GO COMMITTEE #2
January 28, 2013

MEMORANDUM

January 24, 2013

TO: Government Operations & Fiscal Policy Committee

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FROM: Glenn Orlin, Deputy Council Staff Director

SUBJECT: Spending Affordability Guidelines for the capital budget, and other general CIP assumptions

The objective for this worksession is for the Committee to review the Spending Affordability Guidelines for the Amended FY13-18 CIP and the set of associated CIP assumptions. The Committee will prepare its recommendations for the Council's review on February 5, the deadline for the Council either to confirm or amend guidelines. Any February revision is supposed to "reflect a significant change in conditions" regarding affordability, and not to take need into account. After February 5 the Council can adopt an aggregate capital budget that has expenditures that exceed the guidelines, but only with seven or more affirmative votes. The section of the County Code describing this process is on ©1-3.

I. GENERAL OBLIGATION BONDS

1. Council approved guidelines and targets. The General Obligation (G.O.) Bond Spending Affordability Guidelines and targets approved for the FY13-18 CIP on October 4, 2011 and re-confirmed on February 7, 2012 were $295 million in each year and $1.77 billion for the six-year period.

The current guidelines apply to FY13, FY14, and the FY13-18 period. The guidelines can be amended by a simple majority of Councilmembers present. The County Code restricts any increase to the first-year or the second-year guideline to 10% over the previously set amount. Since the current G.O. Bond guideline for FY13 is $295 million, the Council cannot raise it higher than $324.5 million. The same is true for the FY14 guideline. The Council can raise or lower the FY13-18 guideline as high or low as it wishes.

The G.O. Bond Adjustment Chart reflecting the Executive's January 15, 2013 recommendation, which is to retain the current guidelines, is on ©4. Table 1 displays the Spending Affordability Guidelines and targets in recent CIPs and in the Executive's January 15 recommendations for the Amended CIP ('**FY13-18 Am**'):

Table 1: General Obligation Bonds in Recent CIPs ($ millions)

CIP	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr
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
FY11-16					325	325	325	325	325	325			1,950
FY11-16 Am					320	310	320	320	320	320			1,910
FY13-18							295	295	295	295	295	295	1,770
FY13-18 Am							**295**	**295**	**295**	**295**	**295**	**295**	**1,770**

To assist in determining debt capacity—how much debt the County can afford—the Committee and Council rely in part on the debt capacity analysis charts that show the value of various indicators of debt affordability at various levels of debt over the next six years. The indicators are:

1. Total debt should not exceed 1.5% of full market value of taxable real property.
2. The sum of debt service and long-term and short-term lease payments should not exceed 10% of General Fund revenue.
3. Real debt per capita should not exceed $1,000 by a "significant" amount. As a working definition of this indicator, the Council should assume that real debt per capita should not exceed $2,000 in FY13 dollars.
4. The ratio of debt to income should not exceed 3.5%.
5. 60-75% of the debt at the beginning of any period should be paid off within ten years.

The Department of Finance has updated the assumptions and inputs for the bond interest rate, operating revenue growth, population growth, inflation, the assessable base and total personal income. A comparison of the assumptions and inputs is on ©5:

- The annual interest rates on bonds are assumed to remain unchanged at 5.0% annually.
- Operating Budget growth in FYs14-16 is anticipated to climb at a significantly lower rate: the budget is expected to grow by only 2.1% in FY14 instead of the 2.5% growth that had been assumed last March for FY14. Similarly, Finance has reduced the budget growth rate assumption to 2.8% (instead of 3.7%) for FY15, and to 2.8% (instead of 3.3%) for FY16. On the other hand, Finance projects that budget growth will increase in FY17 by 3.9% (instead of 2.9%) and by 3.7% in FY18 (instead of 2.9%).
- Population is now expected to exceed 1 million this fiscal year, but otherwise the year-by-year estimates are only marginally different.
- The annual inflation rates are forecast to be somewhat lower in FYs13-15 and somewhat higher in FYs16-18 than had been estimated.
- The countywide assessable base is projected to increase marginally faster in each year until FY18.
- Countywide personal income is now projected to grow a bit slower, until FY17.

These assumptions, especially the operating revenue growth and assessable base assumptions, drive the results of these indicators more than the debt levels themselves. Overall these revisions show a continuation of last year's economic prospects: neither significantly better nor worse.

Using the new input assumptions, OMB's debt capacity analysis for the current guidelines and targets is on ©6. Compare this chart to the analysis of these same guidelines last January, on ©7. In addition, Council staff asked OMB to produce debt capacity analyses for three alternatives, setting the annual limit (starting in FY14) at $285 million (©8), $305 million (©9), and $315 million (©10). These charts show the following about the five indicators:

- *Debt/Assessed Value.* All the scenarios exceed the 1.5% guideline in all six years. All of them rise through FY15, and then begin to decline starting in FY16. Compared to the values the Council reviewed last January for the $295M/year scenario (©7), all the new scenarios are marginally worse.
- *Debt service plus lease payments as a share of General Fund revenue.* All the scenarios exceed the 10% guideline in all six years. All exceed 11%—by a wide margin—starting in FY15. The $315M/year scenario even exceeds 12% in FYs16-17, and the $305M/year scenario bumps against it in those years. Compared to the values the Council reviewed last January for the $295M/year scenario (©7), the values for the updated $295M/year scenario are moderately better for FYs13-14, but moderately worse in FYs15-17, and better again in FY18. The difference is driven by the lease payments from the Executive's proposed $12 million of short-term financing for the Ride On Bus Fleet project, which will fund the replacement of the fire-prone Champion buses and several old diesel buses.
- *Real debt/capita.* All the scenarios exceed the $2,000/capita standard, and by wide margins. Compared to the values the Council reviewed last January for the $295M/year scenario (©7), the values for the $285M/year and $295M/year scenarios are marginally better, while the values for the larger scenarios are marginally worse.
- *Debt/income.* Most of the scenarios exceed the 3.5% standard in FYs13-15, but are better than the standard again starting in FY16. (The exception is the $285M/year scenario, which drops below 3.5% by FY15.) Compared to the values the Council reviewed last January for the $295M/year scenario (©7), all the new scenarios are marginally worse.
- *Payout ratio.* All the scenarios produce values well within the 60-75% range each year.

Council staff recommendation: Concur with the Executive to retain the current guidelines for G.O. Bonds. The County's projected assessable base, personal income, and population are little changed from a year ago, and the results of the five debt indicators also show little change, and that change is either slightly better or slightly worse. Section 20-56(c)(4) of the County Code states that on the first Tuesday in February the Council can amend the CIP's Spending Affordability Guideline "to reflect a significant change in conditions" (see top of ©3). There is no significant change in conditions, so there is no predicate to amend the guidelines.

