

M E M O R A N D U M

TO: County Council

FROM: ^{GO} Glenn Orlin, Deputy Council Staff Director

SUBJECT: **Worksession**—reconciliation of the FY11-16 Capital Improvements Program for Park and Planning Bonds, Recordation Tax Premium, School Recordation Tax, School and Transportation Impact Taxes, Current Revenue, and General Obligation Bonds

Towards the end of the review of a capital improvements program (CIP), the Council attempts to reconcile the year-by-year General Obligation Bond expenditures and Park and Planning Bond expenditures with their respective bond guidelines and targets as identified in the CIP Spending Affordability Guidelines. If the Council cannot reduce bond expenditures below the pre-set guidelines, then seven affirmative votes are needed to approve the CIP; *however, in a year when the Council is taking large steps to allay the concerns of the bond-rating agencies, voting to exceed the Council's own bond limits would send a very conflicting message.* At the same time the Council tries to reconcile planned spending in the various forms of current revenue in each year of the CIP with the projected revenue in that year.

As of May 18, when the Council completed its worksessions on the budget, its draft CIP was about **\$155 million** over the spending affordability guidelines and targets for G.O. Bonds and the targets for the other major CIP resources. Furthermore, the draft CIP was much too front-loaded: even with the \$155 million gap closed, there are not sufficient funds in the earlier years to provide a sufficient capital reserve for those years. Therefore, millions more in spending need to be deferred from earlier to later within the FY11-16 period.

In compiling this reconciliation package, the following principles have been followed:

- ***Honor the Council's decisions to date.*** Every project in the draft CIP was supported by a majority of Councilmembers in Committee and full Council worksessions; in most cases the support was unanimous. Thus the reconciliation approach has been to take relatively modest cuts or deferrals in many projects, rather than eliminating or incurring massive delays in fewer projects or the eliminating full amount of proposed increases to fewer level-of-effort projects.

- ***First, use technical adjustments and other valid assumptions to close the gap.*** A technical adjustment is defined here as a change to the cash flow which does not affect the timing of a project to the extent that its construction start year or its construction completion year is altered, unless there is a production deferral acknowledged by agency capital program managers. A technical adjustment does not add or subtract from a project's total expenditures. The capital program managers have informed Council staff of these technical adjustments. Other assumptions include updated inflation projections and revenue forecasts from the Department of Finance. Together, these close about \$82 million of the gap, and help even out spending across the CIP period.
- ***Once all the options above have been exhausted, reduce and defer funds from projects that are proposed for the first time and from projects which have a large proposed increase in their level-of-effort.*** For example, the Board of Education (BOE) has 28 new schools or additions in its request. Of these, 17 were in the Approved CIP, and so they have a scope and schedule that have already been promised by the Council. The other 11, however, are newly proposed, so they do not have schedules until the Council sets them *in the context of what the entire CIP can afford*. The same can be said of level-of-effort projects with proposed increases. These reductions and deferrals close the remaining \$73 million of the gap and further even out spending across the CIP period.

Fortunately, the \$155 million gap generally can be closed without further reductions or deferrals to projects already in the Approved CIP. The only such deferrals are Thompson Road Connection and Silver Spring Intersection Improvements, for which some Councilmembers have requested based on non-fiscal reasons (see below).

Council staff recommends that the Council approve all the actions described below. Together they will:

- **Reconcile the FY11-16 CIP to all spending affordability guidelines for General Obligation Bonds and Park and Planning Bonds.**
- **Reconcile planned spending to FY11-16 revenue forecasts for Current Revenue and the Impact and Recordation Taxes.**
- **Free up \$1,413,000 for the Operating Budget—part of the T&E Committee's funding package to retain the Call-'N-Ride Program and most Ride On service.**
- **Create a somewhat higher 6-year G.O. Bond reserve than projected in January.**

I wish to acknowledge the significant help received in this effort from certain individuals: Jacqueline Carter, Anita Aryeetey, and Chris Mullin, Office of Management and Budget; Joe Lavorgna, Adrienne Karamihas and James Song, Montgomery County Public Schools; Holger Serrano, Department of Transportation; Shuchi Vera, Maryland-National Capital Park and

Planning Commission, John McLean and Kristina Schramm, Montgomery College; and Linda Price and all of the capital budget analysts on the Council staff.

