GO COMMITTEE #1
January 28, 2016

MEMORANDUM

January 27, 2016

TO: Government Operations & Fiscal Policy Committee

GO

FROM: Glenn Orlin, Deputy Council Staff Director

SUBJECT: Spending Affordability Guidelines (SAG) for the FY17-22 CIP, and other general CIP assumptions

The objective for this worksession is for the Committee to review the Spending Affordability Guidelines for the FY17-22 CIP and the set of associated CIP assumptions. The Committee will prepare its recommendations for the Council's review on February 2, 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 2 the Council can adopt an aggregate capital budget that has expenditures that exceed the guidelines, but only with seven or more affirmative votes. The County Code section describing this process is on ©1-3.

I. GENERAL OBLIGATION BONDS

1. Council approved guidelines and targets. The General Obligation (G.O.) Bond SAG and targets approved for the FY17-22 CIP on September 29, 2015 were $340 million in each year and $2.04 billion for the six-year period. The current guidelines apply to FY17, FY18, and the FY17-22 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 FY17 is $340 million, the Council cannot raise it higher than $374 million. The same is true for the FY18 guideline. The Council can raise or lower the FY17-22 guideline as high or low as it wishes.

The Executive recommends retaining the current guidelines and targets; this is reflected in the G.O. Bond Adjustment Chart accompanying the Executive's January 15, 2016 CIP recommendations (©4). Table 1 displays the General Obligation Bond levels in recent CIPs and in the January 15 Recommended CIP ('**FY17-22 Rec**"):

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

CIP	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	6 Year
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
FY15-20					299.5	324.5	327	332	332	332			1,947
FY15-20 Am					299.5	340	340	340	340	340			1,999.5
FY17-22 Rec							**340**	**340**	**340**	**340**	**340**	**340**	**2,040**

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.[1] 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 $2,200 in FY17 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 from last fall to now is on ©5:

- The annual interest rates on bonds are assumed to remain unchanged at 5.0% annually.
- Operating Budget growth is anticipated not increase at all in FY17. It is expected to grow slightly slower in FY18 (3.3% versus 3.4%) and considerably slower in FY19 (3.8% versus 5.0%). In FYs20-22 it is anticipated to grow at 3.1-3.3% annually, somewhat higher than had been projected.
- The year-to-year population forecast is unchanged for FYs17-18, and growing marginally faster in FYs19-22.
- The annual inflation rates are forecast to be lower in each year.
- The countywide assessable base is projected to increase marginally faster in FYs17-18 and marginally slower in FYs19-22.
- Countywide personal income is now projected to grow somewhat faster in every year.

These assumptions drive the results of these indicators more than the debt levels themselves. Using the new input assumptions, the Office of Management and Budget's (OMB) debt capacity analysis for the Executive's recommended guidelines and targets is on ©6. Compare this chart to the analysis of the approved guidelines and targets (i.e., $324.5 million each year) last September, on ©7. In addition, Council staff asked OMB to produce debt capacity analyses for two other alternatives, setting the annual limit at $330 million (©8) and $350 million (©9). These charts show the following about the five indicators:

- *Debt/Assessed Value.* All the scenarios are worse than the 1.5% guideline in all six years by a wide margin; none of them are dissimilar to the values the Council reviewed last September for the $340M/year scenario.
- *Debt service plus lease payments as a share of General Fund revenue.* All the scenarios are worse than the 10% guideline in all six years. In fact, all scenarios are worse than 12% in all six years.

[1] The Executive and the Council have used these five indicators, with only minor adjustments, for the past 25 years. Anecdotally, rating agency staffs have noted that these are still common indicators around the country. The Executive stated last year that his staff would re-evaluate this set of indicators to determine if they should be revised or augmented, but to date the Council has not received an evaluation. Therefore, these indicators are being used again for the FY17-22 CIP.

The difference is driven mainly by the 0% Operating Growth assumption for FY17, which has a cascading effect into the later years.

- *Real debt/capita.* All the scenarios are worse than the $2,200/capita standard, by 35-40%.
- *Debt/income.* The $340 million/year and $350 million/year scenarios are worse than the 3.5% guideline in the first five years; the $330 million/year scenario exceeds the guideline in the first four years. Because of the faster income growth projection, this indicator is in the positive direction, at least.
- *Payout ratio.* All the scenarios produce values within the 60-75% range each year.

Council staff recommendation: Concur with the Executive. 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 raise the guidelines.

The indicators show that the County is carrying too much of a debt burden. Reducing the guidelines would be the more prudent course, but the Executive does not propose that, and it is unlikely the Council would do so given the public demand for infrastructure investment.

*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 FY15-20 CIP amended in May was 94.61% for each year starting in FY16. This means that the Council overbooked G.O Bond funding in the last five years of the Amended CIP by about 5.7% (1.00/.9461=1.0569707...).

Council staff has asked OMB to calculate the implementation rate for each agency for the last full fiscal year for G.O. bond proceeds, and to array these rates against those of the prior four years. The calculations are on ©10. A summary of the results is displayed below:

<u>Table 2a</u>: Implementation Rates by Program and Year for G.O. Bond Funds (nearest %)

	FY11	FY12	FY13	FY14	FY15	FY11-15 avg	FY12-15 avg
MCPS	78	151	115	116	122	**114**	**125**
Mont. College	48	168	164	66	89	**100**	**114**
Parks	70	56	509	45	31	**76**	**80**
Transportation	154	135	101	82	112	**116**	**108**
MCG-Other	61	26	69	116	51	**62**	**62**
TOTAL	**87**	**103**	**100**	**103**	**92**	**97**	**99**

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.