2. Implementation ('overbooking') rates. The implementation rate for a given year is the total amount of spending in that year divided by the amount of expenditures initially programmed for that year. An implementation rate is actually a mixture of three factors: the degree to which programmed expenditures in a year are actually spent in that year; the degree to which programmed expenditures from a previous year are lapsed into a subsequent year; and the degree to which the Council approves supplemental and special appropriations which result in additional spending. The implementation rate allows the Council to 'overbook' the CIP to some degree, knowing that not all the funds programmed will actually be spent. The implementation rate assumed in the FY13-18 CIP approved in May was 82.33% for each year. This means that the Council overbooked G.O Bond funding in the Approved CIP by about 21.5% (1.00/.8233=1.2146241...).

Council staff has asked OMB to calculate the implementation rate for each agency for the last full fiscal year for General Obligation Bond proceeds, and to array these rates against those of the prior four years. The calculations are on ©11. A summary of the results is displayed below:

Table 2: Implementation Rates by Program and Year for G.O. Bond Funds (nearest %)

	FY08	FY09	FY10	FY11	FY12	5yr avg
MCPS	104	104	85	78	114	**97**
Mont. College	100	52	64	48	168	**86**
Parks	91	50	128	70	69	**82**
Transportation	96	95	79	155	77	**100**
MCG-Other	59	64	70	61	33	**57**
TOTAL	**94**	**87**	**79**	**87**	**80**	**85**

Since rates can fluctuate widely from one year to the next strictly due to the experience on a few large projects or even based on when bills happen to be paid, the best indicator for the future forecast of implementation rates is a multi-year average, not the rate from a particular year.

The average implementation rate across agencies over the past five years has been 85.38%. Therefore, while he is recommending not changing the 82.33% implementation rate for the current fiscal year, the Executive is recommending using an implementation rate of 85.38% over each of the next five years (FYs14-18). Essentially he assumes that nearly one of every seven dollars of G.O. bond proceeds will not be spent every year of the six-year period. This would allow the CIP to be overbooked by about 17.1% (1.00/0.8538=1.1712345...) in FYs14-18.

Council staff concurs with the Executive on implementation rates.

3. Inflation rates. The inflation rates in the adjustment charts are not supposed to measure construction cost inflation, but general inflation: they are a means of translating the general value of the annual bond guidelines and targets so that they can be compared against aggregate CIP expenditures, which are expressed in constant dollars. The Department of Finance takes the lead in developing inflation forecasts. Compared to its forecast last spring, Finance is now assuming the annual inflation rates to be lower in FYs13-15, but higher in FYs16-18.

Typically a forecast is developed during the winter which is part of the basis for building the Executive's Recommended CIP. Finance updates these assumptions in the late winter based on more recent trends, in preparation for the development of the Executive's Recommended Operating Budget and Public Services Program (PSP). The Council uses the same rates in the CIP as in the PSP. **When the updated rates are available Council staff will report their effect on the funds available for programming.** Table 3 shows the inflation assumptions used in the recently approved CIPs and the rates used for the Executive's CIP recommendations ('**FY13-18 Am**'):

Table 3: Inflation Assumptions in Recent CIPs (%)

CIP	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
FY09-14	2.80	2.70	2.65	2.60	2.55	2.50				
FY09-14 Am	2.80	2.70	2.80	2.50	2.50	2.50				
FY11-16			2.10	2.25	2.45	2.60	2.80	3.00		
FY11-16 Am			2.10	2.40	2.70	3.00	3.20	3.40		
FY13-18					2.70	2.90	2.85	2.65	2.65	2.70
FY13-18 Am					**2.15**	**2.29**	**2.57**	**2.86**	**3.14**	**3.42**

4. Set-aside for bond-funded projects. In building the CIP the Council has always set aside some funding capacity to cover anticipated and unanticipated contingencies. The set-asides will be needed for: (1) the design, land acquisition, and construction cost of projects currently in facility planning, whether they be roads, schools, or anything else; (2) the inevitable cost increases that occur once more is known about the scope of projects and the problems that must be overcome to deliver them; and (3) the one-time needs or opportunities that cannot be foreseen. The set-asides in prior CIPs are shown in Table 4, and the Executive's latest recommendations are in **bold type**:

Table 4: Capital Set-Asides for General Obligation Bonds in Recent CIPs ($ millions)

CIP	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr	%
FY09-14	15.3	18.0	30.2	53.5	97.6	98.2					312.8	15.0
FY09-14 Am	-	13.8	19.9	20.5	62.3	51.3					167.8	7.9
FY11-16			12.4	12.6	16.4	26.2	49.7	87.7			205.0	8.6
FY11-16 Am			2.6	13.0	17.9	20.5	25.3	65.7			145.0	6.4
FY13-18					9.7	13.6	18.7	28.4	47.9	57.7	176.1	7.6
FY13-18 Am					**3.0**	**9.9**	**17.1**	**21.5**	**40.3**	**48.8**	**140.7**	**6.2**

The traditional pattern for set-asides—through the CIP approved in May 2008 (the FY09-14 CIP)—was that a full CIP reserved about 15% of available funding, and that an Amended CIP reserved a lesser percentage, since it is essentially only a 5-year CIP. This pattern of reserves had served the County well over the prior two decades, allowing for growth in the cost of projects already in the CIP and a fiscal placeholder for some projects in facility planning to be funded for construction in the subsequent CIP.

However, the set-aside in the Amended CIP approved in May 2009 (7.9%) was only about half the size of the normal reserve, as was the set aside in the CIP approved in May 2010 (8.6%). The Executive is now recommending a reserve roughly the size as the Amended CIP of two years ago, holding back only 6.2% of the funds available for programming. Should the Council accept the Executive's recommended set-asides, it should do so with the knowledge that it leaves far less capability to fund future cost increases on existing projects or new projects now in facility planning.

*5. **Summary of G.O. Bond assumptions.*** The net effect of the Executive's recommendations would reduce the amount of G.O. Bond funds available for programming by $28.8 million (-1.34%) compared to the Approved FY13-18 CIP approved last May.

II. PAYGO

Typically the CIP dedicates a certain amount of current revenue as an offset against bond expenditures, also called PAYGO. The County policy is to peg the amount of PAYGO in a year to at least 10% of the G.O. Bond guideline or target for that year, but in FYs09-11 the Executive and Council did not adhere to it in the budget year, as this current revenue had been needed for the Operating Budget. The Executive's recommendation is to retain the same PAYGO as programmed in the Approved CIP, which meets or exceeds the 10% policy.

The PAYGO assumptions in recent CIPs are in Table 5. The Executive's recommendations are shown in **bold type**:

Table 5: 'Regular' PAYGO Assumptions in Recent CIPs ($ millions)

CIP	fy07	fy08	fy09	fy10	fy11	fy12	fy13	fy14	fy15	fy16	fy17	fy18	6-Yr
FY07-12	26.4	41.4	44.0	33.0	22.0	22.0							188.8
FY07-12 Am	27.5	27.5	44.0	33.0	27.5	27.5							187.0
FY09-14			5.4	30.0	30.0	30.0	30.0	30.0					155.4
FY09-14 Am			5.4	1.3	31.5	32.5	29.0	30.0					129.7
FY11-16					0.0	32.5	32.5	32.5	32.5	32.5			162.5
FY11-16 Am					0.0	31.0	32.5	32.5	32.5	32.5			161.0
FY13-18							29.5	35.5	55.5	55.5	55.5	55.5	287.0
FY13-18 Am							**29.5**	**35.5**	**55.5**	**55.5**	**55.5**	**55.5**	**287.0**

Council staff concurs with the Executive's recommendation. It should be noted that if the Council retains the FY14 G.O. Bond guideline at $295 million, and if there is a funding crunch in developing the FY14 Operating Budget, then up to $6 million in PAYGO could be redirected to the Operating Budget yet still maintain the 10% policy—that is, if the Council were willing to forego about $7 million in CIP spending in FY13.

