

Montgomery County Government Citizens Advisory Board CIP Forums

Summer 2017



Prepared by Montgomery County Office of Management & Budget

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agenda

1 Purpose of Citizens Advisory Boards (CABs) Meetings

2 Capital Improvements Program (CIP)

3 FY19-24 Fiscal Outlook

4 County Executive (CE) Priorities for FY19-24

5 CIP Process Time Frame

6 Open Budget

7 Questions



purpose of CAB meetings

1

Provide residents with information about the Capital Budget.

2

Provide residents **with an opportunity to express their views and priorities** for future capital improvement projects.

3

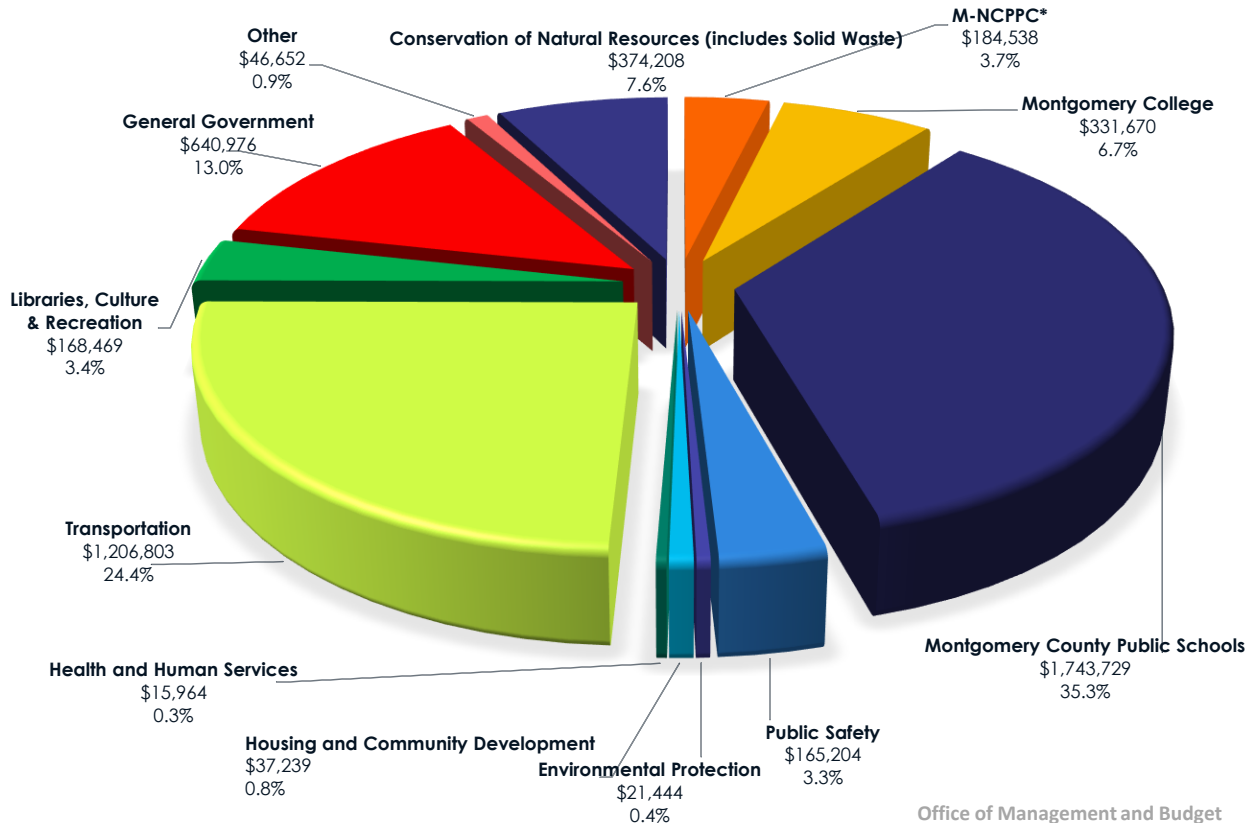
Provide information to the County Executive and Departments concerning capital improvement projects.

Capital Improvements Program (CIP)

- Capital Improvements **have long-term usefulness and require large expenditures** of capital funds usually programmed over more than one year and result in a durable capital asset.
- **Six-year plan** with a capital budget.
- Includes capital expenditure estimates, funding requirements, capital budget requests and program data.
- Annual capital budget resolution provides the appropriation authority for spending. Unused appropriation is carried over to subsequent years.
- Each project is described on the **Project Description Form (PDF)**.

(CIP) Expenditure Summary

FY17-22 Approved CIP (as amended): \$4.936 Bn.



FY19-24 Fiscal Outlook



Revenues - Continued Risk and Uncertainty

County revenues will be significantly impacted by the MD State Comptroller v. Wynne income tax case.