Furthermore, since the Executive and Council have used both slippage and implementation rate adjustments together, the planned bond issue has been overspent:

Table 2b: Overspending of GO Bond Proceeds

	FY11	FY12	FY13	FY14	FY15
Actual GO Bond spending	$329,687	$389,241	$456,301	$350,106	$368,703
SAG GO Bond Limits	$325,000	$310,000	$295,000	$295,000	$299,500
Difference	+$4,687	+$79,241	+$161,301	+$55,106	+$69,203

As a result, the Executive is recommending assuming a 100% implementation rate for every year of the FY17-22 CIP; in other words, no overbooking. **Council staff concurs with the Executive.**

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 March, Finance is now assuming the annual inflation rates to be somewhat lower in FYs17-20.

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 (**'FY17-22 Rec'**):

Table 3: Inflation Assumptions in Recent CIPs (%)

CIP	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
FY13-18	2.70	2.90	2.85	2.65	2.65	2.70				
FY13-18 Am	2.70	2.32	2.40	2.73	3.15	3.45				
FY15-20			2.03	2.22	2.52	2.63	2.43	2.28		
FY15-20 Am			2.03	1.98	2.20	2.33	2.53	2.80		
FY17-22 Rec					**1.64**	**1.97**	**2.29**	**2.63**	**2.63**	**2,63**

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	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	6-Yr	%
FY13-18	9.7	13.6	18.7	28.4	47.9	57.7					176.1	7.6
FY13-18 Am	--	18.9	21.5	24.6	24.7	45.3					135.0	6.1
FY15-20			11.5	20.8	22.9	28.9	37.4	67.8			189.4	8.1
FY15-20 Am			--	14.5	15.8	17.2	19.4	35.2			102.2	4.5
FY17-22 Rec					**10.0**	**20.4**	**29.2**	**47.8**	**53.8**	**60.2**	**221.5**	**10.3**

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, and the size of the size of the set-aside has generally dropped further as demand for resources have increased. Smaller set-asides mean there has been far less capability to fund future cost increases on existing projects or new projects in facility planning.

For the FY17-22 CIP the Executive is recommending a larger set-aside: about $221.5 million, or 10.3% of the G.O. bond proceeds available for programming. The reserve is proposed to be this large in order to provide fiscal capacity for an additional CIP project that would fund improvements to support redevelopment in the White Oak area. Executive staff is still developing the parameters of this project, and the Executive expects to transmit that proposal this spring.

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. The Executive's recommendation is to retain the same PAYGO as programmed in the Approved CIP, which meets 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	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	6-Yr
FY13-18	29.5	35.5	55.5	55.5	55.5	55.5					287.0
FY13-18 Am	29.5	29.5	40.5	40.5	50.5	50.5					241.0
FY15-20			29.95	32.45	32.7	33.2	33.2	33.2			194.7
FY15-20 Am			29.95	34.0	34.0	34.0	34.0	34.0			199.95
FY17-22 Rec					**34.0**	**34.0**	**34.0**	**34.0**	**34.0**	**34.0**	**204.0**

Council staff concurs with the Executive's recommendation.

III. IMPACT AND RECORDATION TAXES

The Department of Finance's revenue estimates for recordation tax increments and impact taxes are described below.

1. ***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. Ten 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.

The Council approved legislation that allowed funds from both forms of the recordation tax to be used for the Operating Budget in FY11 and FY12, so far less of these funds were made available to the CIP in those years, but subsequently revenues collected from these sources returned to their originally intended uses. The revenue from the Recordation Tax—School Increment since FY03 is shown below:

Table 6: Revenue from the 'School Increment' of the Recordation Tax

FY03	$23,199,460
FY04	33,857,701
FY05	39,684,570
FY06	44,860,925
FY07	32,738,324
FY08	25,247,523
FY09	18,246,176
FY10	18,459,234
FY11	20,163,790
FY12	20,188,936
FY13	27,640,951
FY14	24,948,565
FY15	26,147,938
FY16 (first half)	15,704,773

The Executive is recommending programming $31,187,000 in School Recordation Tax revenue in FY17—a 4.1% increase over the amount assumed in the Amended CIP—and modestly higher amounts in succeeding years. The experience in the first six months of this fiscal year suggests that the County may collect more than $32 million in FY16, about 18% more in FY16 than had been assumed in the Amended CIP.

Council staff recommendation: Concur with Finance's forecast. The FY17 forecast is similar to what the County is on track to collect in FY16. Given the fluctuations over the years for this source of revenue, Finance's recommendation appears to be a safe estimate.

The Executive is recommending programming $10,501,000 in Recordation Tax Premium revenue in FY17—about a 25% increase over the amount assumed for FY17 in the Amended CIP—and slightly rising amounts in succeeding years. During the first half of FY16 the County has collected about $5.5 million in Recordation Tax Premium revenue. This figure suggests that $11 million may be a reasonable assumption for collections in FY16, which is well above the $7.3 million that had been assumed for FY16 in the Amended CIP.

Council staff recommendation: Concur with Finance's forecast. Again, the FY17 forecast is similar to what the County is on track to collect in FY16, and given the fluctuations over the years for this source of revenue, Finance's estimate appears to be a safe one.

*2. **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 proved to be somewhat higher, the Council would be in the happier position to program the additional amount.

Regarding the Transportation Impact Tax, the Executive is recommending a large increase in revenue over what the Council had assumed in corresponding years in the Amended CIP: 27% more in FY17, 46% more in FY18, 41% more in both FY19 and FY20, and somewhat higher levels in FYs21-22.[2] Revenue from this tax is very difficult to predict due to vacillations in building cycles and, for this tax, the further uncertainty as to when credits are cashed in. In attempting to forecast impact tax revenue, OMB and Finance used several approaches, with very different results. The "midpoint" of these approaches produced the forecast being recommended by the Executive.

