,371
Solid Waste Management	15,303	48,922
Community College	59,641	284,654
Central Services	75,144	181,624
Revenue Authority	18,500	35,300
Redevelopment Authority	3,900	43,400
Federal Programs	4,544	4,544
Office of Information Technology	22,210	22,210
TOTAL	\$ 686,352	\$ 4,795,785

Operating Impacts

Constructing capital projects affect the operating budget in two ways:

(1) Interest and principal payments for debt issued for capital projects. To ensure that capital spending levels do not adversely impact the operating budget and the County's ability to maintain current services in future fiscal years, debt levels are carefully monitored. The two principal debt ratios used by the County as debt policy guidelines are:

- The ratio of General Fund debt service to County source revenues not to exceed 8.0%. The level of this ratio is 5.1% as of June 30, 2015, which is within this limit.
- County policy limits net direct debt to no more than 3.0% of the full market assessed value of property. The County's statutory debt limit under the Annotated Code of Maryland is 6.0% of its assessable base. The County remains within this limit at 1.3% of the net direct debt to assessed value for FY 2015.

(2) Capital projects that represent new initiatives or that add additional space to existing facilities impact the operating budget. The most significant effect occurs when additional personnel must be hired to staff the newly constructed facility. Other impacts can include custodial, utility and maintenance costs. If a new building is a replacement for an existing structure, however, the additional expenses are usually minor, and in some instances the County may even realize cost savings. For renovations of existing facilities or infrastructure, the impact on the operating budget is minimal. In the case of resurfacing, road maintenance costs should decrease, resulting in operating budget savings.

Key Operating Impacts

- Individual environmental projects in the stormwater category do not add significantly to agency operating costs. When taken in aggregate, however, the addition of thousands of feet of new storm drain and numerous holding and detention ponds does have operational impacts. The grounds around flood control systems, drainage channels, retention basins and storm drain easements must be maintained in connection with the new construction. Catch basins and main lines must be cleaned and kept clear of debris, as well. The operating costs will be supported by the Stormwater Management Enterprise Fund.