III. IMPACT AND RECORDATION TAXES

1. Impact taxes. For several years revenue from impact taxes was overestimated, 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. Starting with the Approved FY11-16 CIP, the Council initiated the practice of assuming conservative revenue estimates for impact taxes. At CIP Reconciliation, if actual revenue proves to be somewhat higher, the Council will be in the happier position to program the additional amount.

The Executive is now recommending using the same forecast as last year, but with one exception. The actual collections in FY12 were about $16,462,000, about $1,982,000 more than had been anticipated and programmed. Therefore, he is recommending adding the $1,982,000 to spending in the upcoming fiscal year. The revenue string assumed last year and the Executive's proposed revision for the Amended CIP are shown below:

Table 6: School Impact Tax Revenue Estimates ($000)

	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr
FY13-18	14,454	11,239	13,125	13,292	13,686	14,909	80,705
FY13-18 Am	**14,454**	**13,221**	**13,125**	**13,292**	**13,686**	**14,909**	**82,687**

As noted above, the Council's and Executive's recent approach has been to forecast these funds conservatively, and then program any overage once it is actually realized, as the Executive proposes here. However, the housing market continues to improve, and in the first of FY13 the County has collected $12,355,000 in School Impact Tax revenue, which projects to a final total of $24-25 million in FY13. Perhaps, given the current circumstances, the forecast noted above is *too* conservative.

Council staff recommends raising the School Impact Tax revenue estimate for FYs13-18 to $18 million annually, or $108 million over the six-year period. This would further increase the funds available for programming by $25,313,000 over the FY13-18 period. Note that this does not take into account pending Bill 39-11, which would exempt impact taxes for all residential units in a development with a substantial percentage of affordable housing.

The Executive took a similar approach in his assumption Transportation Impact Tax revenue. However, unlike for the School Impact Tax, Transportation Impact Tax revenues fell $927,000 below expectations in FY12, so he is recommending programming $927,000 less in FY14:

Table 7: Transportation Impact Tax Revenue Estimates ($000)

	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr
FY13-18	3,468	3,756	3,727	4,712	4,006	4,193	23,892
FY13-18 Am	**3,468**	**2,829**	**3,727**	**4,712**	**4,006**	**4,193**	**22,935**

The County has collected a whopping $8,094,000 in Transportation Impact Tax revenue during the first half of FY13, but $6,376,000 of this are payments within the City of Gaithersburg, and are restricted to projects explicitly listed in a 2006 memorandum of understanding between the County and City. Therefore, for transportation projects that are (or likely to be) programmed in the Amended CIP, the funding received to date are on track to meet the projections proposed by the Executive.

Council staff recommends using the Executive's Transportation Impact Tax forecast, with the knowledge that some additional funds might be programmed for eligible projects serving the City of Gaithersburg. Note that this does not take into account the aforementioned pending Bill 39-11, or pending Bill 21-11, which would grant Transportation Impact Tax credits for construction of State highway improvements that add capacity.

2. Recordation tax revenue. In 2002 the Council approved an increase to the County's recordation tax. The proceeds from this increment are to be used to supplement capital funding for any MCPS project or Montgomery College information technology project. These funds are essentially types of PAYGO and Current Revenue.

Seven years ago the Council amended the recordation tax to increase the rate by $3.10/$1,000 (i.e., 0.31%) for the amount of value of a transaction greater than $500,000. Half of the incremental revenue is dedicated to rental assistance programs and half to County Government capital projects (e.g., roads, libraries, police and fire stations). This has been called the Recordation Tax Premium.

Finance has revised its revenue projections for the School Increment, but the revisions are very minor in nature. In some years the projection is slightly lower than in the Approved CIP, and in other years it is slightly higher. Overall, Finance assumes $1,102,000 more in revenue over the six-year period, a 0.7% increase. The comparison of the current and proposed assumptions is displayed below:

Table 8: Revenue Assumptions for the Recordation Tax 'School Increment' ($000)

CIP	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr
FY13-18	22,344	23,775	25,034	27,105	29,173	30,742	158,173
FY13-18 Am	**22,940**	**23,289**	**25,844**	**27,653**	**28,986**	**30,563**	**159,275**

During the first half of FY13 the County has collected $12,552,000 for the School Increment, almost exactly half what Finance is projecting for all of FY13.

Council staff concurs with the Executive's assumptions for the School Increment.

Finance is anticipating a higher increase in Recordation Tax Premium fund, however, due to better sales and refinancings of larger homes. Therefore, the Executive recommends assuming $40,578,000 in collections over the six-year period, a $10,804,000 (36.3%) increase. The comparison of the current and proposed assumptions is displayed below:

Table 9: CIP Revenue Assumptions from the Recordation Tax Premium ($000)

CIP	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr
FY13-18	4,416	4,810	5,180	5,621	4,797	4,950	29,774
FY13-18 Am	**5,592**	**7,433**	**6,299**	**6,740**	**7,065**	**7,449**	**40,578**

During the first half of FY13 the County has collected $4,274,000 from the Recordation Tax Premium. This is already three-quarters of Finance's higher estimate for FY13. However, Council staff believes it is premature to raise these estimates higher at this time; the better course would be to re-examine collections in early May, when most of the fiscal year is nearly complete and at the time of CIP Reconciliation.

Council staff concurs with the Executive's assumptions for the Recordation Tax Premium, but the assumptions should be revisited in May based on later data.

IV. STATE SCHOOL CONSTRUCTION AID

The CIP approved last May estimated $43,105,000 of State school construction aid for FY13 and $40 million annually for the FY14-18 period. The Executive recommends continuing to use these assumptions.

Council staff recommends using the Executive's estimates for now. The Education Committee will evaluate these estimates further during its review of the Board of Education's CIP request.

V. CURRENT REVENUE

The Executive's proposed Current Revenue Adjustment Chart is on ©12. The Executive is recommending that about $343.7 million of tax-supported Current Revenue be available in FY13-18 (inflation adjusted), about $12.6 million (3.5%) less than in the Approved CIP. The decrease is primarily in the upcoming FY14 budget year, for which he recommends about $21.5 million less. Current Revenue levels in past CIPs and the Recommended CIP are shown below:

Table 10: Current Revenue in Recent CIPs ($ millions)

CIP	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	6-Yr
FY09-14	44.9	50.1	34.0	28.4	39.5	55.8					252.7
FY09-14 Am	45.9	30.7	37.1	28.5	41.3	57.8					241.4
FY11-16			23.8	40.9	56.1	77.0	77.9	56.9			332.7
FY11-16 Am			25.4	35.0	57.6	76.6	74.7	57.0			326.3
FY13-18					50.2	81.4	57.9	54.9	52.5	59.4	356.3
FY13-18 Am					**51.5**	**59.9**	**59.9**	**56.8**	**53.8**	**61.7**	**343.7**

Council staff recommends using the Executive's assumptions.