Council staff recommendation: Concur with OMB's and Finance's forecast for the Transportation Impact Tax.

Revenue from the School Impact Tax since it was initiated in FY04 is shown below:

Table 7: Revenue from the School Impact Tax

FY04	$434,713
FY05	7,695,345
FY06	6,960,032
FY07	9,562,889
FY08	6,766,534
FY09	7,925,495
FY10	11,473,071
FY11	14,480,846
FY12	16,462,394
FY13	27,901,753
FY14	45,837,274
FY15	32,676,773
FY16 (first half)	9,721,487

[2] These figures do not include impact taxes collected in Rockville or Gaithersburg, which are earmarked for specific projects included in approved Memoranda of Understanding between the County and the respective municipality.

The Executive is recommending $32,450,000 be programmed with School Impact Tax revenue in FY17, about 10% less than what the Amended CIP had assumed for next year. The forecasts for subsequent years are also a bit lower. A sobering point is that during the first six months of FY16 the County has collected only $9,721,487 in School Impact Taxes, which projects to well less than the $32,183,000 that had been assumed. On the other hand, the Department of Permitting Services reportedly has received a much higher number of permit applications during the past few months, suggesting that this may be only a temporary downturn.

Council staff recommendation: Concur with OMB's and Finance's forecast for the School Impact Tax. In early May Council staff will review the 10-month performance of all revenue sources. Unless the School Impact Tax collections rebound in the latter half of FY16, there may need to be an adjustment as part of CIP Reconciliation in order to match spending with available revenue.

IV. STATE SCHOOL CONSTRUCTION AID

In each of the last two years the Executive had assumed School Financing Bonds totaling $231 million and $213 million, respectively. Neither sum materialized. He is not assuming School Financing Bond revenue in the Recommended CIP.

However, the Executive is assuming $55.5 million/year in State school construction aid, a 39% increase from $40 million annually that had been assumed in FYs17-20. This means he is assuming $93 million more over the CIP period than would have normally been projected. In his letter to the Council President he states: "I have assumed $40 million in annual traditional State Aid, and based on recent information that the Governor intends to increase school construction funding, I have also included $15.5 million annually in grant funds for local schools for significant enrollment growth."

For the past few years the County received State school aid hovering in the vicinity of $40 million. In FY15 the County received $39,950,000, and this year it is receiving $45,761,000. Deciding the revenue assumption is a difficult decision. On one hand the County should press the envelope for State aid, given the Board of Education's (BOE) regularly large request for capital resources. On the other hand, assuming a high amount may lead to requesting the BOE to supply a "negative wish list" of projects to cut or delay in the latter stages of the budget, just as it occurred with the lack of School Financing Bonds in the past two years.

The Education Committee will evaluate the State aid assumption estimates during its review of the BOE's CIP request. Council staff believes that an annual State aid level of $45 million would be reasonably aggressive. Regardless of the revenue assumption eventually selected, the Education Committee may again need to request the BOE to develop a "negative wish list" should the level of State school construction aid not appear to be forthcoming.

V. CURRENT REVENUE

The Executive's proposed Current Revenue Adjustment Chart is on ©13. The Executive is recommending that about $405.1 million of tax-supported Current Revenue be available in FY17-22 (inflation adjusted), marginally more than in the Amended CIP, although it is considerably less in FY17. Current Revenue levels in past CIPs and the Recommended CIP are shown below:

Table 8: Current Revenue in Recent CIPs ($ millions)

CIP	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20			6-Yr
FY13-18	50.2	81.4	57.9	54.9	52.5	59.4					356.3
FY13-18 Am	50.9	53.2	59.6	56.6	53.3	61.4					335.3
FY15-20			45.8	73.7	66.9	68.5	72.4	70.8			398.0
FY15-20 Am			51.4	57.7	68.3	68.1	74.0	70.9			390.4
FY17-22 Rec					**40.7**	**75.7**	**80.1**	**71.4**	**72.1**	**65.0**	**405.1**

Council staff recommends using the Executive's assumptions.

VI. PARK AND PLANNING BONDS

In October 2015 the Council approved SAG for Park and Planning Bonds of $6.0 million for FY17, $6.0 million for FY18 and $36.0 million for FY17-22. The Executive recommends keeping the bonds planned for issue at $6 million annually in the FY17-22 CIP. The Park & Planning Bond Adjustment Chart reflecting both the Executive's recommendations is on ©14. (Note: ©14 is a correction to the chart that appears in the Recommended CIP on page 6-20.)

The updated inflation rates projected for G.O. Bonds would be used for Park and Planning Bonds. The Parks Board and the Executive also assume an implementation rate of 86.6% for each year, up from the 75% rate assumed in the last CIP. The Executive's recommended set-aside of about $4.2 million comprises about 10.6% of the funds available for projects, which is slightly higher than in the Amended CIP ($3.9 million, 8.5% of funds available for programming).

The Parks Board met last week and decided to request that the Council raise the SAG for Park and Planning Bonds in FY17-22 to $6.5 million/year, for a six-year total of $39 million. The last time that the guidelines were modified for Park Bonds was six years ago in preparation for the FY11-16 CIP. The Board's request represents an 8.3% increase; if the guidelines had been raised each year by 2.7% each year—about the rate of inflation—it would have reached this same point. The Parks Board believes that this increase will not unduly burden the Commission's debt capacity.

Council staff concurs with the guidelines and targets proposed by the Parks Board, as well as the implementation and inflation rates assumed by both the Parks Board and the Executive.

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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.