I. PARK AND PLANNING BONDS (©1)

The cumulative result of the Council's actions to date has been to defer about \$3.3 million of Park and Planning Bond expenditures from FY11 to FYs13-14. Without any changes this would produce an extraordinarily large reserve in FY11 and virtually no reserve in FY13.

Upon further review, there does not appear to be a convincing rationale to defer Germantown Town Center Urban Park. The rationale was based on staff cuts at M-NCPPC, but since project management would be funded by the project itself, re-accelerating the schedule would provide necessary funds for staff. Undoing this delay would require one other adjustment to provide sufficient funds in FY12; this can be accomplished by partially undoing the delay in Evans Parkway Neighborhood Park: re-accelerating \$100,000 from FY12 to FY11.

This reconciliation assumes undoing the deferral in Germantown Town Center Urban Park and re-accelerating \$100,000 from FY12 to FY11 in Evans Parkway Neighborhood Park.

II. RECORDATION TAX PREMIUM (©1)

Three 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). On May 19 the Council approved Bill 14-10 that allows these funds to be allocated to the Operating Budget in FY11. The Executive had made that assumption in his Recommended CIP, and this reconciliation also assumes no revenue allocation to the CIP in FY11.

The Council proposes spending only the amount of Recordation Tax Premium revenue that been forecasted. In February the Department of Finance revisited its estimates for the Recordation Tax generally, but it did not revise its forecast for the Premium. **To help reconcile G.O. Bond expenditures, this reconciliation assumes that \$6,120,000 of Premium revenue in FY16 is reallocated from Goshen Road South to Judicial Center Annex, and \$6,120,000 of G.O. Bond revenue is reallocated in the opposite direction.**

III. SCHOOL RECORDATION TAX (©1)

In 2002 the Council approved an increase to the County's recordation tax to be used to supplement capital funding for any MCPS project or Montgomery College information technology project. The BOE did not request programming \$43,800,000 of revenue that had initially been forecast in the FY15-16 period. Furthermore, in February the Department of Finance revisited its estimates for the School Recordation Tax, writing down the revenue for FY11 by \$352,000, but increasing it by \$21,153,000 for the FY12-16 period. **This**

reconciliation assumes programming all these funds, including those reflected in Finance's updated revenue forecast.

On April 22 the Executive recommended reducing funding for three Montgomery College information technology projects by an aggregate of \$5,000,000 in FY11: Network Infrastructure and Support Systems by \$1,000,000; Network Operating Center by \$1,000,000; and Information Technology: College by \$3,000,000. In its review the Council has tentatively decided not to take these cuts, but they must be taken since there are no additional resources available from the Operating Budget. However, it is possible to defer, rather than to delete, these expenditures. **This reconciliation assumes deferring \$1,000,000 each in Network Infrastructure and Support Systems and Network Operating Center from FY11 to FY12, and deferring \$3,372,000 in Information Technology: College from FY11 and adding \$2,295,000 back in FY12 and the \$1,077,000 balance back in FY13.**

On May 19 the Council reached an agreement with MCPS that \$4.7 million would be reduced in Current Revenue from its FY11 CIP request. **This reconciliation takes this reduction in its Technology Modernization project.**

Finally, this reconciliation assumes some year-by-year funding source shifts between the School Recordation Tax and Current Revenue in Information Technology: College, and substituting \$61,840,000 of School Recordation Tax revenue for G.O. Bond revenue in Current Modernizations during FYs13-16.

IV. IMPACT TAXES (©1-2)

School impact tax proceeds can be used only for those MCPS projects that add capacity: new or reopened schools, additions, and the portions of modernizations that add teaching stations. Earlier this year the Council ratcheted down considerably the amount of revenue to be assumed from this tax, but this reduction was not reflected in the BOE's request in the FY11-14 period. **This reconciliation assumes using \$53,302,000 in G.O. Bonds to substitute for School Impact Tax funds in Current Modernizations in FY11-14, and \$2,841,000 in G.O. Bonds to substitute for School Impact Tax funds in Montgomery Knolls ES Addition in FY11.**

On the other hand, the BOE did not program \$20,650,000 of School Impact Tax revenue forecast to be available in the FY15-16 period. **This reconciliation assumes substituting these funds for G.O. Bonds in Clarksburg/Damascus MS in FYs15-16.**

Like School Impact Taxes, the forecast of proceeds from the Transportation Impact Tax was also severely ratcheted down by the Council last winter. However, this was already taken into account in compiling the T&E Committee's and Council's recommendations on the transportation portion of the CIP. **Therefore, Transportation Impact Tax revenues and spending are reconciled without any further action.**

V. CURRENT REVENUE (©2)

To date the Council has tentatively programmed \$7,049,000 more Current Revenue than was assumed to be available in the Executive's April 22 revised budget.