VI. PARK AND PLANNING BONDS

In FY12 the Council initially approved and later confirmed Spending Affordability Guidelines for Park and Planning Bonds of $6.0 million for FY13, $6.0 million for FY14 and $36.0 million for FY13-18. The Executive recommends retaining these guidelines and using the new inflation rates now proposed for G.O. Bonds. He also is assuming an implementation rate of 87% for each year, just as in the CIP approved last spring (©13). The Executive's recommended set-aside of about $3.4 million comprises about 8.6% of the funds available for projects, which is a slightly lower share than in the Approved CIP (8.8%).

The 87% implementation rate assumption for Park & Planning Bonds has been used for many years. Council staff asked M-NCPPC to calculate the actual implementation rate for FYs08-12 the same way that OMB performed its implementation rate calculation for G.O. Bonds on ©11. The results, on ©14, show that the average implementation rate over the past five full fiscal years has been 73.90%. Among these five years, three of them cluster a 75% rate, while two fluctuate widely: 91.34% in FY10 and 52.79% in FY11. These are undoubtedly anomalous, and likely related to capital spending in June rather than July of 2010. A rate of 75% is probably more indicative.

Council staff recommendation: Retain the current guidelines and targets, but use an implementation rate of 75% for FYs14-18 (©15). If the Council ultimately uses the same set-aside as the Executive is recommending, this means that the Council could program an additional $5,220,000 in Park and Planning Bonds in the FY14-18 period.

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c. In any agreement by the county relating to revenue bonds; and

(2) Compel the performance of all duties required by:

a. This article; or

b. A resolution authorizing revenue bonds; or

c. Any agreement by the county relating to revenue bonds, in accordance with law. (1986 L.M.C., ch. 52, § 1.)

Sec. 20-54. Credit of county not pledged.

(a) Revenue bonds are not indebtedness of the county within the meaning of the Charter and do not constitute a pledge of the full faith and credit of the county.

(b) All revenue bonds must contain a statement on their face to the effect that the full faith and credit of the county is not pledged to pay their principal, interest, or premium, if any. (1986 L.M.C., ch. 52, § 1.)

ARTICLE X. SPENDING AFFORDABILITY—CAPITAL BUDGETS*

Sec. 20-55. Definitions.

In this Article, the following terms have the meanings indicated:

(a) *"Aggregate capital budget"* means all capital budgets approved by the County Council.

(b) *"Capital improvements program"* means the comprehensive 6-year program for capital improvements submitted by the County Executive to the County Council under Section 302 of the Charter.

(c) *"Council"* means the County Council sitting as a spending affordability committee under Section 305 of the Charter. (CY 1991 L.M.C., ch. 29, § 2; 1997 L.M.C., ch. 33, § 1.)

***Editor's note**—See County Attorney Opinion dated 10/30/91-A describing the additions to Charter § 305 by Question F as not conflicting with the TRIM amendment.

Prior to its repeal and reenactment by CY 1991 L.M.C., ch. 29, Art. X was entitled "Spending Affordability;" consisted of §§ 20-55—20-59, and was derived from CY 1991 L.M.C., ch. 1, § 1.

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Sec. 20-56. Establishment of Guidelines.

(a) *General.* The Council must adopt spending affordability guidelines for the aggregate capital budget under this Article.

(b) *Content.* The guidelines for the aggregate capital budget must specify the:

(1) total general obligation debt issued by the County that may be planned for expenditure in the first fiscal year under the capital improvements program;

(2) total general obligation debt issued by the County that may be planned for expenditure in the second fiscal year under the capital improvements program;

(3) total general obligation debt issued by the County that may be approved under the 6-year capital improvements program;

(4) total amount of debt, except refunding bonds, issued by the Maryland-National Capital Park and Planning Commission that may be planned for expenditure in the first fiscal year under the capital improvements program for projects in the County;

(5) total amount of debt, except refunding bonds, issued by the Maryland-National Capital Park and Planning Commission that may be planned for expenditure in the second fiscal year under the capital improvements program for projects in the County; and

(6) total amount of debt, except refunding bonds, issued by the Maryland-National Capital Park and Planning Commission for projects in the County that may be approved under the 6-year capital improvements program.

(c) *Procedures.*

(1) The Council must adopt spending affordability guidelines for the aggregate capital budget, by resolution, not later than the first Tuesday in October in each odd-numbered calendar year.

(2) The council must hold a public hearing before it adopts guidelines under paragraph (1).

(3) The Council may delegate responsibility for monitoring relevant affordability indicators to its standing committee with jurisdiction over spending affordability matters.

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(4) Not later than the first Tuesday in February of each year, the Council may, subject to paragraph (5), amend the resolution establishing the guidelines to reflect a significant change in conditions. An amendment may alter a guideline by either an upward or downward adjustment in dollar amount.

[1] (5) Any upward adjustment of a dollar amount under paragraph (4) for a guideline required by subsection (b)(1), (b)(2), (b)(4), or (b)(5) must not exceed 10%. (CY 1991 L.M.C., ch. 29, § 2; 1997 L.M.C., ch. 33, § 1.)

Sec. 20-57. Affordability Indicators.

In adopting its guidelines, the Council should consider, among other relevant factors:

(a) the growth and stability of the local economy and tax base;

(b) criteria used by major rating agencies related to creditworthiness, including maintenance of a "AAA" general obligation bond rating;

(c) County financial history;

(d) fund balances;

(e) bonded debt as a percentage of the full value of taxable real property;

(f) debt service as a percentage of operating expenditures;

(g) the effects of proposed borrowing on levels of debt per-capita, and the ability of County residents to support such debt as measured by per-capita debt as a percentage of per-capita income;

(h) the rate of repayment of debt principal;

(i) availability of State funds for County capital projects;

(j) potential operation and maintenance costs relating to debt financed projects; and

(k) the size of the total debt outstanding at the end of each fiscal year. (CY 1991 L.M.C., ch. 29, § 2; 1997 L.M.C., ch. 33, § 1.)

Sec. 20-58. Approval of Capital Budgets.

Any aggregate capital budget that exceeds the spending affordability guidelines in effect after the first Tuesday in February requires the affirmative vote of 7 councilmembers for approval. (CY 1991 L.M.C., ch. 29, § 2.)

