Capital Improvement Program Overview

The FY 2021-2026 Approved Capital Improvement Program (CIP) consists of 421 projects at a total cost of approximately $3.7 billion. These projects range from the construction of new facilities to the replacement and updating of existing structures. They include projects for the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the Prince George's County Redevelopment Authority. The FY 2021-2026 Approved Capital Program contains 16 less projects than the previous six-year program and is projected to cost approximately $497.3 million less than previously programmed for the comparative six year period. The program is driven by the County's efforts to meet Federal mandated environmental regulations, improve roadway infrastructure and modernize school facilities.

Road and bridge construction projects totaling $269.6 million are programmed in the "Beyond Six Year" six-year time frame of the Capital Improvement Program. This amount is in addition to the $3.7 billion six year capital program. These projects are being shown to indicate the future requirements of the County's road construction program. Inclusion of these projects in the "Beyond Six Year" category shall not mean however, that they are "programmed" for the purpose of evaluating the adequacy of public facilities in accordance with subdivision regulations and the Zoning Ordinance.

EXPENDITURES

The education/health services portion of the capital program comprises the largest segment at $1.6 billion, or 43.3% of the total. Included here is funding for the Board of Education, the Prince George's Community College, the Prince George's Memorial Library, and the Health Department. The amount of funds going to the public-school system comprises 73.4% of the total education/health spending. Funding for this program segment comes from the sale of general obligation bonds and State aid. The County and State share in the construction costs for Board of Education, Memorial Library and Community College facilities.

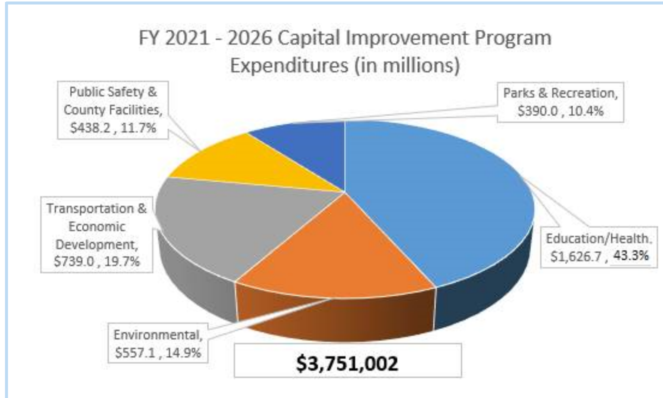
The second largest spending component of the capital program is transportation and economic development, $739.0 million or 19.7%, will be used for the construction and rehabilitation of County roads and bridges, as well as for the construction of mass transit facilities, such as parking garages at metro stations. Transportation funding comes primarily from general obligation bonds. Additional funds come from developer contributions and from the Federal government, primarily in support of the bridge construction program. Also included in this category are Redevelopment Authority capital projects. The purpose of this agency is to stimulate economic and commercial growth in the County. Funding for the projects under the auspices of this agency come from County PAYGO funds, Federal Community Development Block Grant (CDBG) and State funds.

Another large portion of the capital program is the environment, where $557.1 million or 14.9%, will be spent. The two major areas that are addressed under the environmental category are solid waste and storm water management. Separate fees and taxes support these projects.

The parks and recreation component comprise $390.0 million or 10.4% of the total. Funding comes from a combination of sources that includes the sale of bonds by the MNCPPC, PAYGO funds, developer contributions and State aid under Program Open Space.

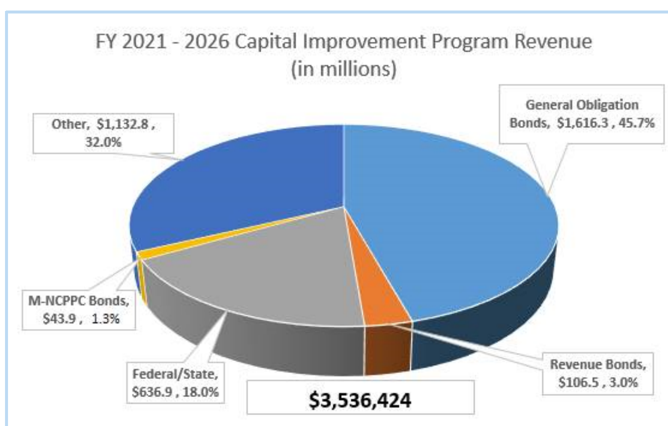
The last CIP category is public safety and County facility construction. This category also includes funding for the public safety agencies (Police, Fire and Corrections), the Circuit Court, the Office of Central Services and the Office of Information Technology. These components comprise the remainder of the program upon which $438.2 million will be expended, for a combined total of 11.7% of the capital program.