When the Executive released his Recommended CIP in January he endorsed the Board of Education request, except that he recommended \$9,171,000 in unspecified reductions. MCPS staff developed a scenario whereby the BOE's request might be revised down to meet the Executive's recommendations, and the Superintendent reported to the BOE on January 27 (©5-6) that most of "the reduction impacts countywide projects in the out-years of the CIP that can be addressed in a future request." He also noted, however, that the scenario would reduce Current Revenue in the Technology Modernization project by \$1 million (actually, \$1,011,000). The scenario also reduces Relocatable Classrooms by \$6,800,000 in the FY12-16 period and Facility Planning: MCPS by \$1,380,000 in the FY13-16 period.

The year-by-year totals are matched to the Executive's recommendations by a series of technical adjustments to spending schedules in G.O. Bond-funded projects: essentially shifting funds later but not so it would have an effect on the completion of projects. The details of MCPS's scenario are shown below:

MCPS's Scenario to Meet the Executive's Recommended CIP (\$000)								
	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY11-16	
Relocatable Classrooms		-2,800	-1,000	-1,000	-1,000	-1,000	-6,800	
Tech Mod: MCPS	-1,011						-1,011	
Facility Planning: MCPS			-255	-405	-380	-320	-1,360	
<i>Technical Adjustments</i>								
Cannon Road Modernization	-1,185	1,185					0	
Gaithersburg HS		-1,185		-3,815	5,000		0	
Glenallan ES		-500	500				0	
Beverly Farms ES		-1,000	1,000				0	
Herbert Hoover MS		-2,095	2,000	5,095	-5,000		0	
Bradley Hills ES Addition		-2,000	1,000	1,000			0	
Clarksburg ES (Village Site #1)		-5,957	3,470	2,487			0	
Darnestown ES Addition		-1,000	1,000				0	
Georgian Forest ES Addition		-1,000	1,000				0	
Seven Locks Addition/Modern.		-3,000	3,000				0	
Viers Mill ES Addition		-1,000	1,000				0	
Waters Landing ES Addition		-2,100	1,000	1,100			0	
Westbrook ES Addition		-1,500	1,500				0	
Wyngate ES Addition		-1,500	1,500				0	
Net Change to meet Exec's CIP	-2,196	-25,452	16,715	4,462	-1,380	-1,320	-9,171	

This reconciliation assumes all the changes in MCPS's scenario, including the Current Revenue reductions in Relocatable Classrooms, Facility Planning: MCPS, and a further \$1,011,000 in Technology Modernization. The following actions are also assumed as part of reconciling Current Revenue spending to resources:

- **Substitute \$250,000 of Current Revenue with G.O. Bonds in Intersection and Spot Improvements in FY11.** These funds are for bond-eligible capital improvements presently proposed to be funded with speed camera Current Revenue. The speed camera revenue could be reallocated to pedestrian and traffic safety efforts in the Operating Budget.
- **As a technical adjustment, defer \$125,000 of Current Revenue in Olney Library Renovation from FY11 to FY12.**
- **Increase the reduction in PLAR: Non-Local Parks by \$100,000 to offset an earlier approved reduction of \$100,000 in Legacy Open Space.** This responds to a late request from M-NCPPC.
- **Defer \$200,000 in Student Learning Support Systems: College by two years.** This reduces the appropriation in FY11 to \$400,000, but returns these funds in FY13.
- **Substitute \$1,280,000 of Current Revenue with G.O. Bonds in FYs11-12 Facility Planning: MCPS.** This is another part of the MCPS staff's scenario to match the BOE's request to the Executive's recommendation.
- **Add \$100,000 in FY11 in Cost Sharing:MCG for Ivymount School.** These funds will be sent from the Operating Budget's Reconciliation List.
- **Shift year-by-year funding between the School Recordation Tax and Current Revenue in Information Technology: College, as noted in Section III above.**

The result of these changes is that \$1,413,000 may be reallocated for use in the FY11 Operating Budget. This has already been assumed by the T&E Committee and the Council as part of the set of additional resources needed to retain most Ride On service and to restore the full Call-'N-Ride Program.

