MFP COMMITTEE #1
September 29, 2009

MEMORANDUM

September 25, 2009

TO: Management and Fiscal Policy Committee

FROM: Glenn Orlin, Deputy Council Staff Director

SUBJECT: Spending Affordability Guidelines for the FY11 Capital Budget and FY11-16 Capital Improvements Program (CIP), and related matters

Committee members: Please bring the September 15 Council packet (Item #2A) to the meeting.

During this worksession the Committee is being asked to recommend guidelines and targets for the full Council, which is scheduled to act on October 6. For more background on the spending affordability law, process, and history, please refer to the Council packet of September 15. Council staff will give a brief overview of this material prior to the Committee's deliberation on the guidelines.

1. General Obligation bonds. The Council held its public hearing on September 22 on the proposed guidelines and targets. The County Executive recommends setting both the FY11 and FY12 guidelines at $325 million. He also recommends a six-year guideline of $1.89 billion, which would result in targets of $310 million/year in FYs13-16. His transmittal is on ©1-2 and the OMB Director's testimony is on ©3. The Board of Education recommends guidelines that are at least 10% higher than this year's (see ©5-6).

At the request of Council staff, OMB analyzed the debt capacity of several scenarios reflecting different potential County bond guidelines and targets. The 6-year totals for these scenarios (see below) range from a low of $1.77 billion to a high of $2.040 billion:

- **Scenario #1: $295 million each year; $1.77 billion total.** This scenario, which is $70 million (3.8%) *less* than the existing six-year guideline, is the highest that can be set without having debt service plus lease payments exceed 10% of the operating budget in the next six years (see ©7).\
- **Scenario #2: $315 million each year; $1.89 billion total.** This scenario, which is $50 million (2.7%) more than the existing six-year guideline, is near the rate of inflation projected over this year. It would retain the same level of G.O. bond funding in FY11 as in the Amended FY09-14 CIP, although it would lower the FY12 funding by $10 million (see ©8).
- **Scenario #3: $320 million each year; $1.92 billion total.** This scenario is $80 million (4.3%) more than the existing six-year guideline. It would retain the same level of G.O. bond funding in the FY11-12 period as in the Amended CIP: $640 million (see ©9).
- **Scenario #4: $325 million each year; $1.95 billion total.** This scenario is $110 million (6.0%) more than the existing six-year guideline. It would raise the level of G.O. bond funding in FY11 by $10 million over the Amended FY09-14 CIP, and retain the FY12 level (see ©10).

- **Scenario #5: $325 million in FY11 and in FY12; $1.89 billion total.** This is the Executive's recommendation which, like Scenario #2, is $50 million (2.7%) more than the existing six-year guideline. However, after the first two years this scenario would drop back to $310 million annually in FYs13-16 (see ©11).
- **Scenario #6: $340 million each year; $2.04 billion total.** This scenario would fall in line with that recommended by the Board of Education. It is "at least 10% higher" than the current guidelines: $200 million (10.9%) higher (see ©12).

A table displaying the six options is shown below:

Spending Affordability Scenarios ($ millions)

Scenario	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	6-yr Total	Increase (%)
Existing	300	310	315	325	290	300	-	-	1,840	-
#1 (©7)	-	-	295	295	295	295	295	295	1,770	-70 (-3.8%)
#2 (©8)	-	-	315	315	315	315	315	315	1,890	+50 (2.7%)
#3 (©9)	-	-	320	320	320	320	320	320	1,920	+80 (4.3%)
#4 (©10)	-	-	325	325	325	325	325	325	1,950	+110 (6.0%)
#5 (©11)	-	-	325	325	310	310	310	310	1,890	+50 (2.7%)
#6 (©12)	-	-	340	340	340	340	340	340	2,040	+200 (10.9%)

The history of the G.O. bond spending affordability guidelines is that, regardless of the guideline or target set for a future year, once that future year has been reached the G.O. bond amount for that year has grown much higher. In the table below, note that the G.O. bond target for FY09 in the FY05-10 CIP was $190 million, but by the time FY09 arrived the G.O. bond amount had reached $300 million. The table below goes back only the FY03-08 CIP, but if there were room on the page to display all the CIPs since the early 1990s, the same pattern would emerge for every year. This is not due to profligacy on the Council's part, since each time the new guidelines are proposed they are analyzed against the standard indicators in the Debt Capacity Analysis, as they have this time (©7-12). More likely it is because the projections of total County income, assessable base, population, and operating expenditures have proven to be conservative.

General Obligation Bonds in Recent CIPs ($ millions)

CIP	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	6-Yr
FY03-08	156.2	156.2	142	142	142	142							**880.4**
FY03-08 Am	156.2	171	152	142	142	132							**895.2**
FY05-10			190	190	190	190	190	190					**1,140**
FY05-10 Am			209	209	200	200	200	200					**1,218**
FY07-12					264	264	264	226	220	220			**1,458**
FY07-12 Am					275	275	275	275	275	275			**1,650**
FY09-14							300	300	300	300	300	300	**1,800**
FY09-14 Am							300	310	315	325	290	300	**1,840**

As a result of this pattern, therefore, two years ago Executive staff urged—and the Council concurred—that any set of guidelines and targets that are approved should represent a flat or upwardly rising pattern of G.O. bond expenditures, since such a pattern more realistically reflects the future. Furthermore, as is more often the case than not, to reconcile the CIP it is often necessary to juggle the totals in the out years, producing an uneven result. A typical example is the Amended CIP, which shows bond levels rising through FY12 and then dropping off in FYs13-14. This is yet another reason that the starting point should be a flat or rising pattern.

This is the reason why Council staff cannot recommend Scenario #5. It is unrealistic to assume that bond levels will drop to the $310 million level for four years after they have been raised to $325 million in FY11 and FY12. If this scenario is selected the final result of CIP Reconciliation in May likely will produce a spending pattern that is even more skewed.