GENERAL OBLIGATION BOND ADJUSTMENT CHART							
FY13-18 Biennial Capital Improvements Program COUNTY EXECUTIVE RECOMMENDED JANUARY 15, 2013							
($ millions)	6 YEARS	FY13	FY14	FY15	FY16	FY17	FY18
BONDS PLANNED FOR ISSUE	1,770.000	295.000	295.000	295.000	295.000	295.000	295.000
Plus PAYGO Funded	287.000	29.500	35.500	55.500	55.500	55.500	55.500
Adjust for Implementation **	299.701	63.314	50.514	49.010	47.383	45.652	43.828
Adjust for Future Inflation **	(94.512)	-	-	(8.782)	(18.284)	(28.398)	(39.049)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,262.188	387.814	381.014	390.728	379.600	367.754	355.278
Less Set Aside: Future Projects	140.662 6.22%	2.981	9.939	17.055	21.515	40.348	48.824
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	2,121.526	384.833	371.075	373.673	358.085	327.406	306.454
MCPS	(742.132)	(175.313)	(142.687)	(114.871)	(126.233)	(97.729)	(85.299)
MONTGOMERY COLLEGE	(167.230)	(28.113)	(31.009)	(30.919)	(32.372)	(32.775)	(12.042)
M-NCPPC PARKS	(70.744)	(7.584)	(8.993)	(11.622)	(12.517)	(16.746)	(13.282)
TRANSPORTATION	(508.186)	(90.796)	(78.212)	(63.983)	(70.598)	(86.027)	(118.570)
MCG - OTHER	(761.136)	(189.938)	(124.618)	(157.289)	(117.078)	(94.631)	(77.582)
Programming Adjustment - Unspent Prior Years*	127.902	106.911	14.444	5.011	0.713	0.502	0.321
	-						
SUBTOTAL PROGRAMMED EXPENDITURES	(2,121.526)	(384.833)	(371.075)	(373.673)	(358.085)	(327.406)	(306.454)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES: * See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart ** Adjustments Include:							
Inflation =		2.70%	2.29%	2.57%	2.86%	3.14%	3.42%
Implementation Rate =		82.33%	85.38%	85.38%	85.38%	85.38%	85.38%

DEBT CAPACITY ANALYSIS
KEY ASSUMPTIONS AND INPUTS
AMENDED FY13-18 CIP (January, 2013) VS. FY13-18 CIP (March, 2012)

		Current Year FY12	Year 1 FY 13	Year 2 FY 14	Year 3 FY 15	Year 4 FY 16	Year 5 FY 17	Year 6 FY 18
1	INTEREST RATE ON BONDS							
	FY13-18 CIP - March, 2012	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	FY13-18 CIP - January, 2013		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2	OPERATING GROWTH							
	FY13-18 CIP - March, 2012	0.50%	3.50%	2.50%	3.70%	3.30%	2.90%	2.90%
	FY13-18 CIP - January, 2013		3.50%	2.10%	2.80%	2.80%	3.90%	3.70%
3	POPULATION							
	FY13-18 CIP - March, 2012	989,540	998,540	1,007,620	1,017,000	1,026,380	1,035,850	1,045,400
	FY13-18 CIP - January, 2013		1,002,480	1,008,880	1,015,400	1,025,160	1,035,020	1,044,970
4	FY CPI INFLATION							
	FY13-18 CIP - March, 2012	3.10%	2.70%	2.90%	2.85%	2.65%	2.65%	2.70%
	FY13-18 CIP - January, 2013		2.15%	2.29%	2.57%	2.86%	3.14%	3.42%
5	ASSESSABLE BASE-COUNTYWIDE							
	FY13-18 CIP($000) - March, 2012	173,813,000	160,958,000	164,259,000	167,660,000	174,883,000	184,705,000	196,386,000
	FY13-18 CIP($000) - January, 2013		161,648,000	164,640,000	169,475,000	176,255,000	184,835,000	194,582,000
6	TOTAL PERSONAL INCOME							
	FY13-18 CIP($000) - March, 2012	72,550,000	76,100,000	80,110,000	84,290,000	88,170,000	91,180,000	93,980,000
	FY13-18 CIP($000) - January, 2013		74,670,000	78,650,000	83,370,000	88,120,000	91,810,000	94,730,000

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DEBT CAPACITY ANALYSIS

FY13-18 BIENNIAL CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS Jan 24, 2013

Scenario - Guidelines @ **$295mn/year FY13-18**

6 Yr. Total ($Mn.) $1,770.0 mn

FY13 Total ($Mn.) $295.0 mn

FY14 Total ($Mn.) $295.0 mn

	GUIDELINE	FY12	FY13	FY14	FY15	FY16	FY17	FY18
1. GO Bond Guidelines ($000s)		320,000	295,000	295,000	295,000	295,000	295,000	295,000
2. GO Debt/Assessed Value	1.5%	1.55%	1.69%	1.72%	1.73%	1.71%	1.67%	1.62%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**10.10%**	**10.23%**	**10.79%**	**11.55%**	**11.89%**	**11.87%**	**11.43%**
4. $ Debt/Capita		2,654	2,726	2,808	2,879	2,937	2,984	3,022
5. $ Real Debt/Capita	$2,000	2,654	2,655	2,673	2,672	2,650	2,611	2,556
6. Capita Debt/Capita Income	3.5%	3.57%	3.58%	3.60%	3.51%	3.42%	3.36%	3.33%
7. Payout Ratio	60% - 75%	68.22%	68.04%	68.41%	68.76%	69.14%	69.57%	69.96%
8. Total Debt Outstanding ($000s)		2,597,290	2,722,255	2,832,540	2,923,550	3,010,710	3,088,665	3,157,595
9. Real Debt Outstanding ($000s)		2,597,290	2,650,686	2,696,326	2,713,230	2,716,429	2,701,924	2,670,879
10. OP/PSP Growth Assumption				2.1%	2.8%	2.8%	3.9%	3.7%

(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 FY13 approved budget to FY14 budget for FY14 and budget to budget for FY15-18.

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DEBT SERVICE IMPACT	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Assumed Issue Size ($000)	320,000	295,000	295,000	295,000	295,000	295,000	295,000
GO Bond Debt Service ($000)	255,831	262,650	279,375	306,121	326,087	342,388	357,803
Dollar change in GO Bond debt service (year to year)	19,690	6,818	16,726	26,746	19,965	16,301	15,415
Percentage change in GO Bond debt service (year to year)	8.34%	2.67%	6.37%	9.57%	6.52%	5.00%	4.50%
Dollar change in GO Bond debt service from the base (FY12)		6,818	23,544	50,290	70,255	86,557	101,972
STL and LTL Debt Service	30,720	35,507	41,988	47,595	48,719	46,509	30,087
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	286,551	298,156	321,364	353,717	374,806	388,897	387,890
Total Revenues	2,836,323	2,914,318	2,978,755	3,063,461	3,152,962	3,275,187	3,394,296

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Approved GO bond debt issuance		310,000	295,000	295,000	295,000	295,000	295,000	295,000
Assumed GO bond debt issuance		320,000	295,000	295,000	295,000	295,000	295,000	295,000
Increase/(Decrease) in GO bond debt issuance	10,000	10,000	0	0	0	0	0	0