These losses are estimated at:

- \$29.9M in FY18 and FY19
- Impact of the Wynne decision could result in income tax revenue loss in FY20-FY24 of \$139.4 million

Federal Budget Challenges – Uncertainty for federal agencies in Montgomery County due to the President’s proposed budget. Federal budgets continue to impact federal contractors located in the County and resident wages

Revenues – Other Factors

- Home sales increased 5.8 percent in 2016 after increasing in 2014 and 2015
- Energy Tax increase has been reduced by 27% since FY12
- Implementation of Master/Sector Plans: White Flint; Shady Grove; Great Seneca; Wheaton; East County Science Center
- Property Tax Assessments increased 4.1% over the FY17 estimate
- County's Unemployment Rate (2.9% in April 2017) Dropped to Second Lowest Point since 2008.

Expenditures: Growing Needs and Challenges

1 Student Enrollment Increasing

2 Operating impact of new facilities

3 Shifting of State responsibilities to local government

Higher than anticipated costs for cost-sharing of State teacher retirement obligations to local jurisdictions. These costs were rolled into Maintenance of Effort (MOE) in FY17, increasing the County's required contribution in perpetuity.

4 Cost and Price Spikes: Weather/Snow Removal; fuel and energy prices; food prices; etc.

Cost of compensation increases, health insurance and retirement, and retiree health insurance.

FY17 cost of snow removal/storm response: \$11.7 million.

FY18 snow budget has been reduced by \$3 million to \$6.2 million.

5 Debt Service

Overall FY18 Operating Budget Fiscal Picture

A large portion of the General Fund expenditures are mandatory.

▶ MCPS and College funds subject to future MOE requirements, Revenue Stabilization Fund and debt service payments constituted 64.4% of the FY18 general fund expenditures.

The approved FY18 fiscal plan assumes a 0.4% budget reduction will be needed across all agencies in FY19.

Due to mandated funding requirements, MCG and M-NCPPC will be disproportionately impacted.

CIP Impacts on the Operating Budget

Direct cash contributions in FY18

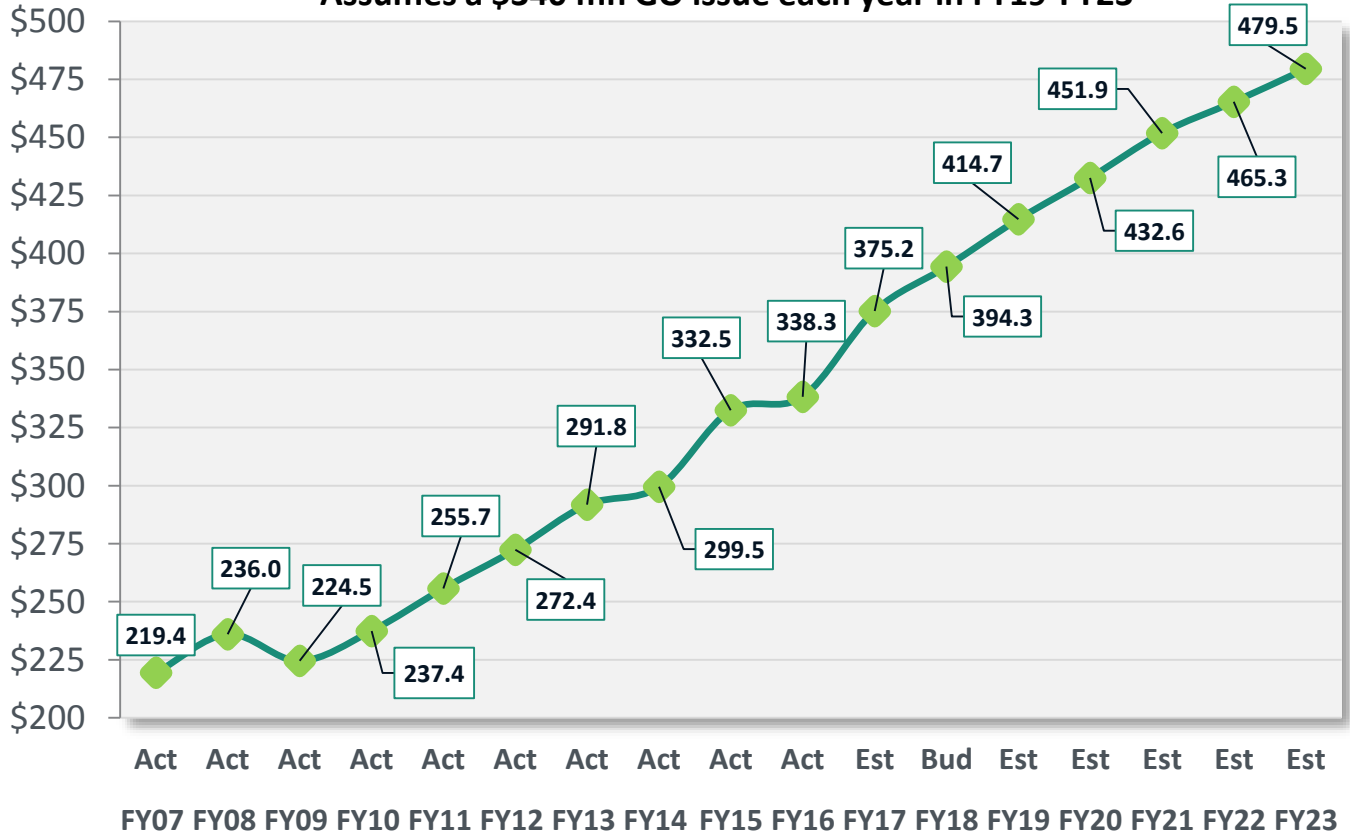
- ▶ PAYGO \$34M
- ▶ Other Cash \$66.165M