However, the Executive's main point should be heeded: that the Council must be very careful about the degree to which the debt level is raised. The borrowing in one year translates to debt service on the borrowed amount for the subsequent 20 years, and debt service is the first call on resources—before employee salaries, benefits, or anything else in the operating budget. Fast rising borrowing was one of the primary motivations for the citizen-led 1990 Charter amendment—Question F, also known as the Fairness in Taxation (FIT) amendment—that brought about the spending affordability process in the first place. For this reason Council staff also cannot support Scenario #6, or any scenario in its order of magnitude. All the scenarios bring debt service-plus-lease payments to more than 10% starting in FYs13-16, but only Scenario #6 brings it above 10.5% (to 10.64% in FY16). Scenario #6 would bring both debt service as a percentage of total assessed value indicator and debt service of total income indicator to their respective precipices by FYs15-16. Any extension of these levels beyond FY16—and history shows they will undoubtedly go much higher—would result in exceeding these indicators.

Council staff recommends either Scenario #3 or Scenario #4. Either scenario would increase the bond limits faster than inflation, yet should keep the resulting debt service within reasonable affordability limits well into the future.

2. Park and Planning bonds. The Park and Planning bond guidelines and targets are currently $5 million each year, and $30 million for the six-year period. The Planning Board recommends increasing the FY11 guideline to $7.5 million to replace dwindling Program Open Space funds, which were planned to be used for the <u>Germantown Town Center Urban Park</u> project. The Board also recommends increasing the FY12 guideline and the targets in FYs13-16 to $6 million, and thus a six-year guideline of $37.5 million, a $7.5 million (25%) increase (©13). The Board's position is supported by the Gaithersburg-Germantown Chamber of Commerce (©14). The County Executive, alternatively, recommends retaining the current $5 million/year, $30 million six-year levels for FYs11-16 (see ©1-4).

Over the past 20 years Park and Planning bond guidelines generally have been kept stable or allowed to increase only incrementally. Periodically, the Planning Board has requested a "bump" in a guideline to address a short-term need. Several years ago, the guidelines were bumped over a two-year period to replenish the Advance Land Acquisition Revolving Fund (ALARF). However, unlike for G.O. bonds, once the need was addressed, Park and Planning bond levels actually did recede to the prior level. There is no reason to believe that would not happen again in this instance.

Council staff requested Maryland-National Capital Park and Planning Commission staff to provide an analysis of how its proposed bond levels would affect its future operating budgets. M-NCPPC uses 8% as the percentage of its operating budget as the level that its debt service should not exceed. As the chart on ©15 demonstrates, even with the higher levels proposed by the Planning Board, debt service as a share of operating expenditures is not anticipated to exceed 5.26% of the budget, and it would drop below 5% in FYs12-16. **Council staff recommends approving the Park and Planning bond guidelines and targets proposed by the Planning Board.**

3. ***Programming impact tax revenue.*** The reason for setting spending affordability guidelines in the fall is to provide guidance to the Executive Branch, MCPS, M-NCPPC, and Montgomery College in the preparation of their respective CIPs. In this vein Council staff believes it would be useful to address the forthcoming revenue assumptions for transportation and school impact taxes.

For the past few years we have overestimated the revenue from impact taxes, leading to the need to supplant impact tax revenue with General Fund advances which ultimately are reimbursed with funds that otherwise could be used for other projects in the CIP. Executive and Council staff concur that the proper course for future CIPs, starting with the FY11-16 CIP, is to start with much more conservative revenue estimates for impact taxes. The Department of Finance has generated estimates which will probably be attained. At CIP Reconciliation, if actual revenue proves to be somewhat higher, the Council will be in the happier position to program the additional amount. But note these would be marginal increases, not windfalls.

When the FY09-14 CIP was approved in the spring of 2008, school impact taxes were expected to generate about $17.2 million in FY09, $19.2 million in FY10, and $127.5 million over the six-year period. Last winter the Council reduced the estimates for FY09 and FY10 to $11 million/year as the economy—especially the development industry—declined. At CIP Reconciliation this past May, the Council estimated that only about $8 million would be collected by the end of FY09. The final revenue figure came in just under this estimate: $7,925,495.

Finance estimates that there will be a shortfall of about $3.4 million in school impact tax revenue this fiscal year. More seriously, though, is that the future years will generate far less revenue than is currently assumed. In fashioning its request for FY11-16 CIP, therefore, MCPS should assume only $55.5 million (as shown in the table below), only about half of the $110 million assumed in the Amended FY09-14 CIP:

School Impact Tax Revenue Estimates ($000)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	6-Yr
May, 2008	17,226	19,243	20,336	21,974	23,324	25,359	-	-	127,462
Feb., 2009	11,000	11,000	20,336	21,974	23,324	25,359	-	-	112,993
May, 2009	8,000	11,000	20,336	21,974	23,324	25,359	-	-	109,993
Sept., 2009	***7,925***	***7,636***	**7,961**	**8,484**	**8,879**	**9,521**	**10,005**	**10,653**	**55,503**

In the spring of 2008 transportation impact taxes were expected to generate about $19.8 million in FY09, $13.2 million in FY10, and $90.5 million over the six-year period. Last winter the Council reduced the estimates for FY09 and FY10 to $7 million and 10 million, respectively. At CIP Reconciliation the Council estimated that only about $3.2 million would be collected by the end of FY09. The final revenue figure came in at just $2,398,310.

Finance estimates that there will be a shortfall of about $6.9 million in transportation impact tax revenue this fiscal year. In future years this tax is now estimated to generate an even smaller proportion of funds than the school impact tax. In developing the transportation recommendations for the next CIP the Executive assume only $29.4 million (see below), nearly 60% less than the $70.7 million assumed in the Amended FY09-14 CIP:

Transportation Impact Tax Revenue Estimates ($000)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	6-Yr
May, 2008	19,796	13,223	13,758	14,341	14,384	15,000	-	-	90,502
Feb., 2009	7,000	10,000	13,758	14,341	14,384	15,000	-	-	74,483
May, 2009	3,200	10,000	13,758	14,341	14,384	15,000	-	-	70,683
Sept., 2009	***2,398***	***3,089***	**3,953**	**4,925**	**4,952**	**5,095**	**5,124**	**5,314**	**29,363**

4. Slippage. It is quite common that the schedule for a particular project encounters delays from one CIP to the next, almost always for production reasons, not policy reasons. For example, a project in the Approved FY09-14 CIP might have anticipated $5 million of construction in FY10, but during the course of FY09 progress was stalled, and so it might be now scheduled for FY11 instead. However, if expenditures were shown accurately by year, this $5 million not only will have counted against the FY10 spending affordability guideline, but once again under the new FY11 guideline. Such a double-counting would artificially limit the amount of funds that could be programmed. Therefore, the unfortunate but necessary practice has been not to show a delay in the expenditure schedule on the project description form (PDF). But this gives elected officials and the public a false impression as to when construction is actually expected to occur.