VI. GENERAL OBLIGATION BONDS AND PAYGO (©3-4)

This reconciliation assumes the following actions:

- **Approve all the G.O. Bond substitutions recommended in Sections II-V, above.**
- **Substitute \$1,974,000 of G.O. Bond proceeds for PAYGO in FY11.** The Council's assumption in January was that there would be \$1,974,000 in FY11 for PAYGO: cash resources that would be used for bond-eligible projects. However, the Executive's March 15 budget recommendation assumes no PAYGO in FY11, and the Council has concurred.
- **Reduce Agricultural Land Preservation Easements by \$1 million: \$500,000 each in FY11 and FY12.** The Council has tentatively recommended adding \$5 million to this program; this reconciliation would reduce the increase to \$4 million.

- **Defer the start of construction for Old Blair Auditorium Reuse by one year, from FY15 to FY16.** The schedules for planning and design are not affected.
- **Do not accelerate the next phase of Town of Chevy Chase Storm Drain Improvements by one year.** The work would be done in FY13, as recommended by the Executive.
- **Defer the proposed schedule for Wapakoneta Road Improvements by two years.** The Council's draft CIP shows construction of this new project to be completed in FY13. However, this reconciliation would have construction completed in FY15.
- **Do not accelerate design of Davis Library Renovation by one year (©XX).** The design would be completed in FYs12-13, as recommended by the Executive, not in FYs11-12.
- **Approve a FY10 supplemental appropriation for Resurfacing: Residential/ Rural Roads for \$6,716,000, and treat it as an acceleration by reducing this project by \$6,716,000 in FYs11-12: less by \$3,466,000 in FY12 and by \$3,250,000 in FY13.** The Executive has recommended a \$3.5 million appropriation, but DOT has a much greater need for these funds to address the pavement damage caused by this past winter's blizzards.
- **Reduce Resurfacing: Primary/Arterial by \$7 million: less \$1 million in FY12; less \$1.5 million annually from FY13-16.** The Executive recommended shifting \$12 million (\$2 million annually) from this project to the new Permanent Patching: Residential/Rural Roads project. The T&E Committee and Council have tentatively restored the \$12 million to Resurfacing: Primary/Arterial. This reconciliation assumes adding back the full \$2 million in FY11, but only \$1 million in FY12, and \$500,000 in the remaining years.
- **Defer the schedule for Goshen Road South by one year.** The Council's draft CIP shows planning, design, and land acquisition for this new project occurring through FY16, with substantial construction occurring beyond the CIP period in FYs17-19. This reconciliation would have construction completed in FY20.
- **Defer the schedule for Montrose Parkway East by one year.** The Council's draft CIP shows construction for this expanded project to be completed in FY15. However, this reconciliation would have construction completed in FY16, still within the 6-year window to be 'counted' under the Growth Policy.
- **Defer the schedule for Colesville Depot by one year.** The Council's draft CIP shows construction of this new project to be completed in FY14. However, this reconciliation would have construction completed in FY15.

- **Defer the schedule for Thompson Road Connection by two years.** The Council's draft CIP shows construction of this new project to be completed in FY11. However, this reconciliation would have construction completed in FY13. Neighbors are concerned that this connection will generate cut-through traffic wishing to avoid the congested Spencerville Road. However, when the Intercounty Connector opens in mid-FY12, much of the congestion will dissipate and the motivation for cut-through traffic will no longer exist.
- **Defer the schedule for the Colesville Road/Dale Drive intersection in Silver Spring Intersections Improvements by one year.** The Council's draft CIP shows construction of this project to be completed in FY11. However, this reconciliation would have construction completed in FY12.
- **Reduce funding in MCPS's Design and Construction Management by \$600,000: 100,000 annually.** As recommended by the BOE, this project assumed funding of COLAs and step increases, but they will not be occurring. The \$100,000 reduction is only about a 2% reduction from the request, a conservatively small reduction given what had been assumed for COLAs and step increases.
- **Reduce the magnitude of the increase in three other MCPS countywide projects in the out years.** As the Superintendent noted, reductions in countywide projects can be addressed in future requests. **This reconciliation assumes:**

HVAC Replacement: MCPS: Approve the BOE's requested \$9,400,000 (168%) increase in FY11, but only 20% of the requested increase in FY12 and 10% of the requested increase in FYs13-16.