DEBT CAPACITY ANALYSIS

FY13-18 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS January 19, 2012
Scenario - Guidelines @ $295mn/year FY13-18
6 Yr. Total ($Mn.) $1,770.0 mn
FY13 Total ($Mn.) $295.0 mn
FY14 Total ($Mn.) $295.0 mn

	GUIDELINE	FY12	FY13	FY14	FY15	FY16	FY17	FY18
1. GO Bond Guidelines ($000s)		320,000	295,000	295,000	295,000	295,000	295,000	295,000
2. GO Debt/Assessed Value	1.5%	1.56%	**1.64%**	**1.67%**	**1.70%**	**1.68%**	**1.64%**	**1.58%**
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	10%	10.10%	**10.90%**	**11.24%**	**11.45%**	**11.66%**	**11.75%**	**11.93%**
4. $ Debt/Capita		2,675	2,747	2,838	2,916	2,983	3,041	3,088
5. $ Real Debt/Capita	**$2,000**	**2,675**	**2,680**	**2,698**	**2,697**	**2,687**	**2,667**	**2,637**
6. Capita Debt/Capita Income	**3.5%**	**3.60%**	**3.55%**	**3.51%**	**3.45%**	**3.40%**	**3.38%**	**3.35%**
7. Payout Ratio	**60% - 75%**	**68.22%**	**68.24%**	**68.43%**	**68.77%**	**69.14%**	**69.57%**	**69.95%**
8. Total Debt Outstanding ($000s)		2,618,335	2,743,300	2,859,470	2,965,555	3,062,085	3,149,810	3,228,555
9. Real Debt Outstanding ($000s)		2,618,335	2,676,390	2,719,032	2,743,100	2,757,925	2,762,353	2,756,973
10. OP/PSP Growth Assumption			1.2%	2.8%	3.5%	3.1%	3.2%	3.0%

(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 FY12 approved budget to FY13 budget for FY13 and budget to budget for FY14-18.

DEBT SERVICE IMPACT	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Assumed Issue Size ($000)	320,000	295,000	295,000	295,000	295,000	295,000	295,000
GO Bond Debt Service ($000)	255,831	275,970	292,494	308,200	326,156	343,053	362,563
Dollar change in GO Bond debt service (year to year)	19,690	20,139	16,525	15,706	17,956	16,897	19,510
Percentage change in GO Bond debt service (year to year)	8.34%	7.87%	5.99%	5.37%	5.83%	5.18%	5.69%
Dollar change in GO Bond debt service from the base (FY12)		20,139	36,663	52,369	70,325	87,222	106,732
STL and LTL Debt Service	30,720	37,237	39,943	42,193	42,162	39,969	37,782
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	286,551	313,207	332,437	350,394	368,318	383,022	400,345
Total Revenues	2,836,323	2,873,464	2,956,866	3,061,338	3,159,819	3,260,566	3,356,693

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Approved GO bond debt issuance		310,000	320,000	320,000	320,000	320,000	320,000	320,000
Assumed GO bond debt issuance		320,000	295,000	295,000	295,000	295,000	295,000	295,000
Increase/(Decrease) in GO bond debt issuance	(140,000)	10,000	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)

DEBT CAPACITY ANALYSIS

FY13-18 BIENNIAL CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS Jan 24 2013

Scenario - Guidelines @ **$285mn/year FY14-18**

6 Yr. Total ($Mn.) $1,720.0 mn

FY13 Total ($Mn.) $295.0 mn

FY14 Total ($Mn.) $285.0 mn

	GUIDELINE	FY12	FY13	FY14	FY15	FY16	FY17	FY18
1. GO Bond Guidelines ($000s)		320,000	295,000	285,000	285,000	285,000	285,000	285,000
2. GO Debt/Assessed Value	1.5%	1.55%	1.69%	1.71%	1.71%	1.69%	1.65%	1.60%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**10.10%**	**10.23%**	**10.78%**	**11.51%**	**11.82%**	**11.78%**	**11.31%**
4. $ Debt/Capita		2,654	2,726	2,798	2,860	2,909	2,948	2,979
5. $ Real Debt/Capita	**$2,000**	2,654	2,655	2,663	2,654	2,625	2,579	2,520
6. Capita Debt/Capita Income	**3.5%**	3.57%	3.58%	3.59%	3.48%	3.38%	3.32%	3.29%
7. Payout Ratio	**60% - 75%**	68.22%	68.04%	68.55%	68.94%	69.36%	69.81%	70.21%
8. Total Debt Outstanding ($000s)		2,597,290	2,722,255	2,822,540	2,904,050	2,982,210	3,051,665	3,112,595
9. Real Debt Outstanding ($000s)		2,597,290	2,650,686	2,686,807	2,695,132	2,690,715	2,669,557	2,632,816
10. OP/PSP Growth Assumption				2.1%	2.8%	2.8%	3.9%	3.7%

(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 FY13 approved budget to FY14 budget for FY14 and budget to budget for FY15-18.

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DEBT SERVICE IMPACT	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Assumed Issue Size ($000)	320,000	295,000	285,000	285,000	285,000	285,000	285,000
GO Bond Debt Service ($000)	255,831	262,650	279,126	304,872	323,862	339,214	353,703
Dollar change in GO Bond debt service (year to year)	19,690	6,818	16,476	25,746	18,990	15,351	14,490
Percentage change in GO Bond debt service (year to year)	8.34%	2.67%	6.27%	9.22%	6.23%	4.74%	4.27%
Dollar change in GO Bond debt service from the base (FY12)		6,818	23,295	49,041	68,031	83,382	97,872
STL and LTL Debt Service	30,720	35,507	41,988	47,595	48,719	46,509	30,087
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	286,551	298,156	321,114	352,467	372,582	385,722	383,790
Total Revenues	2,836,323	2,914,318	2,978,755	3,063,461	3,152,962	3,275,187	3,394,296

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	295,000	295,000	295,000	295,000	295,000	295,000
Assumed GO bond debt issuance		320,000	295,000	285,000	285,000	285,000	285,000	285,000
Increase/(Decrease) in GO bond debt issuance	(40,000)	10,000	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)

DEBT CAPACITY ANALYSIS

FY13-18 CAPITAL IMPROVEMENTS PROGRAM
DEBT CAPACITY ANALYSIS Jan 24, 2013
Scenario - Guidelines @ **$305mn/year FY14-18**
6 Yr. Total ($Mn.) $1,820.0 mn
FY13 Total ($Mn.) $295.0 mn
FY14 Total ($Mn.) $305.0 mn

	GUIDELINE	FY12	FY13	FY14	FY15	FY16	FY17	FY18
1. GO Bond Guidelines ($000s)		320,000	295,000	305,000	305,000	305,000	305,000	305,000
2. GO Debt/Assessed Value	1.5%	1.55%	1.69%	1.73%	1.74%	1.72%	1.69%	1.65%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**10.10%**	**10.23%**	**10.80%**	**11.59%**	**11.96%**	**11.97%**	**11.55%**
4. $ Debt/Capita		2,654	2,726	2,818	2,898	2,965	3,020	3,065
5. $ Real Debt/Capita	**$2,000**	2,654	2,655	2,682	2,690	2,675	2,642	2,592
6. Capita Debt/Capita Income	3.5%	3.57%	3.58%	3.61%	3.53%	3.45%	3.40%	3.38%
7. Payout Ratio	60% - 75%	68.22%	68.04%	68.27%	68.57%	68.92%	69.34%	69.72%
8. Total Debt Outstanding ($000s)		2,597,290	2,722,255	2,842,540	2,943,050	3,039,210	3,125,665	3,202,595
9. Real Debt Outstanding ($000s)		2,597,290	2,650,686	2,705,845	2,731,327	2,742,144	2,734,291	2,708,943
10. OP/PSP Growth Assumption				2.1%	2.8%	2.8%	3.9%	3.7%

(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 FY13 approved budget to FY14 budget for FY14 and budget to budget for FY15-18.