Over the past several months Executive and Council staffs have discussed a possible "fix" that would continue to eliminate double-counting yet have accurate spending-by-year information on the PDFs. Office of Management and Budget staff have produced such a fix that Council staff endorses. First of all, an additional adjustment would be added to the General Obligation Bond Adjustment Chart entitled "Programming Adjustment for Unspent Prior Years" The chart on ©16, shows a hypothetical amount of $50 million-worth of spending slippage that had been "counted" against spending affordability in prior years but now were being shown—accurately—in FY11. The new table on ©17 would provide the project-by-project details of the (hypothetical) $50 million. (Please note that ©16-17 are presented merely to show how the information would be displayed; all the numbers in these two attachments are MADE UP.)

With these two new changes the FY11-16 CIP, and future CIPs, will have much more accurate information about the timing of expenditures, while still not compromising the Council's ability to program funds up to the limits of the spending affordability guidelines and targets.

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

RECEIVED MONTGOMERY COUNTY COUNCIL 2009 SEP 18 PM 4:25

September 18, 2009

TO: Phil Andrews, President, County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Spending Affordability, FY11-16 Capital Improvements Program

I recommend that the Council adopt Spending Affordability Guidelines for County bonds as displayed in the attached Debt Capacity Analysis scenario, with $325.0 million in bonds planned for issue in FY11 and FY12 and $310 million in bonds planned for issue in FY13-16, for a total of $1.89 billion for the six-year period. This represents an increase of $50 million or approximately 2.7 percent from our currently approved spending guidelines for the six year period. I believe these annual amounts are within the standard affordability indicators in the Debt Capacity Analysis.

The potential pressures on funding, in addition to community expectations for project delivery on schedule, indicate that we should be very careful at this early stage in our planning not to overextend our capacity. I recommend against higher levels at this time because of the constraints that higher debt service levels will place on future operating budgets.

The Maryland-National Capital Park and Planning Commission (M-NCPPC) has requested Spending Affordability Guidelines for Park and Planning bonds at $7.5 million in FY11 and $6.0 million in FY12-FY16, for a total of $37.5 million for the six-year period. This represents an increase of $7.5 million or 25 percent over the currently approved spending guidelines. M-NCPPC is requesting this increase because of the State's reduction to Program Open Space aid. I recommend $5.0 million annually and $30 million for the six-year period in order to preserve a manageable debt service level in the Park Fund. This recommendation is consistent with protecting the capital investment in our parks and extending the current debt management plan.

Thank you for your consideration. Executive branch staff will be available to assist you in Council worksessions.

IL:cm

Attachment

cc: Timothy L. Firestine, Chief Administrative Officer
Jennifer E. Barrett, Director, Department of Finance
Kathleen Boucher, Assistant Chief Administrative Officer
Joseph F. Beach, Director, Office of Management and Budget
Melanie Wenger, Director, Office of Intergovernmental Relations
Royce Hanson, Chairman, Montgomery County Planning Board

Public Hearing Testimony
Spending Affordability, FY11-16 Capital Improvements Program
September 22, 2009

Good afternoon, I ~~am Joseph Beach,~~ Director of the Office of Management and Budget and I am here to testify on behalf of County Executive Isiah Leggett on the Spending Affordability Guidelines for the FY11 Capital Budget and the FY11-16 Capital Improvements Program. The County Executive recommends that the Council adopt Spending Affordability Guidelines for County bonds with $325.0 million in bonds planned for issue in FY11 and FY12 and $310 million in bonds planned for issue in FY13-16, for a total of $1.89 billion for the six-year period. This represents an increase of $50 million or approximately 2.7 percent from our currently approved spending guidelines for the six year period. We believe these annual amounts are consistent with the standard affordability determinations as calculated in the Debt Capacity Analysis.

The potential pressures on funding, in addition to community expectations for project delivery on schedule, indicate that we should be very careful at this early stage in our planning not to overextend our capacity. We recommend against higher levels at this time because of the constraints that higher debt service levels will place on future operating budgets.

The Maryland-National Capital Park and Planning Commission (M-NCPPC) has requested Spending Affordability Guidelines for Park and Planning bonds at $7.5 million in FY11 and $6.0 million in FY12-FY16, for a total of $37.5 million for the six-year period. This represents an increase of $7.5 million or 25 percent over the currently approved spending guidelines. M-NCPPC is requesting this increase because of the State's reduction to Program Open Space aid. The Executive recommends $5.0

million annually and $30 million for the six-year period in order to preserve a manageable debt service level in the Park Fund. This recommendation is consistent with protecting the capital investment in our parks and extending the current debt management plan.

Thank you for allowing me the opportunity to speak to the Council on this important matter.

MONTGOMERY COUNTY BOARD OF EDUCATION

Testimony before the County Council on the Spending Affordability Guidelines for the FY 2011–2016 Capital Improvements Program

September 22, 2009

Good Afternoon, Mr. Andrews and members of the County Council, I am Shirley Brandman, president of the Board of Education. Thank you for the opportunity to provide testimony as the Council considers setting Spending Affordability Guidelines for the FY 2011 Capital Budget and the FY 2011–2016 Capital Improvements Program (CIP).

I would like to thank the County Council for your ongoing support of our capital projects. The funding you approved for our FY 2010 Capital Budget and Amendments to the FY 2009–2014 CIP will allow Montgomery County Public Schools (MCPS) to address capacity issues, keep our modernization schedule on track, and continue our countywide programs to maintain the school system's infrastructure and address safety concerns. In order to fund all of these capital projects, we depend on several critical funding sources. As you know, the most important of these revenue sources is the general obligation bonds (GO bonds), and setting the Spending Affordability Guidelines for the level of debt for Montgomery County is the critical first step in developing the next six-year CIP. It is even more important this year, since this is a year that the entire CIP is being reviewed.