(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

FY17-22 Capital Improvements Program

COUNTY EXECUITVE RECOMMENDED

January 15, 2016

($ millions)	6 YEARS	FY17	FY18	FY19	FY20	FY21	FY22
BONDS PLANNED FOR ISSUE	2,040.000	340.000	340.000	340.000	340.000	340.000	340.000
Plus PAYGO Funded	204.000	34.000	34.000	34.000	34.000	34.000	34.000
Adjust for Implementation **	-	-	-	-	-	-	-
Adjust for Future Inflation **	(88.815)	-	-	(8.374)	(17.753)	(26.892)	(35.796)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,155.185	374.000	374.000	365.626	356.247	347.108	338.204
Less Set Aside: Future Projects	**221.498** 10.28%	10.040	20.402	29.182	47.802	53.842	60.230
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,933.687	363.960	353.598	336.444	308.445	293.266	277.974
MCPS	(690.229)	(143.475)	(130.114)	(139.351)	(107.716)	(96.826)	(72.747)
MONTGOMERY COLLEGE	(130.176)	(23.751)	(33.532)	(15.686)	(10.593)	(16.322)	(30.292)
M-NCPPC PARKS	(61.321)	(9.173)	(9.150)	(11.898)	(10.720)	(11.705)	(8.675)
TRANSPORTATION	(642.868)	(73.440)	(78.469)	(103.254)	(138.009)	(118.771)	(130.925)
MCG - OTHER	(487.690)	(162.560)	(134.148)	(64.598)	(41.407)	(49.642)	(35.335)
Programming Adjustment - Unspent Prior Years*	78.597	48.439	31.815	(1.657)	-	-	-
	-						
SUBTOTAL PROGRAMMED EXPENDITURES	(1,933.687)	(363.960)	(353.598)	(336.444)	(308.445)	(293.266)	(277.974)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES: * See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart ** Adjustments Include: Inflation =		1.64%	1.97%	2.29%	2.63%	2.63%	2.63%
Implementation Rate =		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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DEBT CAPACITY ANALYSIS
KEY ASSUMPTIONS AND INPUTS
SAG vs. CE RECOMMENDED FY17-22 CIP (January, 2016)

		Current Year FY 16	Year 1 FY 17	Year 2 FY 18	Year 3 FY 19	Year 4 FY 20	Year 5 FY 21	Year 6 FY 22
1	INTEREST RATE ON BONDS							
	SAG	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	FY17-22 CE Recommended - January 15, 2016		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2	OPERATING GROWTH							
	SAG	3.90%	1.80%	3.40%	5.00%	2.80%	2.70%	2.70%
	FY17-22 CE Recommended - January 15, 2016		0.00%	3.30%	3.80%	3.10%	3.30%	3.30%
3	POPULATION							
	SAG	1,029,000	1,038,000	1,047,000	1,056,000	1,067,000	1,075,000	1,075,000
	FY17-22 CE Recommended - January 15, 2016		1,038,500	1,047,900	1,057,400	1,067,000	1,075,500	1,084,000
4	FY CPI INFLATION							
	SAG	1.98%	2.20%	2.33%	2.53%	2.80%	3.13%	3.13%
	FY17-22 CE Recommended - January 15, 2016		1.64%	1.97%	2.29%	2.63%	2.63%	2.63%
5	ASSESSABLE BASE-COUNTYWIDE							
	SAG	175,060,000	181,910,200	190,525,900	196,972,300	203,828,400	212,124,800	212,124,800
	FY17-22 CE Recommended - January 15, 2016		183,488,700	191,388,800	196,935,800	201,647,400	205,852,100	210,434,500
6	TOTAL PERSONAL INCOME							
	SAG	83,360,000,000	86,850,000,000	89,720,000,000	92,260,000,000	95,970,000,000	99,870,000,000	99,870,000,000
	FY17-22 CE Recommended - January 15, 2016		87,590,000,000	91,900,000,000	96,130,000,000	100,800,000,000	105,690,000,000	110,830,000,000

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DEBT CAPACITY ANALYSIS

FY17-22 CAPITAL IMPROVEMENTS PROGRAM
COUNTY EXECUTIVE RECOMMENDED
January 15, 2016

6 Yr. Total ($Mn.) $2040.0 mn
FY17 Total ($Mn.) $340.0 mn
FY18 Total ($Mn.) $340.0 mn

	GUIDELINE	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1. GO Bond Guidelines ($000s)		340,000	340,000	340,000	340,000	340,000	340,000	340,000
2. GO Debt/Assessed Value	1.5%	1.87%	1.84%	1.80%	1.79%	1.80%	1.80%	1.80%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**11.06%**	**12.43%**	**12.30%**	**12.26%**	**12.43%**	**12.43%**	**12.58%**
4. $ Debt/Capita		3,180	3,242	3,295	3,335	3,395	3,449	3,492
5. $ Real Debt/Capita	$2,200	3,180	3,190	3,179	3,145	3,121	3,088	3,047
6. Capita Debt/Capita Income	3.5%	3.93%	3.84%	3.76%	3.67%	3.59%	3.51%	3.42%
7. Payout Ratio	60% - 75%	67.71%	68.11%	68.56%	69.41%	70.24%	67.98%	65.85%
8. Total Debt Outstanding ($000s)		3,272,290	3,367,265	3,452,335	3,526,105	3,622,810	3,709,170	3,785,580
9. Real Debt Outstanding ($000s)		3,272,290	3,312,933	3,331,009	3,326,021	3,329,668	3,321,680	3,303,233
10. OP/PSP Growth Assumption			0.0%	3.3%	3.8%	3.1%	3.3%	3.3%

(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 FY16 approved budget to FY17 budget for FY17 and budget to budget for FY18-22.