Approximately 36.9% of this amount is programmed for public safety. The funding for projects in these categories comes from the sale of general obligation bonds and public safety surcharge.



REVENUES

The FY 2021-2026 Approved Capital Improvement Program is supported by a multiplicity of revenue sources. General obligation bonds comprise the largest component at $1.6 billion or 45.7% of the total. Revenue bonds account for $106.5 million or 3.0% of the total revenues. Maryland-National Capital Park and Planning Commission bonds support 1.3% of the total at $43.9 million. Federal and State aid provides $636.9 million, or 18.0% of the capital program. The remaining 32.0%, or $1.1 billion, is supported by PAYGO, stormwater management bonds, developer contributions and other funding sources. The FY 2021-2026 Approved Capital Improvement Program is supported by revenues received in prior fiscal years and by new sources to be generated over the next six years.



MAJOR FUNDING SOURCES

1. General Obligation Bonds

The County government, pursuant to authority granted to it by the General Assembly, is authorized to undertake borrowing for any public purpose of the County, provided that the aggregate amount of indebtedness outstanding at any one time should not exceed 6% of the County's assessable base. The County Charter specifies that both a bond-enabling act and a bond authorization act must be passed prior to the issuance of County general obligation bonds (GOB). The Charter also states that the Council shall refer to a referendum of the voters of the County, at the ensuing regular congressional primary or general election, any act enabling the County to borrow money to finance capital projects. School construction bonds are exempt from this Charter requirement. The funds to repay the interest and principal on general obligation bonds come from the operating funds that are collected by the County. The County has adopted fiscal policies limiting the ratio of debt service payments to the total general fund operating budget, as were as the ratio of outstanding debt to the County's assessable base. These policies help to ensure the County's fiscal health by restricting the amount of bonds that the County will issue in any one year or over a period of time.

2. Federal Aid

Transportation projects that involve Federal aid include mass transit, interstate highway intersections and bridges. Federal aid is also provided through the Community Development Block Grant (CDBG) program. CDBG funds support neighborhood improvements and facilities in areas of the County that have experienced building deterioration or economic disadvantage.

3. State Aid

The County uses State aid, in the form of grants or matching funds, in transportation, public schools, the community college, and criminal justice facility. The rules and regulations pertaining to the receipt of State funds differ for each purpose toward which the State contributes. Some State contributions are one-time grants while others are formula-driven programs, which provide annual contributions to every jurisdiction in the State based on an established criteria. Most require a matching contribution by the County government. The State contribution to County construction projects is in addition to the amount that the State spends on its own construction projects in the County, such as improvements to State numbered highways.

4. Agency Bonds

Agencies of the County government that were created by State legislation are empowered to issue their own bonds. The Maryland-National Capital Park and Planning Commission (M-NCPPC) issues its own bonds to finance park acquisition and development. The full faith and credit of the County government backs these bonds. A separate tax rate is levied by the County for the M-NCPPC. Part of this revenue is utilized to pay the interest and principal on its outstanding bonds.

5. Revenue Bonds

Revenue bonds are obligations issued to finance a revenue-producing enterprise, with principal and interest payable exclusively from the earnings of the enterprise. Stormwater Management activities rely on revenue bonds as one source of construction financing.

6. Stormwater Management Bonds

The responsibility for stormwater programs and services was transferred to the County government from the Washington Suburban Sanitary Commission on July 1, 1987. The County is authorized to issue bonds to provide funds for stormwater management facilities and these bonds are not subject to referendum requirements. A Stormwater Management District has been established which includes all the land in the County except for the land within the City of Bowie. A Stormwater Management Enterprise Fund is used to pay for stormwater management operations and activities within the District and to pay for the annual debt service on stormwater bonds issued by the County. The Stormwater Fund is supported by a stormwater management ad valorem tax on all property assessed for tax purposes within the District which receives stormwater management services.

7. Solid Waste Bonds

The County is authorized to issue solid waste revenue bonds to provide funds for solid waste management facilities. These bonds are not subject to referendum requirements. The Solid Waste Management Enterprise Fund was established to account for all revenue and expenditures related to the County's solid waste management activities. This fund provides for activities associated with the County's landfill, including the operations of the bulky trash pick-up service; environmental-related programs, including the recycling and clean-up programs; and the abandoned vehicle program. Also accounted for here are the activities associated with the County's contract refuse collection operations.

The Fund derives its revenues from base tipping fees assessed on a tonnage basis for accepting refuse at the Brown Station Road Landfill; environmental surcharges on waste accepted at the Brown Station Road facility; recycling, bulky trash and systems benefit fees, and pass through charges from homeowners receiving contract refuse collections.