We believe there is an opportunity this year to address both our capacity needs and our aging school facilities. There have been years in the past decade or two when the economic situation prevented us from addressing both of these needs. But, this year is different. The current economic conditions have resulted in significantly lower construction prices and lower interest rates. As a result, we have an opportunity to sell bonds to fund both capacity projects and modernization projects. We need to do this before construction prices return to their previous levels of more than $280 per square foot. Three or four years from now, we may be paying 30 to 40 percent more per square foot for construction then we are currently paying.

We understand that Spending Affordability Guidelines are intended to be developed based on what is affordable, not what is needed. The task you face to determine what is affordable this year will be much more difficult because of the economic outlook and the fiscal situation that Montgomery County is facing. However, the Board of Education does not believe that we can afford to let our overcrowding go unaddressed or our school facilities deteriorate any more than we can afford to lose our AAA bond rating.

The County Council packet of September 15, 2009, included four scenarios to increase Spending Affordability Guidelines, with 6 percent being the largest increase. We believe that the Council must do more. If the Council does not increase Spending Affordability Guidelines by at least 10 percent above the current limits or provide MCPS with a larger share of the bonds it sells, it will be difficult to fund the capital projects that are vital to address our enrollment growth and our aging facilities. Now is the time to leverage current market conditions to fund our capital projects with GO bonds, avoiding competition for current revenue that is critical to the operating budget.

MCPS, for the past two years, has experienced higher than projected enrollment. Last year, enrollment increased by more than 1,500 students. This year, enrollment is expected to increase by 2,200 students. Preliminary projections for next year are for an increase of another 1,500 students. This will be an increase of 5,200 students in three years, at a time when we had thought that enrollment had reached a plateau. The enrollment increases have occurred as a result of the following:

1. County resident births have increased steadily since 2002, with current county births at more than 13,500 per year.

2. A larger share of student enrollment in the county is now attending public schools rather than private schools (85 percent last year compared to approximately 81 percent in the earlier years of this decade).

3. The weak housing market has limited household mobility, resulting in more students remaining in MCPS.

Almost the entire increase in enrollment over the past two years has been at the elementary school level, where MCPS currently has the greatest space shortages. To address the need for classroom capacity, we currently are using 436 relocatable classrooms systemwide to provide seats for students who attend schools that are overutilized. Of the 436 relocatable classrooms, 385 are at elementary schools. More relocatable classrooms are expected to be needed in the coming years. Funds approved in the CIP will provide much needed addition projects to reduce the number of relocatable classrooms in use. However, due to the unanticipated enrollment growth, the reduction will not be as low as previously projected.

Our CIP also must address our older schools, many of which are reaching a point where a significant investment in capital maintenance is required to address aging infrastructure needs. In the past, the modernization program has been slowed down or deferred to allow funding to be targeted for capacity and other priorities. While this approach was necessary at the time, the capital needs of our older schools and our aging infrastructure must be addressed to ensure that we can provide the instructional space that is necessary to deliver our programs.

The Board of Education urges you to consider all of these issues as part of your deliberations in setting Spending Affordability Guidelines for the FY 2011 Capital Budget and the FY 2011–2016 CIP. The Board of Education respects the difficult task that confronts the County Council. We urge you to consider what is affordable in the context of what we cannot afford to let happen—to let our schools become more overcrowded or to let our school infrastructure needs go unaddressed. We are confident that we can continue to work together for our children to fund these critical needs.

Thank you for the opportunity to comment on this vital matter.

SCENARIO #1

DEBT CAPACITY ANALYSIS

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS SEPTEMBER 8, 2009
Scenario - Debt Issues @ $295mn/year
6 Yr. Total ($Mn.) $1,770.0 mn
FY11 Total ($Mn.) $295.0 mn
FY12 Total ($Mn.) $295.0 mn

	GUIDELINE	FY10	FY11	FY12	FY13	FY14	FY15	FY16
1. New GO Debt Issued ($000s) (Scenarios)		310,000	295,000	295,000	295,000	295,000	295,000	295,000
FYs 09-14 Approved Issues ($000)		310,000	315,000	325,000	290,000	300,000		
2. GO Debt/Assessed Value	1.5%	1.24%	1.30%	1.33%	1.37%	1.39%	1.39%	1.38%
3. Debt Service + LTL + Short-Term Leases/Revenues	**10%**	**8.75%**	**9.48%**	**9.64%**	**9.94%**	**10.00%**	**9.99%**	**10.00%**
4. $ Debt/Capita		2,239	2,468	2,580	2,677	2,763	2,837	2,899
5. $ Real Debt/Capita	~~$1,800~~ $1,900	2,239	2,401	2,448	2,479	2,496	2,500	2,493
6. Capita Debt/Capita Income	3.5%	3.11%	3.27%	3.27%	3.27%	3.27%	3.25%	3.23%
7. Payout Ratio	60% - 75%	69.56%	68.68%	68.28%	68.11%	68.17%	68.40%	68.70%
8. Total Debt Outstanding ($000s)		2,163,274	2,412,635	2,551,955	2,679,625	2,798,660	2,907,940	3,007,265
9. Real Debt Outstanding ($000)		2,163,274	2,346,921	2,421,899	2,481,037	2,528,049	2,562,695	2,585,588
10. OP/PSP Growth Assumption			**1.5%**	**4.6%**	**4.0%**	**4.4%**	**4.6%**	**4.6%**

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.