PLAR: MCPS: Approve the BOE's requested \$1,896,000 (44%) increase in FY11, but only 50% of the requested increase in FY12 and 25% of the requested increase in FYs13-16.

Indoor Air Quality: MCPS: Approve the BOE's requested \$788,000 (61%) increase in FY11, but only 50% of the requested increase in FY12 and 25% of the requested increase in FYs13-16.

- **Start 4 new addition/new school projects one year later than requested by the BOE.** The BOE has requested 11 new school/addition projects. The Education Committee reviewed them and organized them into three priority categories. This reconciliation assumes starting 4 projects in the lowest priority one year later than requested by the BOE. All would still be scheduled within the Growth Policy's 5-year 'counting period':

Clarksburg Cluster ES (Clarksburg Village Site #1). This later schedule would open this new school in August 2014 rather than August 2013.

Clarksburg HS Addition: This later schedule would open this new school in August 2015 rather than August 2014.

Waters Landing ES Addition. This later schedule would open this new school in August 2014 rather than August 2013.

Somerset ES Addition. This later schedule would open this new school in August 2012 rather than August 2011.

- **Make technical adjustments to expenditure schedules of 37 projects or subprojects.** Most technical adjustments shifts funds later, but four of MCPS's adjustments shift funds earlier: about \$41 million in four Current Modernizations subprojects (Hoover MS, Candlewood ES, Rock Creek Forest ES, and Farquhar MS) are accelerated to correct their spending schedules in the BOE's request.

VII. THE FINAL G.O. BOND CAPITAL RESERVE (©4)

The final capital reserve for G.O. Bonds in FY11-16 CIP as a result of this reconciliation proposal is about \$206.0 million, slightly higher than the \$188.9 million assumed in January, but still, at 8.5% of the funds programmed, an historically low figure. The \$12.5 million starting reserve in FY11 is about \$2.3 million more than the January assumption, but less than the \$13.8 million starting reserve in FY10. The reserves in FYs12-13 are small compared to typical 2nd- and 3rd-year reserves, but larger than assumed in January.

		CIP Reconciliation: Transportation Impact Tax (\$000)									
		FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY11-16	Comments		
Council, thru May 10		0	0	0	0	0	0	0			
Gap		0	0	0	0	0	0	0			
		CIP Reconciliation: Current Revenue (\$000)									
		FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY11-16	Comments		
Council, thru May 10		1,378	1,391	1,405	1,395	740	1,240	7,549	Compared to Exec, April 22		
Relocatable Classrooms			-2,800	-1,000	-1,000	-1,000	-1,000	-6,800	Lower estimate from MCPS		
Tech Mod: MCPS		-1,011						-1,011	Lower estimate from MCPS		
Facility Planning: MCPS		-1,185	-95					-1,280	Substitute w/ GO Bonds		
Facility Planning: MCPS				-255	-405	-380	-320	-1,360	Lower estimate from MCPS		
Intersection & Spot Imprvmts		-250						-250	Substitute CR w/ GO Bonds		
Olney Library Renovation		-125	125					0	Technical adjustment		
Student Lrng. Supp. Syst.: Coll.		-200		200				0	Defer \$200K two years		
Information Technology: College		-20		-350				-370	Substitute w/Recordation Tax		
Information Technology: College			1,379		10	640	80	2,109	Substitute for Recordation Tax		
Cost Sharing: MCG		100						100	Ivymount School		
Send from Operating Budget		-100						-100	Part of Operating budget reconciliation		
Send to Operating Budget		1,413						1,413			
Amount over April 22		0	0	0	0	0	0	0			

