

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.

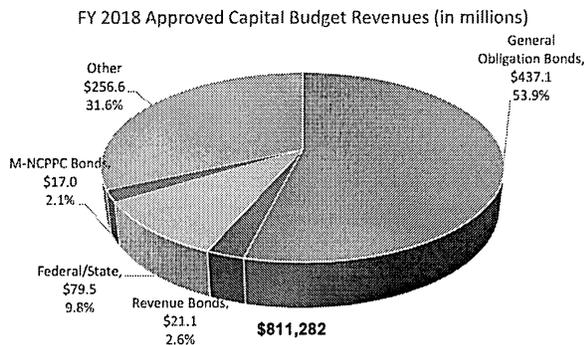
The capital budget refers to expenditures planned for the first year of the CIP and provides the appropriation authority to spend the funds. The funds contained in the capital budget customarily support only a particular phase of a project, such as design, land acquisition or construction.

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 2018 - 2023 Capital Improvement Program and Budget

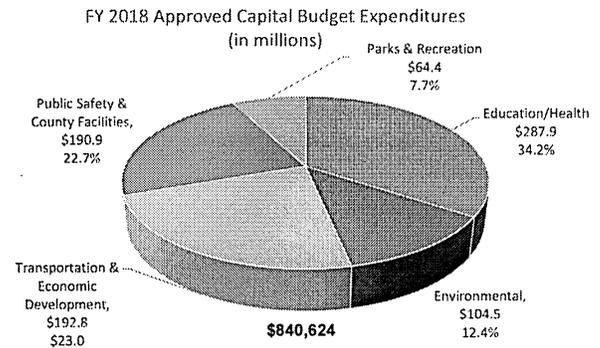
The FY 2018 - 2023 Capital Improvement Program (CIP) consists of various projects totaling \$4.9 billion, including projects for the Maryland-National Capital Park and Planning Commission (M-NCPPC). The following section provides an overview of the FY 2018 capital budget, including revenues and expenditures by functional area and highlights of key capital projects. For additional details, please consult the FY 2018 - 2023 CIP book.

FY 2018 Capital Budget Revenues



The FY 2018 capital budget totals \$840.6. It is supported by new revenues of \$811.3 million and by \$29.3 million of revenues received from prior fiscal years. General obligation (GO) bonds comprise a significant component of the funding plan for the budget. In FY 2018, GO bonds total \$437.1 million, or 53.9%, of the total funding for capital budget. Federal and State aid provides \$79.5 million, or 9.8% of funding for the capital budget. M-NCPPC bonds support 2.1% of total funding at \$17.0 million. The remaining \$256.6 million or 31.6% is comprised of revenue bonds, miscellaneous revenues and developer contributions.

FY 2018 Capital Budget Expenditures



Education and Health

The education and health portion of the FY 2018 Capital Budget comprises \$287.9 million or 34.2% 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

Board of Education

- Fairmont Heights High School– construction will be completed.
- Suitland High School Complex– planning will begin.
- William Wirt MS Demolition & Replacement– planning will begin.
- International School at Langley Park– planning will begin.

Library

- Hyattsville Branch Library– construction will begin.
- Bladensburg Library Replacement– the design and planning phase will continue.

- Surratts-Clinton Branch Renovations– the design and planning phase will continue.
- New Carrollton Branch Library– renovations will continue in FY 2018.
- Langley Park Branch Library– the design and planning phase will begin.

Community College

- Lanham Hall Renovations– construction will continue with a scheduled building opening date of May/June 2018.
- Culinary Arts Center– construction is anticipated to be complete in September 2017 and the building opening date by April 2018.
- Queen Anne Academic Center – construction will continue and is anticipated to be complete July 2018 and the building opening date by April 2018.
- Renovate Marlboro Hall– design will begin in FY 2018.

Transportation and Economic Development

The transportation and economic development component is budgeted at \$192.8 million, or 23.0%, of the total FY 2018 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

- South County Road Improvements Project – planning will begin to address traffic congestion and enhance safety at major high volume intersections that have not been improved to accommodate the economic growth in Southern Prince George’s County and surrounding areas.
- Brandywine & MD 223– planning will begin for intersection improvements at the intersection of Brandywine Road, Old Branch Avenue, Piscataway Road (MD 223) and Woodyard Road (MD 223).
- Addison Road Intersection– design will begin.
- Contee Road Extension– construction will be completed for the phase of the reconstruction,

realignment, and extension of Contee Road from US Route 1 to the new Konterra Drive in FY 2018.