DEBT SERVICE IMPACT	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Assumed Issue Size ($000)	310,000	295,000	295,000	295,000	295,000	295,000	295,000
GO Bond Debt Service ($000)	223,059	241,509	256,513	281,914	298,352	314,054	331,252
Percentage change in debt service	**8.89%**	**8.27%**	**6.21%**	**9.90%**	**5.83%**	**5.26%**	**5.48%**

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	315,000	325,000	290,000	300,000	300,000	300,000
Assumed GO bond debt issuance		310,000	295,000	295,000	295,000	295,000	295,000	295,000
Increase/(Decrease) in GO bond debt issuance	**(60,000)**	**0**	**(20,000)**	**(30,000)**	**5,000**	**(5,000)**	**(5,000)**	**(5,000)**

SCENARIO #2

DEBT CAPACITY ANALYSIS

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS SEPTEMBER 8, 2009
Scenario - Debt Issues @ $315mn/year
6 Yr. Total ($Mn.) $1,890.0 mn
FY11 Total ($Mn.) $315.0 mn
FY12 Total ($Mn.) $315.0 mn

	GUIDELINE	FY10	FY11	FY12	FY13	FY14	FY15	FY16
1. New GO Debt Issued ($000s) (Scenarios)		310,000	315,000	315,000	315,000	315,000	315,000	315,000
FYs 09-14 Approved Issues ($000)		310,000	315,000	325,000	290,000	300,000		
2. GO Debt/Assessed Value	1.5%	1.24%	1.31%	1.35%	1.40%	1.43%	1.43%	1.43%
3. Debt Service + LTL + Short-Term Leases/Revenues	**10%**	**8.75%**	**9.50%**	**9.73%**	**10.08%**	**10.20%**	**10.23%**	**10.29%**
4. $ Debt/Capita		2,239	2,489	2,619	2,734	2,836	2,925	3,001
5. $ Real Debt/Capita	~~$1,800~~ $1,900	2,239	2,421	2,486	2,531	2,562	2,578	2,580
6. Capita Debt/Capita Income	3.5%	3.11%	3.30%	3.32%	3.34%	3.35%	3.35%	3.35%
7. Payout Ratio	60% - 75%	69.56%	68.68%	68.28%	68.11%	68.17%	68.40%	68.70%
8. Total Debt Outstanding ($000s)		2,163,274	2,432,635	2,590,955	2,736,625	2,872,660	2,997,940	3,112,265
9. Real Debt Outstanding ($000)		2,163,274	2,366,376	2,458,911	2,533,812	2,594,893	2,642,009	2,675,865
10. OP/PSP Growth Assumption			**1.5%**	**4.6%**	**4.0%**	**4.4%**	**4.6%**	**4.6%**

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.

DEBT SERVICE IMPACT	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Assumed Issue Size ($000)	310,000	315,000	315,000	315,000	315,000	315,000	315,000
GO Bond Debt Service ($000)	223,059	242,009	259,013	286,364	304,702	322,254	341,252
Percentage change in debt service	**8.89%**	**8.50%**	**7.03%**	**10.56%**	**6.40%**	**5.76%**	**5.90%**

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)							
Approved GO bond debt issuance		310,000	315,000	325,000	290,000	300,000	300,000	300,000
Assumed GO bond debt issuance		310,000	315,000	315,000	315,000	315,000	315,000	315,000
Increase/(Decrease) in GO bond debt issuance	**60,000**	**0**	**0**	**(10,000)**	**25,000**	**15,000**	**15,000**	**15,000**

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SCENARIO #3

DEBT CAPACITY ANALYSIS

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS SEPTEMBER 8, 2009
Scenario - Debt Issues @ $320mn/year
6 Yr. Total ($Mn.) $1,920.0 mn
FY11 Total ($Mn.) $320.0 mn
FY12 Total ($Mn.) $320.0 mn

	GUIDELINE	FY10	FY11	FY12	FY13	FY14	FY15	FY16
1. New GO Debt Issued ($000s) (Scenarios)		310,000	320,000	320,000	320,000	320,000	320,000	320,000
FYs 09-14 Approved Issues ($000)		310,000	315,000	325,000	290,000	300,000		
2. GO Debt/Assessed Value	1.5%	1.24%	1.31%	1.35%	1.40%	1.44%	1.44%	1.44%
3. Debt Service + LTL + Short-Term Leases/Revenues	**10%**	**8.75%**	**9.50%**	**9.75%**	**10.12%**	**10.25%**	**10.29%**	**10.36%**
4. $ Debt/Capita		2,239	2,494	2,629	2,748	2,854	2,947	3,026
5. $ Real Debt/Capita	~~$1,800~~ $1,900	2,239	2,426	2,495	2,545	2,578	2,597	2,602
6. Capita Debt/Capita Income	3.5%	3.11%	3.31%	3.33%	3.36%	3.37%	3.37%	3.37%
7. Payout Ratio	60% - 75%	69.56%	68.63%	68.20%	68.01%	68.06%	68.29%	68.59%
8. Total Debt Outstanding ($000s)		2,163,274	2,437,635	2,600,705	2,750,875	2,891,160	3,020,440	3,138,515
9. Real Debt Outstanding ($000)		2,163,274	2,371,240	2,468,165	2,547,006	2,611,605	2,661,838	2,698,434
10. OP/PSP Growth Assumption			**1.5%**	**4.6%**	**4.0%**	**4.4%**	**4.6%**	**4.6%**

6

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.

DEBT SERVICE IMPACT	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Assumed Issue Size ($000)	310,000	320,000	320,000	320,000	320,000	320,000	320,000
GO Bond Debt Service ($000)	223,059	242,134	259,638	287,477	306,289	324,304	343,752
Percentage change in debt service	**8.89%**	**8.55%**	**7.23%**	**10.72%**	**6.54%**	**5.88%**	**6.00%**

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	315,000	325,000	290,000	300,000	300,000	300,000
Assumed GO bond debt issuance		310,000	320,000	320,000	320,000	320,000	320,000	320,000
Increase/(Decrease) in GO bond debt issuance	**90,000**	**0**	**5,000**	**(5,000)**	**30,000**	**20,000**	**20,000**	**20,000**

SCENARIO #4

DEBT CAPACITY ANALYSIS

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS SEPTEMBER 8, 2009
Scenario - Debt Issues @ $325mn/year
6 Yr. Total ($Mn.) $1,950.0 mn
FY11 Total ($Mn.) $325.0 mn
FY12 Total ($Mn.) $325.0 mn