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DEBT SERVICE IMPACT	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Assumed Issue Size ($000)	320,000	295,000	305,000	305,000	305,000	305,000	305,000
GO Bond Debt Service ($000)	255,831	262,650	279,625	307,370	328,311	345,563	361,903
Dollar change in GO Bond debt service (year to year)	19,690	6,818	16,976	27,745	20,940	17,252	16,340
Percentage change in GO Bond debt service (year to year)	8.34%	2.67%	6.46%	9.92%	6.81%	5.25%	4.73%
Dollar change in GO Bond debt service from the base (FY12)		6,818	23,794	51,539	72,480	89,731	106,071
STL and LTL Debt Service	30,720	35,507	41,988	47,595	48,719	46,509	30,087
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	286,551	298,156	321,613	354,966	377,030	392,071	391,989
Total Revenues	2,836,323	2,914,318	2,978,755	3,063,461	3,152,962	3,275,187	3,394,296

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	295,000	295,000	295,000	295,000	295,000	295,000
Assumed GO bond debt issuance		320,000	295,000	305,000	305,000	305,000	305,000	305,000
Increase/(Decrease) in GO bond debt issuance	60,000	10,000	0	10,000	10,000	10,000	10,000	10,000

DEBT CAPACITY ANALYSIS

FY13-18 BIENNIAL CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS Jan 24 2013

Scenario - Guidelines @ **$315mn/year FY14-18**

6 Yr. Total ($Mn.) $1,870.0 mn

FY13 Total ($Mn.) $295.0 mn

FY14 Total ($Mn.) $315.0 mn

	GUIDELINE	FY12	FY13	FY14	FY15	FY16	FY17	FY18
1. GO Bond Guidelines ($000s)		320,000	295,000	315,000	315,000	315,000	315,000	315,000
2. GO Debt/Assessed Value	1.5%	1.55%	1.69%	1.73%	1.75%	1.74%	1.71%	1.67%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**10.10%**	**10.23%**	**10.81%**	**11.63%**	**12.03%**	**12.07%**	**11.67%**
4. $ Debt/Capita		2,654	2,726	2,827	2,918	2,992	3,056	3,108
5. $ Real Debt/Capita	**$2,000**	2,654	2,655	2,691	2,708	2,700	2,673	2,629
6. Capita Debt/Capita Income	**3.5%**	3.57%	3.58%	3.63%	3.55%	3.48%	3.44%	3.43%
7. Payout Ratio	**60% - 75%**	68.22%	68.04%	68.13%	68.39%	68.71%	69.11%	69.48%
8. Total Debt Outstanding ($000s)		2,597,290	2,722,255	2,852,540	2,962,550	3,067,710	3,162,665	3,247,595
9. Real Debt Outstanding ($000s)		2,597,290	2,650,686	2,715,364	2,749,424	2,767,858	2,766,659	2,747,007
10. OP/PSP Growth Assumption				2.1%	2.8%	2.8%	3.9%	3.7%

(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 FY13 approved budget to FY14 budget for FY1 and budget to budget for FY15-18.

DEBT SERVICE IMPACT	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Assumed Issue Size ($000)	320,000	295,000	315,000	315,000	315,000	315,000	315,000
GO Bond Debt Service ($000)	255,831	262,650	279,875	308,620	330,535	348,737	366,002
Dollar change in GO Bond debt service (year to year)	19,690	6,818	17,225	28,745	21,915	18,202	17,265
Percentage change in GO Bond debt service (year to year)	8.34%	2.67%	6.56%	10.27%	7.10%	5.51%	4.95%
Dollar change in GO Bond debt service from the base (FY12)		6,818	24,044	52,789	74,704	92,906	110,171
STL and LTL Debt Service	30,720	35,507	41,988	47,595	48,719	46,509	30,087
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	286,551	298,156	321,863	356,215	379,254	395,246	396,089
Total Revenues	2,836,323	2,914,318	2,978,755	3,063,461	3,152,962	3,275,187	3,394,296

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**							
Approved GO bond debt issuance		310,000	295,000	295,000	295,000	295,000	295,000	295,000
Assumed GO bond debt issuance		320,000	295,000	315,000	315,000	315,000	315,000	315,000
Increase/(Decrease) in GO bond debt issuance	110,000	10,000	0	20,000	20,000	20,000	20,000	20,000

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COMPARING PROGRAMMED AND ACTUAL EXPENDITURES
GO BOND FUNDING ONLY
FOR FISCAL YEARS 2008 THROUGH 2012

BOND CATEGORY	FY08 ACTUAL BONDS	FY08 PROGRAM.BONDS	FY08 RATE	FY09 ACTUAL BONDS	FY09 PROGRAM.BONDS	FY09 RATE
PUBLIC SCHOOLS	148,219,059	142,981,000	103.66%	159,832,241	154,430,000	103.50%
M. COLLEGE	22,270,792	22,326,000	99.75%	20,981,433	40,113,000	52.31%
M-NCPPC PARKS	5,390,411	5,953,000	90.55%	5,272,160	10,560,000	49.93%
TRANSPORTATION	73,704,397	77,142,000	95.54%	71,701,540	75,304,000	95.22%
MCG-OTHER	24,540,312	41,930,000	58.53%	40,232,351	62,450,000	64.42%
TOTAL	274,124,971	290,332,000	94.42%	298,019,725	342,857,000	86.92%

BOND CATEGORY	FY10 ACTUAL BONDS	FY10 PROGRAM. BONDS	FY10 RATE	FY11 ACTUAL BONDS	FY11 PROGRAM. BONDS	FY11 RATE
PUBLIC SCHOOLS	105,583,133	124,840,000	84.57%	145,067,484	186,280,000	77.88%
M. COLLEGE	30,014,266	47,155,000	63.65%	13,637,541	28,208,000	48.35%
M-NCPPC PARKS	13,988,737	10,912,000	128.20%	7,897,616	11,332,000	69.69%
TRANSPORTATION	72,845,702	91,706,000	79.43%	115,327,299	74,634,000	154.52%
MCG-OTHER	45,871,618	65,845,000	69.67%	47,756,828	77,936,000	61.28%
TOTAL	268,303,456	340,458,000	78.81%	329,686,768	378,390,000	87.13%