DEBT SERVICE IMPACT	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Assumed Issue Size ($000)	340,000	340,000	340,000	340,000	340,000	340,000	340,000
GO Bond Debt Service ($000)	311,500	353,112	371,268	389,895	407,672	424,262	444,310
Dollar change in GO Bond debt service (year to year)	7,899	41,613	18,156	18,627	17,777	16,590	20,047
Percentage change in GO Bond debt service (year to year)	2.60%	13.36%	5.14%	5.02%	4.56%	4.07%	4.73%
Dollar change in GO Bond debt service from the base (FY16)		41,613	59,768	78,395	96,172	112,762	132,810
Percentage change in GO Bond debt service from the base (FY16)		13.36%	19.19%	25.17%	30.87%	36.20%	42.64%
STL and LTL Debt Service	37,645	40,156	30,365	25,618	26,328	24,293	24,293
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	349,145	393,268	401,633	415,513	434,000	448,555	468,602
Total Revenues	3,158,227	3,163,619	3,264,096	3,389,442	3,492,956	3,607,418	3,725,713

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Approved GO bond debt issuance		340,000	340,000	340,000	340,000	340,000	340,000	340,000
Assumed GO bond debt issuance		340,000	340,000	340,000	340,000	340,000	340,000	340,000
Increase/(Decrease) in GO bond debt issuance	0	0	0	0	0	0	0	0

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DEBT CAPACITY ANALYSIS

FY17-22 CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS September 9, 2015 - COUNCIL REQUESTED SCENARIOS

6 Yr. Total ($Mn.)	$2040.0 mn
FY17 Total ($Mn.)	$340.0 mn
FY18 Total ($Mn.)	$340.0 mn

	GUIDELINE	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1. GO Bond Guidelines ($000s)		340,000	340,000	340,000	340,000	340,000	340,000	340,000
2. GO Debt/Assessed Value	1.5%	1.87%	1.85%	1.81%	1.79%	1.78%	1.75%	1.78%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	10%	**11.06%**	**12.21%**	**12.08%**	**11.90%**	**12.09%**	**12.17%**	**12.38%**
4. $ Debt/Capita		3,180	3,244	3,297	3,339	3,395	3,450	3,521
5. $ Real Debt/Capita	**$2,200**	3,180	3,174	3,153	3,114	3,080	3,035	3,004
6. Capita Debt/Capita Income	**3.5%**	3.93%	3.88%	3.85%	3.82%	3.77%	3.71%	3.79%
7. Payout Ratio	**60% - 75%**	67.71%	68.11%	68.56%	69.41%	70.24%	67.98%	65.85%
8. Total Debt Outstanding ($000s)		3,272,290	3,367,265	3,452,335	3,526,105	3,622,810	3,709,170	3,785,580
9. Real Debt Outstanding ($000s)		3,272,290	3,294,780	3,301,103	3,288,444	3,286,606	3,262,825	3,228,973
10. OP/PSP Growth Assumption			1.8%	3.4%	5.0%	2.8%	2.7%	2.7%

(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 FY16 approved budget to FY17 budget for FY17 and budget to budget for FY18-22.

DEBT SERVICE IMPACT	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Assumed Issue Size ($000)	340,000	340,000	340,000	340,000	340,000	340,000	340,000
GO Bond Debt Service ($000)	311,500	353,112	371,268	389,895	407,672	424,262	444,310
Dollar change in GO Bond debt service (year to year)	7,899	41,613	18,156	18,627	17,777	16,590	20,047
Percentage change in GO Bond debt service (year to year)	2.60%	13.36%	5.14%	5.02%	4.56%	4.07%	4.73%
Dollar change in GO Bond debt service from the base (FY16)		41,613	59,768	78,395	96,172	112,762	132,810
Percentage change in GO Bond debt service from the base (FY16)		13.36%	19.19%	25.17%	30.87%	36.20%	42.64%
STL and LTL Debt Service	37,645	40,156	30,365	25,618	26,328	24,293	24,293
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	349,145	393,268	401,633	415,513	434,000	448,555	468,602
Total Revenues	3,158,227	3,220,121	3,325,659	3,492,994	3,589,310	3,685,553	3,784,449

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Approved GO bond debt issuance		340,000	340,000	340,000	340,000	340,000	0	0
Assumed GO bond debt issuance		340,000	340,000	340,000	340,000	340,000	340,000	340,000
Increase/(Decrease) in GO bond debt issuance	680,000	0	0	0	0	0	340,000	340,000

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DEBT CAPACITY ANALYSIS

FY17-22 CAPITAL IMPROVEMENTS PROGRAM
COUNTY COUNCIL STAFF SCENARIO REQUEST
January 18, 2016

6 Yr. Total ($Mn.) $1980.0 mn
FY17 Total ($Mn.) $330.0 mn
FY18 Total ($Mn.) $330.0 mn

	GUIDELINE	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1. GO Bond Guidelines ($000s)		340,000	330,000	330,000	330,000	330,000	330,000	330,000
2. GO Debt/Assessed Value	1.5%	1.87%	1.83%	1.79%	1.78%	1.78%	1.78%	1.77%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**11.06%**	**12.43%**	**12.30%**	**12.22%**	**12.36%**	**12.35%**	**12.47%**
4. $ Debt/Capita		3,180	3,233	3,276	3,308	3,360	3,405	3,441
5. $ Real Debt/Capita	$2,200	3,180	3,181	3,161	3,120	3,088	3,049	3,003
6. Capita Debt/Capita Income	3.5%	3.93%	3.83%	3.74%	3.64%	3.56%	3.47%	3.37%
7. Payout Ratio	60% - 75%	67.71%	68.17%	68.67%	69.56%	70.43%	68.19%	66.07%
8. Total Debt Outstanding ($000s)		3,272,290	3,357,265	3,432,835	3,497,605	3,584,810	3,662,170	3,730,080
9. Real Debt Outstanding ($000s)		3,272,290	3,303,094	3,312,195	3,299,138	3,294,743	3,279,590	3,254,804
10. OP/PSP Growth Assumption			0.0%	3.3%	3.8%	3.1%	3.3%	3.3%

(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 FY16 approved budget to FY17 budget for FY17 and budget to budget for FY18-22.