	GUIDELINE	FY10	FY11	FY12	FY13	FY14	FY15	FY16
1. New GO Debt Issued ($000s) (Scenarios)		310,000	325,000	325,000	325,000	325,000	325,000	325,000
FYs 09-14 Approved Issues ($000)		310,000	315,000	325,000	290,000	300,000		
2. GO Debt/Assessed Value	1.5%	1.24%	1.31%	1.36%	1.41%	1.45%	1.46%	1.45%
3. Debt Service + LTL + Short-Term Leases/Revenues	**10%**	**8.75%**	**9.51%**	**9.77%**	**10.15%**	**10.30%**	**10.35%**	**10.43%**
4. $ Debt/Capita		2,239	2,499	2,639	2,762	2,873	2,969	3,051
5. $ Real Debt/Capita	~~$1,800~~ $1,900	2,239	2,431	2,505	2,558	2,595	2,616	2,623
6. Capita Debt/Capita Income	3.5%	3.11%	3.31%	3.35%	3.38%	3.40%	3.40%	3.40%
7. Payout Ratio	60% - 75%	69.56%	68.59%	68.12%	67.91%	67.95%	68.17%	68.47%
8. Total Debt Outstanding ($000s)		2,163,274	2,442,635	2,610,455	2,765,125	2,909,660	3,042,940	3,164,765
9. Real Debt Outstanding ($000)		2,163,274	2,376,104	2,477,418	2,560,200	2,628,316	2,681,667	2,721,003
10. OP/PSP Growth Assumption			**1.5%**	**4.6%**	**4.0%**	**4.4%**	**4.6%**	**4.6%**

(10)

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.
(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.

DEBT SERVICE IMPACT	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Assumed Issue Size ($000)	310,000	325,000	325,000	325,000	325,000	325,000	325,000
GO Bond Debt Service ($000)	223,059	242,259	260,263	288,589	307,877	326,354	346,252
Percentage change in debt service	**8.89%**	**8.61%**	**7.43%**	**10.88%**	**6.68%**	**6.00%**	**6.10%**

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	315,000	325,000	290,000	300,000	300,000	300,000
Assumed GO bond debt issuance		310,000	325,000	325,000	325,000	325,000	325,000	325,000
Increase/(Decrease) in GO bond debt issuance	**120,000**	**0**	**10,000**	**0**	**35,000**	**25,000**	**25,000**	**25,000**

SCENARIO #5

DEBT CAPACITY ANALYSIS

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS SEPTEMBER 18, 2009
Scenario - Debt Issues @ $325 FY11-12; $310 FY13-16
6 Yr. Total ($Mn.)$1,890.0 mn
FY11 Total ($Mn.) $325.0 mn
FY12 Total ($Mn.) $325.0 mn

	GUIDELINE	FY10	FY11	FY12	FY13	FY14	FY15	FY16
1. New GO Debt Issued ($000s) (Scenarios)		310,000	325,000	325,000	310,000	310,000	310,000	310,000
FYs 09-14 Approved Issues ($000)		310,000	315,000	325,000	290,000	300,000		
2. GO Debt/Assessed Value	1.5%	1.24%	1.31%	1.36%	1.40%	1.43%	1.43%	1.43%
3. Debt Service + LTL + Short-Term Leases/Revenues	**10%**	**8.75%**	**9.51%**	**9.77%**	**10.14%**	**10.24%**	**10.25%**	**10.29%**
4. $ Debt/Capita		2,239	2,499	2,639	2,747	2,844	2,927	2,998
5. $ Real Debt/Capita	~~$1,800~~ $1900	2,239	2,431	2,505	2,544	2,569	2,580	2,577
6. Capita Debt/Capita Income	3.5%	3.11%	3.31%	3.35%	3.36%	3.36%	3.35%	3.34%
7. Payout Ratio	60% - 75%	69.56%	68.59%	68.12%	68.03%	68.15%	68.44%	68.78%
8. Total Debt Outstanding ($000s)		2,163,274	2,442,635	2,610,455	2,750,125	2,880,410	3,000,190	3,109,265
9. Real Debt Outstanding ($000)		2,163,274	2,376,104	2,477,418	2,546,312	2,601,894	2,643,992	2,673,285
10. OP/PSP Growth Assumption			**1.5%**	**4.6%**	**4.0%**	**4.4%**	**4.6%**	**4.6%**

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.
(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.

DEBT SERVICE IMPACT	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Assumed Issue Size ($000)	310,000	325,000	325,000	310,000	310,000	310,000	310,000
GO Bond Debt Service ($000)	223,059	242,259	260,263	288,214	306,002	323,017	341,489
Percentage change in debt service	**8.89%**	**8.61%**	**7.43%**	**10.74%**	**6.17%**	**5.56%**	**5.72%**

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	315,000	325,000	290,000	300,000	300,000	300,000
Assumed GO bond debt issuance		310,000	325,000	325,000	310,000	310,000	310,000	310,000
Increase/(Decrease) in GO bond debt issuance	**60,000**	**0**	**10,000**	**0**	**20,000**	**10,000**	**10,000**	**10,000**

SCENARIO #6

DEBT CAPACITY ANALYSIS

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS SEPTEMBER 22, 2009
Scenario - Debt Issues @ $340mn/year
6 Yr. Total ($Mn.) $2,040.0 mn
FY11 Total ($Mn.) $340.0 mn
FY12 Total ($Mn.) $340.0 mn

	GUIDELINE	FY10	FY11	FY12	FY13	FY14	FY15	FY16
1. New GO Debt Issued ($000s) (Scenarios)		310,000	340,000	340,000	340,000	340,000	340,000	340,000
FYs 09-14 Approved Issues ($000)		310,000	315,000	325,000	290,000	300,000		
2. GO Debt/Assessed Value	1.5%	1.24%	1.32%	1.37%	1.43%	1.47%	1.49%	1.49%
3. Debt Service + LTL + Short-Term Leases/Revenues	10%	**8.75%**	**9.52%**	**9.83%**	**10.26%**	**10.44%**	**10.54%**	**10.64%**
4. $ Debt/Capita		2,239	2,514	2,669	2,805	2,927	3,035	3,127
5. $ Real Debt/Capita	~~$1,800~~ $1,500	2,239	2,446	2,533	2,597	2,644	2,674	2,689
6. Capita Debt/Capita Income	3.5%	3.11%	3.33%	3.38%	3.43%	3.46%	3.48%	3.49%
7. Payout Ratio	60% - 75%	69.56%	68.44%	67.89%	67.63%	67.64%	67.85%	68.15%
8. Total Debt Outstanding ($000s)		2,163,274	2,457,635	2,639,705	2,807,875	2,965,160	3,110,440	3,243,515
9. Real Debt Outstanding ($000)		2,163,274	2,390,696	2,505,177	2,599,782	2,678,449	2,741,153	2,788,711
10. OP/PSP Growth Assumption			**1.5%**	**4.6%**	**4.0%**	**4.4%**	**4.6%**	**4.6%**

(12)

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.
(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.