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		CIP Reconciliation: G.O. Bonds (\$000)										
		FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY11-16	Comments			
Council, thru May 19		-3,828	30,982	8,973	20,130	39,487	54,976	150,720				
Slippage adjustment		-137	-764	160				-741	Changes to spending that don't affect SAG			
Resource Changes since Approved CIP												
PAYGO		1,974						1,974	Exec's rec.: no PAYGO in FY11			
Match Exec's inflation rates				-2,218	-4,504	-6,641	-8,625	-21,988	March estimates			
State Aid Reconciliation		-183						-183	Received \$183K more than assumed			
Change funding sources												
Current Modernizations		9,535	13,494	14,434	15,839			53,302	Substitute for School Impact Tax			
Montgomery Knolls ES Addition		2,841						2,841	Substitute for School Impact Tax			
Clarksburg/Damascus MS						-10,000	-10,650	-20,650	Substitute w/ School Impact Tax			
Current Modernizations				-887	-3,886	-28,065	-28,502	-61,340	Substitute w/ School Recordation Tax			
Facility Planning: MCPS		1,185	95					1,280	Substitute for Current Revenue			
Judicial Center Annex							-6,120	-6,120	Substitute w/ Rec. Tax Premium			
Goshen Road South							6,120	6,120	Substitute for Rec. Tax Premium			
Intersection & Spot Imprvmts		250						250	Substitute for Current Revenue			
Defer or reduce for fiscal capacity												
Ag Land Preservation Easements		-500	-500					-1,000	Reduces increase from \$5M to \$4M			
Old Blair Auditorium Reuse						-2,843	-750	-3,593	Start in FY16, not FY15			
Chevy Chase S/D Imprvts			-760	760				0	Leave on Exec's recommended schedule			
Wapakoneta Road Imprvts		-215	-380	-615	380	830		0	Complete in FY15, not FY13			
Davis Library Renovation		-487	-740	1,227				0	Leave design on Exec's rec. schedule			
Resurfacing: Residential/Rural			-3,466	-3,250				-6,716	\$6.716M FY10 supp accelerated, not added			
Resurfacing: Primary/Arterial			-1,000	-1,500	-1,500	-1,500	-1,500	-7,000	50% of increase in FY12; 25% in FYs13-16			
Goshen Road South		-2,060	60	-1,110	-940		-4,210	-8,260	Defer schedule 1 year; complete in FY20			
Montrose Parkway East					-10,000	-9,970	19,970	0	Defer completion 1 year			
Colesville Depot		-100	-1,900	-2,331	1,080	3,251		0	Defer new schedule 1 year			
Thompson Road Connection		-356		356				0	Defer 2 years until ICC opens			
Thompson Rd slippage adjustmt		281		-281				0	Change to spending that doesn't affect SAG			
SS Intersection Imprvts		-2,308	2,308					0	Defer Colesville/Dale improvement 1 year			
SS Int. Imprvts slippage adjust		754	-754					0	Change to spending that doesn't affect SAG			
Design & Construction Mgmt.		-100	-100	-100	-100	-100	-100	-600	Reflecting no COLAs, no increments			
HVAC Replacement: MCPS			-11,520	-8,460	-8,460	-8,460	-8,460	-45,360	20% of increase in FY12; 10% in FYs13-16			
PLAR: MCPS			-948	-1,422	-1,422	-1,422	-1,422	-6,636	50% of increase in FY12; 25% in FYs13-16			
Indoor Air Quality: MCPS			-394	-591	-591	-591	-591	-2,758	50% of increase in FY12; 25% in FYs13-16			
Clarksburg ES (Village Site #1)		-784	-1,648	-8,711	-2,464	13,607		0	Open by Aug 2014, not Aug 2013			
Clarksburg HS Addition			-469	-2,980	187	-1,573	4,835	0	Open by Aug 2015, not Aug 2014			
Waters Landing ES Addition		-268	-1,258	-2,961	1,941	2,546		0	Open by Aug 2014, not Aug 2013			
Somerset ES Addition		-1,380	1,244	136				0	Open by Aug 2012, not Aug 2011			
Technical adjustments												
<i>Montgomery College</i>												
Bioscience Education Center		-2,000		2,000				0				
<i>Department of Transportation</i>												
Century Boulevard			-1,140	1,140				0				
Goshen Road South				-1,000			1,000	0				