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DEBT SERVICE IMPACT	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Assumed Issue Size ($000)	340,000	330,000	330,000	330,000	330,000	330,000	330,000
GO Bond Debt Service ($000)	311,500	353,112	371,018	388,645	405,447	421,087	440,210
Dollar change in GO Bond debt service (year to year)	7,899	41,613	17,906	17,627	16,802	15,640	19,123
Percentage change in GO Bond debt service (year to year)	2.60%	13.36%	5.07%	4.75%	4.32%	3.86%	4.54%
Dollar change in GO Bond debt service from the base (FY16)		41,613	59,518	77,145	93,947	109,587	128,710
Percentage change in GO Bond debt service from the base (FY16)		13.36%	19.11%	24.77%	30.16%	35.18%	41.32%
STL and LTL Debt Service	37,645	40,156	30,365	25,618	26,328	24,293	24,293
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	349,145	393,268	401,383	414,263	431,775	445,380	464,502
Total Revenues	3,158,227	3,163,619	3,264,096	3,389,442	3,492,956	3,607,418	3,725,713

ASSUMED INCREASE IN DEBT ISSUANCE	**Total Increase/(Decrease)**	FY16	FY17	FY18	FY19	FY20	FY21	FY22
CE Recommended GO bond debt issuance		340,000	340,000	340,000	340,000	340,000	340,000	340,000
County Council Staff Scenario Request GO bond debt issuance		340,000	330,000	330,000	330,000	330,000	330,000	330,000
Increase/(Decrease) in GO bond debt issuance	(60,000)	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)

DEBT CAPACITY ANALYSIS

FY17-22 CAPITAL IMPROVEMENTS PROGRAM
COUNTY COUNCIL STAFF SCENARIO REQUEST
January 18, 2016

6 Yr. Total ($Mn.) $2100.0 mn
FY17 Total ($Mn.) $350.0 mn
FY18 Total ($Mn.) $350.0 mn

	GUIDELINE	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1. GO Bond Guidelines ($000s)		340,000	350,000	350,000	350,000	350,000	350,000	350,000
2. GO Debt/Assessed Value	1.5%	1.87%	1.84%	1.81%	1.80%	1.82%	1.82%	1.83%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	**10%**	**11.06%**	**12.43%**	**12.31%**	**12.30%**	**12.49%**	**12.52%**	**12.69%**
4. $ Debt/Capita		3,180	3,252	3,313	3,362	3,431	3,492	3,543
5. $ Real Debt/Capita	$2,200	3,180	3,200	3,197	3,171	3,153	3,128	3,092
6. Capita Debt/Capita Income	3.5%	3.93%	3.86%	3.78%	3.70%	3.63%	3.55%	3.47%
7. Payout Ratio	60% - 75%	67.71%	68.05%	68.45%	69.26%	70.06%	67.78%	65.63%
8. Total Debt Outstanding ($000s)		3,272,290	3,377,265	3,471,835	3,554,605	3,660,810	3,756,170	3,841,080
9. Real Debt Outstanding ($000s)		3,272,290	3,322,772	3,349,824	3,352,904	3,364,594	3,363,770	3,351,661
10. OP/PSP Growth Assumption			0.0%	3.3%	3.8%	3.1%	3.3%	3.3%

(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 FY16 approved budget to FY17 budget for FY17 and budget to budget for FY18-22.

DEBT SERVICE IMPACT	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Assumed Issue Size ($000)	340,000	350,000	350,000	350,000	350,000	350,000	350,000
GO Bond Debt Service ($000)	311,500	353,112	371,518	391,145	409,897	427,437	448,410
Dollar change in GO Bond debt service (year to year)	7,899	41,613	18,406	19,627	18,752	17,540	20,973
Percentage change in GO Bond debt service (year to year)	2.60%	13.36%	5.21%	5.28%	4.79%	4.28%	4.91%
Dollar change in GO Bond debt service from the base (FY16)		41,613	60,018	79,645	98,397	115,937	136,910
Percentage change in GO Bond debt service from the base (FY16)		13.36%	19.27%	25.57%	31.59%	37.22%	43.95%
STL and LTL Debt Service	37,645	40,156	30,365	25,618	26,328	24,293	24,293
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	349,145	393,268	401,883	416,763	436,225	451,730	472,702
Total Revenues	3,158,227	3,163,619	3,264,096	3,389,442	3,492,956	3,607,418	3,725,713

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)	FY16	FY17	FY18	FY19	FY20	FY21	FY22
CE Recommended GO bond debt issuance		340,000	340,000	340,000	340,000	340,000	340,000	340,000
County Council Staff Scenario Request GO bond debt issuance		340,000	350,000	350,000	350,000	350,000	350,000	350,000
Increase/(Decrease) in GO bond debt issuance	60,000	0	10,000	10,000	10,000	10,000	10,000	10,000

COMPARING PROGRAMMED AND ACTUAL EXPENDITURES
GO BOND FUNDING ONLY
FOR FISCAL YEARS 2011 THROUGH 2015

BOND CATEGORY	FY11 ACTUAL BONDS	FY11 PROGRAM.BONDS	FY11 RATE	FY12 ACTUAL BONDS	FY12 PROGRAM.BONDS	FY12 RATE
PUBLIC SCHOOLS	145,067,484	186,280,000	77.88%	216,699,809	143,988,000	150.50%
M. COLLEGE	13,637,541	28,208,000	48.35%	26,872,476	16,038,000	167.56%
M-NCPPC PARKS	7,897,616	11,332,000	69.69%	5,571,932	10,040,000	55.50%
TRANSPORTATION	115,327,299	74,634,000	154.52%	106,136,158	78,638,000	134.97%
MCG-OTHER	47,756,828	77,936,000	61.28%	33,960,962	131,044,000	25.92%
TOTAL	329,686,768	378,390,000	87.13%	389,241,336	379,748,000	102.50%