DEBT SERVICE IMPACT	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Assumed Issue Size ($000)	310,000	340,000	340,000	340,000	340,000	340,000	340,000
GO Bond Debt Service ($000)	223,059	242,634	262,138	291,927	312,639	332,504	353,752
Percentage change in debt service	**8.89%**	**8.78%**	**8.04%**	**11.36%**	**7.10%**	**6.35%**	**6.39%**

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Approved GO bond debt issuance		310,000	315,000	325,000	290,000	300,000	300,000	300,000
Assumed GO bond debt issuance		310,000	340,000	340,000	340,000	340,000	340,000	340,000
Increase/(Decrease) in GO bond debt issuance	**210,000**	**0**	**25,000**	**15,000**	**50,000**	**40,000**	**40,000**	**40,000**

Testimony

FY11-16 CIP Spending Affordability Guidelines for Park and Planning Bonds

Good afternoon. My name is Royce Hanson, Chairman of the Montgomery County Planning Board.

I am here today to ask the Council to increase the Spending Affordability Guidelines for Park and Planning bonds from $5 million per year to $7.5 million in FY11 and $6 million per year for FYs 12-16, or $37.5 million for the six-year FY11-16 CIP. The increase of $2.5 million in FY11 and $1 million per year in FYs 12-16 will allow us to replace some of the funding capacity lost to large declines in State Program Open Space, or POS, funding. The Park Fund's six-year projections show that the increase in debt service can be accommodated in the Park Fund budget. The Commission's Secretary-Treasurer has reviewed our recommendation and has determined a revised guideline at $7.5 million in FY11 and $6 million per year for FYs 12-16 fits well within our debt capacity for debt payments. One key measure of debt capacity is the ratio of debt service to general fund expenditures. It is projected to be about 5% in FY11 for Park and Planning Bonds, which is well below the 10% target limit. Our debt capacity analysis assumes modest growth in the Park and Planning bonds each year. In order to minimize the impact on the Park Fund in FY11, we can defer any principal payments until FY12 and pay only half of a year's interest payment in FY11. This calculates to approximately $68,000 in additional debt service for an additional $2.5 million in Park and Planning Bonds in FY11.

The increases in FYs 11 & 12 will allow us to continue as planned with the construction of a new urban park at Germantown Town Center. Most of the approximately $7 million in appropriation for the design and construction of the park was comprised of State Program Open Space funds that were not realized as a result of a drastic decline in POS funds over the last two fiscal years. In order to keep on schedule this highly anticipated park in the newly developed Germantown Town Center, we believe that the unrealized POS funding needs to be addressed through an increase in Park Planning Bond SAG for the years the Park is scheduled for construction. This will allow us to adequately fill with Park and Planning Bonds the funding gap left by the unrealized POS. At the current $5 million per year SAG limit, it would be impossible to fund this project with Park and Planning Bonds.

The increases in FYs 13-16 will allow us to effectively carry out local park renovations and new construction currently being facility planned. Our regular practice has been to largely fund these local parks with POS funds, but because our POS balance is nearly depleted and we do not expect POS levels to be restored to "average" levels any time soon, we have to rely more heavily on Park and Planning Bonds to fund them.

We ask the Council to approve a $7.5 million Park and Planning SAG for FY11 and a $6 million per year Park and Planning SAG for FYs 12-16 in order to keep on schedule the construction of the Germantown Town Center Urban Park and continue implementing facility plans for local parks.

Gaithersburg-Germantown Chamber of Commerce, Inc.

1949 - 2009

Celebrating 60 Years!

Marilyn Balcombe, President/CEO
4 Professional Drive, Suite 132, Gaithersburg, MD 20879
301-840-1400 x15 / mbalcombe@ggchamber.org

Montgomery County Council
Public Hearing – September 22, 2009

SPENDING AFFORDABILTY GUIDELINES – GERMANTOWN TOWN CENTER PARK

My name is Marilyn Balcombe, I am the Executive Director of the Gaithersburg-Germantown Chamber of Commerce. Thank you for the opportunity to speak to you this afternoon. I also want to thank you for your efforts on the Germantown Master Plan. It is an exciting plan and once it is formally adopted, I look forward to the implementation of a vibrant mixed-use employment center.

Today I am here to ask you to increase the Spending Affordability Guidelines to accommodate the completion of the Germantown Town Center Park. I am fully aware that the establishment of the spending affordability guidelines is a complicated process and that you have a very difficult job of balancing the needs of the County with resources that continue to decline. But before you make this important decision, I wanted you to have understanding of how your decision will impact my community.

As many of you know, the Chamber has been actively engaged in the planning of the Town Center Park. After the many delays that have plagued this park, we were very excited to know that the plans were moving forward. We even had the privilege of participating in the selection of the Public Art that will be installed in the park.

Unfortunately the progress on the park may be stalled yet again. We now understand that due to economic conditions in the State, the County has not received the level of Program Open Space funds expected. As the Urban Park is reliant on the decreasing POS funds, the future funding of the Park is once again in question.

I strongly urge you not to delay this project. The Parks Department has worked very hard to gain momentum on this project. It would not be cost effective to halt the project at this stage. We need to move forward to completing the design and construction of our park.

An important component of the Germantown Town Center is the cultural / community amenities, including BlackRock Center for the Arts, the Germantown Libarary and the long awaited Park. Without the park, Town Center is not complete. Physically integrated with the Germantown Library, BlackRock Center for the Arts, and the residential townhomes and apartment buildings, the park provides a natural recreational amenity that will complete the Town Center. As Germantown grows and develops, the park becomes even more imporant to the fabric of Town Center.

Let's finish what we started. Please keep this very important project on schedule.