- Bridge Replacement and Rehabilitation – funding will continue to support the replacement and rehabilitation of several bridges, including Brandywine Road, Chestnut Avenue, Governor Bridge Road, Livingston Road, Oxon Hill Road, Sunnyside Avenue, Temple Hills Road, Varnum Street, Cherry Hill Road and Greencastle Road.
- Forestville Road/Rena Road Intersection– construction will be completed.
- Green Street Improvements–In FY 2018, Edmonston Road construction will be complete, Swann Road construction will be underway, Ager Road construction will be initiated, Harry S. Truman Drive, Montpelier Drive and Campus Drive will all be in design.
- Hill Road– construction will continue in FY 2018 on Hill Road between MD 704 and Lowland Drive.
- In FY 2018, engineering support is provided for the review of the MD 210 interchange, MD 212A, the Purple Line, potential FBI sites, and other priority projects impacting Prince George’s County.

Parks and Recreation Facilities

A portion of the capital budget spending is for park and recreation facilities, accounting for \$64.4 million, or 7.7%, 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 grand total for Park Acquisition and Park Development for FY 2018 is \$48,838,000. Projects for FY 2018 are funded from the following sources: Program Open Space, Developer Contributions, Bond Sales, Operating Fund Balance (PAYGO) and Grants.

Environment

The capital budget for the Environment category totals \$104.5 million, or 12.4% of the FY 2018 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 charges to trash haulers and other revenues collected by the Solid Waste Management Enterprise fund.

Key Projects

- Rural Convenience Centers– improvements to the Brown Station Road and Missouri Avenue will continue.
- Materials Recycling Facility– construction will continue for repaving work, replacement of process components such as the balers for the paper and plastics that are heading to market.
- Organic Composting Facility– construction will continue, which includes the expansion of the County's Gore Composting System, which will double its size and output to a permanent installation.
- Stormwater Management Restoration– the County continues to implement Federal and State mandates which address various storm water quality improvements including impervious area and stream restoration.
- Clean Water Partnership and MS4/NPDES Programs– includes all impervious area restoration, stream restoration and stormwater quality improvements to reduce the pollutant load.

Public Safety and County Facilities

Constructing public safety and other County facilities comprise the remainder of the FY 2018 capital budget. These two functions account for \$190.9 million, or 22.7%, of the FY 2018 capital budget. The public safety category includes facilities for the Police, Fire/EMS 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

Police

- Forensic Lab Renovations Construction– construction will begin.
- Police Department Public Safety Training Facility and Headquarters– construction will continue.

Fire/EMS

- Hyattsville Fire/EMS Station – construction will continue.
- Kentland #833 Fire/EMS Station– planning and construction will begin.
- Oxon Hill Fire/EMS Station– planning and construction will begin.
- Shady Glen Fire/EMS Station– construction will begin.
- West Lanham Hills Fire/Station– construction renovation will begin.
- Training and Leadership Academy– planning will begin.

Corrections

- Work Release Facility– will be placed in service in April 2017.
- Detention Center Housing Renovations– include the replacement of bathroom fixtures and cell lighting. Also, modifications will be made to door frames and interior plumbing as needed.
- Medical Unit Renovation and Expansion Project– Construction will continue.
- Detention Center Improvements– FY 2018 funds will be used to repair and upgrade the ventilation and air conditioning (HVAC) system and the facility's intercom system.
- Central Control/Administration Expansion Project– FY 2018 funds will be used to begin planning and develop design documents.

Health

- Regional Health and Human Services Center– planning will continue for the creation of a headquarters building that will co-locate the administrative offices of the Health Department, the Department of Family Services and the Department of Social Services (HHS). The HHS Building will serve as a centralized focal

point for the delivery of services to older adults, persons with disabilities, and family caregivers.

Central Services

- Regional Administration Building– renovations will continue. Improvements for FY 2018 include building out floors 1- 4, replacing nine rooftop units, replacing the roof, refurbishing the elevators, replacing the sidewalks and curbs, and retrofitting the exterior lights.
- Courthouse– renovations and security improvements will continue in FY 2018.
- Driver Training and Gun Range– construction will continue in FY 2018.
- Court School– planning will begin for the Court School project in FY 2018.
- Energy Upgrades– project will be complete in FY 2018.

SUMMARY OF THE FY 2018-2023 CAPITAL IMPROVEMENT PROGRAM
EXPENDITURES - BY AGENCY OR PROGRAM

(Dollars in Thousands)

AGENCY/PROGRAM	APPROVED CAPITAL BUDGET	APPROVED CAPITAL PROGRAM
Board of Education	\$ 166,580	\$ 2,078,030
Stormwater Management	100,378	606,941
Parks and Recreation	64,438	201,884
Soil Conservation	-	200
Public Works & Transportation	127,643	793,086
Library	29,017	137,946
Health	9,750	42,750
Corrections	18,572	34,707
Police	35,800	109,050
Fire/EMS	23,350	164,971
Solid Waste Management	4,157	70,446
Community College	82,560	332,454
Central Services	98,261	197,661
Revenue Authority	35,450	35,450
Redevelopment Authority	25,050	42,550
Federal Programs	4,666	4,666
Office of Information Technology	14,952	15,952
TOTAL	\$ 840,624	\$ 4,868,744

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 3.3% as of June 30, 2017, 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 2016.

(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.