BOND CATEGORY	FY13 ACTUAL BONDS	FY13 PROGRAM. BONDS	FY13 RATE	FY14 ACTUAL BONDS	FY14 PROGRAM. BONDS	FY14 RATE
PUBLIC SCHOOLS	201,774,950	175,909,000	114.70%	158,829,935	137,256,000	115.72%
M. COLLEGE	44,875,398	27,353,000	164.06%	17,218,249	26,184,000	65.76%
M-NCPPC PARKS	7,983,953	1,570,101	508.50%	3,391,648	7,602,782	44.61%
TRANSPORTATION	86,298,247	85,559,491	100.86%	62,089,149	75,547,819	82.19%
MCG-OTHER	115,368,429	166,825,408	69.16%	108,577,074	93,484,399	116.14%
TOTAL	456,300,977	457,217,000	99.80%	350,106,053	340,075,000	102.95%

BOND CATEGORY	FY15* ACTUAL BONDS	FY15 PROGRAM. BONDS	FY15 RATE	LAST 5-YEAR AGGREGATE ACTUAL BONDS	LAST 5-YEAR AGGREGATE PROGRAM BONDS	LAST 5-YEAR AGGREGATE RATE
PUBLIC SCHOOLS	155,315,334	127,268,000	122.04%	877,687,512	770,701,000	113.88%
M. COLLEGE	33,058,989	37,220,000	88.82%	135,662,653	135,003,000	100.49%
M-NCPPC PARKS	1,039,981	3,311,475	31.41%	25,885,129	33,856,358	76.46%
TRANSPORTATION	109,053,253	97,487,268	111.86%	478,904,105	411,866,578	116.28%
MCG-OTHER	70,235,194	137,448,257	51.10%	375,898,486	606,738,064	61.95%
TOTAL	368,702,751	402,735,000	91.55%	1,894,037,886	1,958,165,000	96.73%

	FY11	FY12	FY13	FY14	FY15	Average Difference
Budgeted Implementation	84.00%	85.70%	82.33%	85.38%	86.46%	
Actual Implementation Ra	87.13%	102.50%	99.80%	102.95%	91.55%	
Difference	3.13%	16.80%	17.47%	17.57%	5.09%	12.01%

COMPARING PROGRAMMED AND ACTUAL EXPENDITURES
GO BOND FUNDING ONLY
FOR FISCAL YEARS 2012 THROUGH 2015

BOND CATEGORY	FY12 ACTUAL BONDS	FY12 PROGRAM.BONDS	FY12 RATE	FY13 ACTUAL BONDS	FY13 PROGRAM. BONDS	FY13 RATE
PUBLIC SCHOOLS	216,699,809	143,988,000	150.50%	201,774,950	175,909,000	114.70%
M. COLLEGE	26,872,476	16,038,000	167.56%	44,875,398	27,353,000	164.06%
M-NCPPC PARKS	5,571,932	10,040,000	55.50%	7,983,953	1,570,101	508.50%
TRANSPORTATION	106,136,158	78,638,000	134.97%	86,298,247	85,559,491	100.86%
MCG-OTHER	33,960,962	131,044,000	25.92%	115,368,429	166,825,408	69.16%
TOTAL	389,241,336	379,748,000	102.50%	456,300,977	457,217,000	99.80%

BOND CATEGORY	FY14 ACTUAL BONDS	FY14 PROGRAM. BONDS	FY14 RATE	FY15 ACTUAL BONDS	FY15 PROGRAM. BONDS	FY15 RATE
PUBLIC SCHOOLS	158,829,935	137,256,000	115.72%	155,315,334	127,268,000	122.04%
M. COLLEGE	17,218,249	26,184,000	65.76%	33,058,989	37,220,000	88.82%
M-NCPPC PARKS	3,391,648	7,602,782	44.61%	1,039,981	3,311,475	31.41%
TRANSPORTATION	62,089,149	75,547,819	82.19%	109,053,253	97,487,268	111.86%
MCG-OTHER	108,577,074	93,484,399	116.14%	70,235,194	137,448,257	51.10%
TOTAL	350,106,053	340,075,000	102.95%	368,702,751	402,735,000	91.55%

BOND CATEGORY	LAST 4-YEAR AGGREGATE ACTUAL BONDS	LAST 4-YEAR AGGREGATE PROGRAM BONDS	LAST 4-YEAR AGGREGATE RATE
PUBLIC SCHOOLS	732,620,028	584,421,000	125.36%
M. COLLEGE	122,025,112	106,795,000	114.26%
M-NCPPC PARKS	17,987,513	22,524,358	79.86%
TRANSPORTATION	363,576,806	337,232,578	107.81%
MCG-OTHER	328,141,658	528,802,064	62.05%
TOTAL	1,564,351,118	1,579,775,000	99.02%

	FY12	FY13	FY14	FY15	Average Difference
Budgeted Implementation Rate	85.70%	82.33%	85.38%	86.46%	
Actual Implementation Rate	102.50%	99.80%	102.95%	91.55%	
Difference	16.80%	17.47%	17.57%	5.09%	14.23%

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C:\Users\beckm\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\XT04X6LB\FY17-22 Full CIP Implementation Rate -wo FY11 plus added IR bud vs Act comparison 12 24 2015 (2).xlsxFY15 Summary