BOND CATEGORY	FY12 ACTUAL BONDS	FY12 PROGRAM. BONDS	FY12 RATE	LAST 5 YEAR AVG.
PUBLIC SCHOOLS	164,637,845	143,988,000	114.34%	96.79%
M. COLLEGE	26,872,476	16,038,000	167.56%	86.32%
M-NCPPC PARKS	6,955,643	10,040,000	69.28%	81.53%
TRANSPORTATION	60,890,776	78,638,000	77.43%	100.43%
MCG-OTHER	43,043,172	131,044,000	32.85%	57.35%
TOTAL	302,399,912	379,748,000	79.63%	85.38%

TAX SUPPORTED CURRENT REVENUES ADJUSTMENT CHART

FY13-18 Biennial Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED
January 15, 2013

($ MILLIONS)	6 YEARS	FY13 APPROP	FY14 APPROP(1)	FY15 EXP	FY16 EXP	FY17 EXP	FY18 EXP
TAX SUPPORTED CURRENT REVENUES AVAILABLE	360.887	51.524	59.928	61.422	59.992	58.545	69.475
Adjust for Future Inflation *	(17.152)	-	-	(1.539)	(3.129)	(4.743)	(7.740)
SUBTOTAL CURRENT REVENUE FUNDS AVAILABLE FOR ELIGIBLE PROJECTS (after adjustments)	343.735	51.524	59.928	59.883	56.863	53.802	61.735
Less Set Aside: Future Projects	-	-	-	-	-	-	-
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	343.735	51.524	59.928	59.883	56.863	53.802	61.735
GENERAL FUND							
MCPS	(115.414)	(15.976)	(22.756)	(11.115)	(22.091)	(21.418)	(22.058)
MONTGOMERY COLLEGE	(70.321)	(7.516)	(13.699)	(11.929)	(10.905)	(13.127)	(13.145)
M-NCPPC	(16.288)	(2.548)	(2.748)	(2.748)	(2.748)	(2.748)	(2.748)
HOC	(8.230)	(1.980)	(1.250)	(1.250)	(1.250)	(1.250)	(1.250)
TRANSPORTATION	(39.942)	(5.514)	(7.251)	(6.946)	(7.004)	(6.554)	(6.673)
MC GOVERNMENT	(38.307)	(14.866)	(9.005)	(9.956)	(1.500)	(1.640)	(1.340)
SUBTOTAL - GENERAL FUND	(288.502)	(48.400)	(56.709)	(43.944)	(45.498)	(46.737)	(47.214)
MASS TRANSIT FUND	(51.870)	(2.011)	(2.869)	(15.089)	(11.015)	(6.715)	(14.171)
FIRE CONSOLIDATED	(1.263)	(0.763)	-	(0.500)	-	-	-
PARK FUND	(2.100)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
SUBTOTAL - OTHER TAX SUPPORTED	(55.233)	(3.124)	(3.219)	(15.939)	(11.365)	(7.065)	(14.521)
TOTAL PROGRAMMED EXPENDITURES	(343.735)	(51.524)	(59.928)	(59.883)	(56.863)	(53.802)	(61.735)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-
* Inflation:		2.70%	2.29%	2.57%	2.86%	3.14%	3.42%

Note:
(1) FY14 APPROP equals new appropriation authority requested at this time. Additional current revenue funded appropriations will require drawing on operating budget fund balances.

M-NCPPC BOND ADJUSTMENT CHART

FY13-18 Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED
January 15, 2013

($ millions)	6 YEARS	FY13	FY14	FY15	FY16	FY17	FY18
BONDS PLANNED FOR ISSUE Assumes Council SAG	36.000	6.000	6.000	6.000	6.000	6.000	6.000
Adjust for Implementation *	5.138	0.896	0.897	0.874	0.850	0.824	0.797
Adjust for Future Inflation *	(1.618)	-	-	(0.150)	(0.313)	(0.486)	(0.668)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	39.520	6.896	6.897	6.724	6.537	6.338	6.128
Less Set Aside: Future Projects	3.409 8.6%	0.525	1.044	0.896	0.213	0.617	0.114
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	36.111	6.371	5.853	5.828	6.324	5.721	6.014
Programmed P&P Bond Expenditures	(36.111)	(6.371)	(5.853)	(5.828)	(6.324)	(5.721)	(6.014)
SUBTOTAL PROGRAMMED EXPENDITURES	(36.111)	(6.371)	(5.853)	(5.828)	(6.324)	(5.721)	(6.014)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-

NOTES:

* Adjustments Include:

		FY13	FY14	FY15	FY16	FY17	FY18
Inflation =		2.70%	2.29%	2.57%	2.86%	3.14%	3.42%
Implementation Rate =		87.00%	87.00%	87.00%	87.00%	87.00%	87.00%

	P&P Bond Expenditures			
	Projected	Actual	Rate	Source of Projected P&P Bond Total
FY08	$ 3,897,000	$ 2,916,790	74.85%	Adopted Amended 07-12 CIP
Fy09	$ 4,778,000	$ 3,617,309	75.71%	Adopted 09-14 CIP
FY10	$ 3,964,000	$ 3,620,716	91.34%	Adopted Amended 09-14 CIP
FY11	$ 4,557,000	$ 2,405,858	52.79%	Adopted FY11-16 CIP
FY12	$ 5,408,000	$ 4,144,557	76.64%	Adopted Amended FY11-16 CIP
Total	$ 22,604,000	$ 16,705,230	**73.90%**	

M-NCPPC BOND ADJUSTMENT CHART

FY13-18 Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED with Implementation Rate at 75%
January 22, 2013

($ millions)	6 YEARS	FY13	FY14	FY15	FY16	FY17	FY18
BONDS PLANNED FOR ISSUE Assumes Council SAG	36.000	6.000	6.000	6.000	6.000	6.000	6.000
Adjust for Implementation *	10.357	0.896	2.000	1.950	1.896	1.838	1.777
Adjust for Future Inflation *	(1.618)	-	-	(0.150)	(0.313)	(0.486)	(0.668)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	44.740	6.896	8.000	7.800	7.583	7.352	7.109
Less Set Aside: Future Projects	8.629 19.3%	0.525	2.147	1.972	1.259	1.631	1.095
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	36.111	6.371	5.853	5.828	6.324	5.721	6.014
Programmed P&P Bond Expenditures	(36.111)	(6.371)	(5.853)	(5.828)	(6.324)	(5.721)	(6.014)
SUBTOTAL PROGRAMMED EXPENDITURES	(36.111)	(6.371)	(5.853)	(5.828)	(6.324)	(5.721)	(6.014)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-

NOTES:

* Adjustments Include:

		FY13	FY14	FY15	FY16	FY17	FY18
Inflation =		2.70%	2.29%	2.57%	2.86%	3.14%	3.42%
Implementation Rate =		87.00%	75.00%	75.00%	75.00%	75.00%	75.00%