Interest rate assumption				MNCPPC - Montgomery County				
5.50%				Projected Debt Ratios				
				Prepared as of June 2009				
		Proposed	Projected	Projected	Projected	Projected	Projected	Projected
		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Projected General Fund Expenditures (excluding debt service):								
Administration		27,777,000	31,067,529	33,962,963	36,322,884	38,841,607	41,128,560	42,972,949
Park W/O Debt Service		79,444,100	85,273,742	91,960,849	98,640,532	104,946,038	114,886,924	117,674,378
Total Projected General Fund Expenditures (excluding debt service)		107,221,100	116,341,271	125,923,812	134,963,416	143,787,645	156,015,484	160,647,327
Projected Bonded Debt Service (includes Future Park Bonds)		3,671,351	4,290,951	4,545,670	4,860,983	5,279,126	5,504,092	5,290,060
Total Projected General Fund Expenditures		110,892,451	120,632,222	130,469,482	139,824,399	149,066,771	161,519,576	165,937,387
Debt Service -								
Existing Park Bonds		3,671,351	3,960,951	3,418,870	3,443,783	3,091,526	3,052,492	2,094,460
Future Park Bonds		-	330,000	1,126,800	1,417,200	2,187,600	2,451,600	3,195,600
Equipment Notes (Park and Planning)		1,857,519	1,487,999	1,175,923	1,296,000	1,080,000	1,080,000	1,080,000
Executive Office Building - Kenilworth Ave. (1/2 Debt Service)		112,656	112,564	114,708	56,454	-	-	-
Future IT Initiatives		266,579	449,853	448,844	548,844	548,844	548,844	548,844
Total Debt Service		5,908,104	6,341,367	6,285,145	6,762,281	6,907,970	7,132,936	6,918,904
Debt Service/Total General Fund Expenditures (do not exceed 8.00%)		**5.33%**	**5.26%**	**4.82%**	**4.84%**	**4.63%**	**4.42%**	**4.17%**
Expenditure Growth Assumption per Commission six year plan								
Debt Outstanding 6/30/09		32,290,000						
New Park Bond Issues		Proposed	Projected	Projected	Projected	Projected	Projected	Projected
All assume fall sale		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Sale in FY 2011			12,000,000	11,520,000	11,040,000	10,560,000	10,080,000	9,600,000
Principal				480,000	480,000	480,000	480,000	480,000
Interest			330,000	646,800	607,200	580,800	554,400	528,000
Total			330,000	1,126,800	1,087,200	1,060,800	1,034,400	1,008,000
Sale in FY 2013					12,000,000	11,520,000	11,040,000	10,560,000
Principal						480,000	480,000	480,000
Interest					330,000	646,800	607,200	580,800
Sale in FY 2015							12,000,000	11,520,000
Principal								480,000
Interest							330,000	646,800
Total Projected New Debt Service			330,000	1,126,800	1,417,200	2,187,600	2,451,600	3,195,600
Schedule of Bond issue								
	Unissued	Proposed	Projected	Projected	Projected	Projected	Projected	
	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Total
Future funding from P&P bonds*	725,666	3,964,000	7,500,000	6,000,000	6,000,000	6,000,000	6,000,000	36,189,666
Bonds issued FY 2011*	725,666	3,964,000	7,500,000	-	-	-	-	12,189,666
Bonds issued FY 2013		-	-	6,000,000	6,000,000	-	-	12,000,000
Bonds issued FY 2015		-	-	-	-	6,000,000	6,000,000	12,000,000
								36,189,666

*includes bond funded projects carried over from prior years for which bonds have not been issued, 725, 666

(15)

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY11-16 CAPITAL IMPROVEMENTS PROGRAM
DRAFT CHART SLIPPAGE EXAMPLE

($ millions)	6 YEARS	FY11	FY12	FY13	FY14	FY15	FY16
BONDS PLANNED FOR ISSUE	1,840.000	300.000	310.000	315.000	325.000	290.000	300.000
Plus PAYGO Funded	129.722	5.406	1.316	31.500	32.500	29.000	30.000
Adjust for Implementation *	250.970	42.857	44.286	43.652	43.826	38.051	38.299
Adjust for Future Inflation *	(83.207)	-	-	(9.438)	(18.219)	(23.641)	(31.909)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,137.485	348.263	355.602	380.714	383.106	333.410	336.390
Less Set Aside: Future Projects	167.767 7.85%	-	13.828	19.872	20.474	62.342	51.251
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,969.718	348.263	341.774	360.842	362.632	271.068	285.139
MCPS	(752.470)	(166.989)	(124.840)	(135.628)	(132.006)	(79.541)	(113.466)
MONTGOMERY COLLEGE	(176.996)	(52.801)	(47.155)	(30.463)	(18.962)	(13.483)	(14.132)
M-NCPPC PARKS	(74.781)	(14.631)	(11.977)	(12.407)	(14.013)	(12.604)	(9.149)
TRANSPORTATION	(507.965)	(87.539)	(91.706)	(64.464)	(93.383)	(97.145)	(73.728)
MCG - OTHER	(507.506)	(76.303)	(66.096)	(117.880)	(104.268)	(68.295)	(74.664)
PROGRAMMING ADJUSTMENT FOR UNSPENT PRIOR YEARS	50.000	50.000					
SUBTOTAL PROGRAMMED EXPENDITURES	(1,969.718)	(348.263)	(341.774)	(360.842)	(362.632)	(271.068)	(285.139)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES: * Adjustments Include: Inflation =		2.80%	2.70%	2.80%	2.50%	2.50%	2.50%
Implementation Rate =		87.50%	87.50%	87.50%	87.50%	87.50%	87.50%

(This chart is shown for display purposes only.
The numbers are MADE UP.)

GO Bond Summary: Unspent Prior Year

PDF #	PDF Name	FY11
MCPS		
096500	Brookhaven ES Addition	5.000
096501	Fairland ES Addition	5.000
Sub-total		10.000
Montgomery College		
036600	Rockville Science Center	5.000
056603	Bioscience Education Center	5.000
Sub-total		10.000
M-NCPPC Parks		
018710	Legacy Open Space	5.000
008720	Ballfield Initiatives	5.000
Sub-total		10.000
Transportation		
500500	Burtonsville Access Rd	5.000
500516	Father Hurley Blvd Extended	5.000
Sub-total		10.000
MCG - Other		
470301	6th District Police Station	5.000
500727	Red Brick Courthouse Structural Repairs	5.000
Sub-total		10.000
Total Unspent Prior Year		**50.000**

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