Office of Management and Budget

Comparison of May 2015 CC Approved and OMB New Methodology November 2015 Estimates

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	Total 6 Yr	FY17	FY18	FY19	FY20	FY21	FY22
Recordation Tax							
County Council May Approved	126,273	29,946	30,772	32,438	33,117	-	-
Finance November Estimate	209,958	31,187	32,281	33,947	34,821	37,559	40,163
Variance (Est minus Approved)	83,685	1,241	1,509	1,509	1,704	37,559	40,163
Recordation Tax Premium							
County Council May Approved	33,937	8,060	8,232	8,731	8,914	-	-
Finance November Estimate	67,665	10,051	10,404	10,941	11,222	12,105	12,944
Variance (Est minus Approved)	33,728	1,991	2,172	2,210	2,308	12,105	12,944
	-						
Transportation Impact Tax							
County Council May Approved	21,832	5,397	5,460	5,460	5,515	-	-
Finance November Estimate - 5 yr consistent	46,345	6,859	7,967	7,753	7,755	7,754	8,257
Variance (Est minus Approved)	24,513	1,462	2,507	2,293	2,240	7,754	8,257
Schools Impact Tax							
County Council May Approved	148,782	35,961	36,242	36,671	39,908	-	-
Finance November Estimate -5 yr consistent	210,985	32,450	36,106	34,944	34,522	35,416	37,547
Variance (Est minus Approved)	62,203	(3,511)	(136)	(1,727)	(5,386)	35,416	37,547

TAX SUPPORTED CURRENT REVENUES ADJUSTMENT CHART

FY17-22 Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED
January 15, 2016

($ MILLIONS)	6 YEARS	FY17 APPROP (1)	FY18 EXP	FY19 EXP	FY20 EXP	FY21 EXP	FY22 EXP
TAX SUPPORTED CURRENT REVENUES AVAILABLE	422.974	40.701	75.700	81.976	74.987	77.723	71.886
Adjust for Future Inflation *	(17.852)	-	-	(1.835)	(3.557)	(5.584)	(6.875)
SUBTOTAL CURRENT REVENUE FUNDS AVAILABLE FOR ELIGIBLE PROJECTS (after adjustments)	405.122	40.701	75.700	80.141	71.430	72.139	65.011
Less Set Aside: Future Projects	-	-	-	-	-	-	-
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	405.122	40.701	75.700	80.141	71.430	72.139	65.011
GENERAL FUND							
MCPS	(115.160)	(4.658)	(26.038)	(24.897)	(19.833)	(19.936)	(19.798)
MONTGOMERY COLLEGE	(72.664)	(6.679)	(13.197)	(13.197)	(13.197)	(13.197)	(13.197)
M-NCPPC	(16.788)	(2.798)	(2.798)	(2.798)	(2.798)	(2.798)	(2.798)
HOC	(7.500)	(1.250)	(1.250)	(1.250)	(1.250)	(1.250)	(1.250)
TRANSPORTATION	(48.626)	(7.034)	(7.181)	(8.056)	(8.121)	(9.117)	(9.117)
MC GOVERNMENT	(26.798)	(5.083)	(4.860)	(5.295)	(4.460)	(3.550)	(3.550)
SUBTOTAL - GENERAL FUND	(287.536)	(27.502)	(55.324)	(55.493)	(49.659)	(49.848)	(49.710)
MASS TRANSIT FUND	(90.496)	(8.628)	(16.999)	(21.904)	(16.305)	(16.825)	(9.835)
FIRE CONSOLIDATED	(24.990)	(4.221)	(3.027)	(2.394)	(5.116)	(5.116)	(5.116)
PARK FUND	(2.100)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
SUBTOTAL - OTHER TAX SUPPORTED	(117.586)	(13.199)	(20.376)	(24.648)	(21.771)	(22.291)	(15.301)
TOTAL PROGRAMMED EXPENDITURES	(405.122)	(40.701)	(75.700)	(80.141)	(71.430)	(72.139)	(65.011)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-
* Inflation:		1.64%	1.97%	2.29%	2.63%	2.63%	2.63%

Note:
(1) FY17 APPROP equals new appropriation authority. Additional current revenue funded appropriations will require drawing on operating budget fund balances.

(13)

M-NCPPC BOND ADJUSTMENT CHART

FY17-22 Capital Improvements Program
CE RECOMMENDED
January 9, 2015

($ millions)	6 YEARS	FY17	FY18	FY19	FY20	FY21	FY22
BONDS PLANNED FOR ISSUE	36.000	6.000	6.000	6.000	6.000	6.000	6.000
Assumes Council SAG							
Adjust for Implementation *	5.350	0.928	0.928	0.908	0.884	0.862	0.840
Adjust for Future Inflation *	(1.425)	-	-	(0.134)	(0.285)	(0.431)	(0.574)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	39.925	6.928	6.928	6.773	6.600	6.430	6.265
Less Set Aside: Future Projects	4.213	1.460	1.634	0.100	0.093	0.100	0.825
	10.6%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	35.712	5.468	5.294	6.673	6.507	6.330	5.440
Programmed P&P Bond Expenditures	(39.012)	(7.018)	(7.044)	(6.673)	(6.507)	(6.330)	(5.440)
Programming adjustment - unspent prior years		1.550	1.750	-	-	-	-
SUBTOTAL PROGRAMMED EXPENDITURES	(35.712)	(5.468)	(5.294)	(6.673)	(6.507)	(6.330)	(5.440)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-

NOTES:

* Adjustments Include:						
Inflation =	1.64%	1.97%	2.29%	2.63%	2.63%	2.63%
Implementation Rate =	86.60%	86.60%	86.60%	86.60%	86.60%	86.60%