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY11-16	Comments
Technical adjustments (continued)								
MacArthur Blvd Bikeway Imprvts		-822	822				0	
Bethesda CBD Streetscape				-665	665		0	
Father Hurley Blvd Extended	-2,500	2,500					0	
Snouffer School Road		-500	-500	300	-500	1,200	0	
BRAC Bicycle & Ped Facilities	-500	500					0	
East Gude Drive Bridge	-213	213					0	
Montrose Parkway East			-15,000	-500	15,500		0	
<i>MCPS: Individual Schools & RROCS</i>								
Bradley Hills ES Addition		-2,000	1,000	1,000			0	
Clarksburg ES (Village Site #1)		-5,957	3,470	2,487			0	
Darnestown ES Addition		-1,000	1,000				0	
Georgian Forest ES Addition		-1,000	1,000				0	
Seven Locks Addition/Modern.		-3,000	3,000				0	
Viers Mill ES Addition		-1,000	1,000				0	
Waters Landing ES Addition		-2,100	1,000	1,100			0	
Westbrook ES Addition		-1,500	1,500				0	
Wygate ES Addition		-1,500	1,500				0	
RROCS					-2,000	-20,306	-22,306	
<i>MCPS: Current Modernizations</i>								
Cannon Road ES	-1,185	1,185					0	
Gaithersburg HS		-1,185		-3,815	5,000		0	
Glenallan ES		-500	500				0	
Beverly Farms ES		-1,000	1,000				0	
Herbert Hoover MS		-2,095	2,000	10,952	-10,857		0	
Candlewood ES					8,005	-8,005	0	
Rock Creek Forest ES					9,669	-9,669	0	
William Farquhar MS				-2,000	2,000	12,608	12,608	
Wheaton HS				-6,000	-4,000	4,000	-6,000	
<i>MCPS: Future Modernizations</i>								
Wayside ES					-1,000	-2,000	-3,000	
Brown Station ES					-1,000	-2,000	-3,000	
Wheaton Woods MS					-1,000	-2,000	-3,000	
Seneca Valley HS					-5,000	-7,000	-12,000	
Tilden at Woodward MS						-1,000	-1,000	
Potomac ES						-1,000	-1,000	
Maryvale ES						-1,000	-1,000	
Luxmanor ES						-1,000	-1,000	
Change since Jan. 15 CIP	-2,284	-319	-5,939	8,549	4,038	-21,201	-17,156	
Starting reserve (January 2010)	-10,238	-12,516	-10,167	-35,750	-53,698	-66,522	-188,891	
Starting reserve (July 2010)	-12,522	-12,835	-16,106	-27,201	-49,660	-87,723	-206,047	

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Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 27, 2010

MEMORANDUM

To: Members of the Board of Education

From: Jerry D. Weast, Superintendent of Schools 

Subject: County Executive's Recommendation for the FY 2011 Capital Budget and the FY 2011-2016 Capital Improvements Program

On January 15, 2010, the county executive released his Recommended FY 2011 Capital Budget and the FY 2011-2016 Capital Improvements Program (CIP) for Montgomery County. For Montgomery County Public Schools (MCPS), the county executive recommended a \$1,493,818,000 six-year spending plan, which is approximately \$9.171 million less than the Board of Education's request.

The table below compares the Board of Education's requested expenditure plan for FY 2011-2016 and the county executive's recommendations:

Fiscal Year	County Executive's Recommendation	Board of Education's Request	Difference
2011	\$251,626	\$253,822	\$(2,196)
2012	\$242,605	\$268,057	\$(25,452)
2013	\$267,790	\$251,075	\$16,715
2014	\$281,744	\$277,282	\$4,462
2015	\$219,652	\$221,032	\$(1,380)
2016	\$221,230	\$222,550	\$(1,320)

Figures in thousands.

As the table indicates, the county executive's recommendation shifts expenditures from FY 2011 and FY 2012 to FY 2013 and FY 2014. The difference, especially in FY 2012, is significant; however, MCPS staff has reviewed the county executive's recommended expenditure schedule and believes that the recommended shifts will not impact construction project schedules.

With respect to revenue sources, the county executive recommended the MCPS CIP be funded using \$957.7 million of county bonds; \$296.9 million of other local resources including current revenue, recordation tax, and school impact tax; and, \$230 million of state aid. As the county executive's recommendation is \$9.171 million less than the Board of Education's request, the reduction impacts countywide projects in the out-years of the CIP that can be addressed in a future request.

However, the reduction in current revenue in FY 2011 will impact one countywide project—Technology Modernization. For FY 2011, the county executive's recommendation is to reduce current funding by \$2.196 million (see Attachment). Based on a review of our capital projects that must be funded by current revenue, this recommendation will reduce the Technology Modernization project in FY 2011 by \$1 million.

If you have any questions regarding the county executive's recommendation, please contact Mr. Larry A. Bowers, chief operating officer, at 301-279-3626 or Mr. Joseph Lavorgna, acting director, Department of Facilities Management, at 240-314-1060.

JDW:jlc

Attachment

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Edwards
Dr. Stetson
Ms. Karamihas
Mr. Lavorgna
Mr. Song