Cost to Operate New/Expanded Facilities

Debt Service – e.g. Every \$10 million in Debt increases debt service by \$1 million. Debt service payments continue for 20 years.

FY19-24 Fiscal Outlook

Tax-Supported Debt Service, FY09-FY23 Assumes a \$340 mn GO issue each year in FY19-FY23



CIP Fiscal Challenges

- ▶ MCPS enrollment growth is expected to require significant funding for new schools and additions to avoid significant increases in the use of relocatable classrooms and putting areas of the county into moratorium.
- ▶ Construction costs are beginning to increase as the economy improves
- ▶ More funding is needed for HVAC, Roof Replacement, Road Resurfacing and other level of effort projects to protect our infrastructure – particularly as renovations and modernizations are delayed.
- ▶ Community expectations (i.e. master plans, etc.)
- ▶ Capital budget demands on the operating budget may be unaffordable.

Debt Service Opportunity Costs

Every \$1 million used for debt service could also be used for:

- ✓ 14 public school teachers
- ✓ 9 police officers
- ✓ 9 fire fighters
- ✓ Operating 1 library for a year except for large libraries such as Silver Spring and Rockville
- ✓ Operating 8 Senior Centers
- ✓ Operating 5 Recreation Community centers
- ✓ Operating 3 Elementary School Excel Beyond the Bell Programs
- ✓ Rental assistance for 427 families
- ✓ 21,505 bednights in family shelters
- ✓ 10,800 bednights at overflow motels
- ✓ Respite care for 325 clients
- ✓ Child care subsidies for 109 children for a year
- ✓ Services for 4,124 Montgomery Cares clients
- ✓ 1,274 County-funded Maternity Partnership program
- ✓ 1,594 Housing Stabilization grants
- ✓ Pruning 2,150 trees
- ✓ Purchasing 2 buses
- ✓ Renovations for 250 bus stops

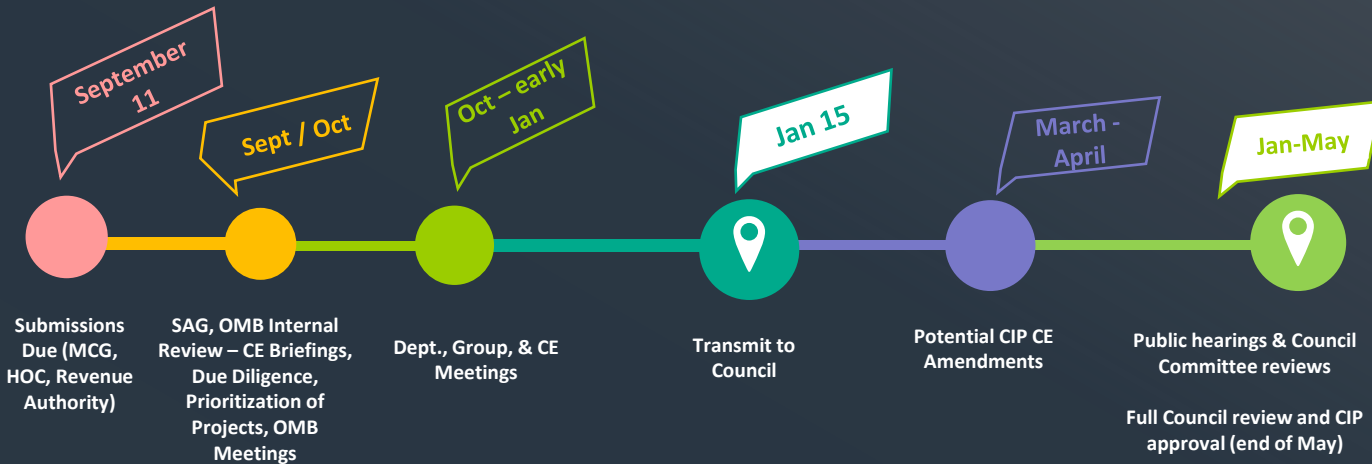
County Executive CIP priorities

(Not in rank order)



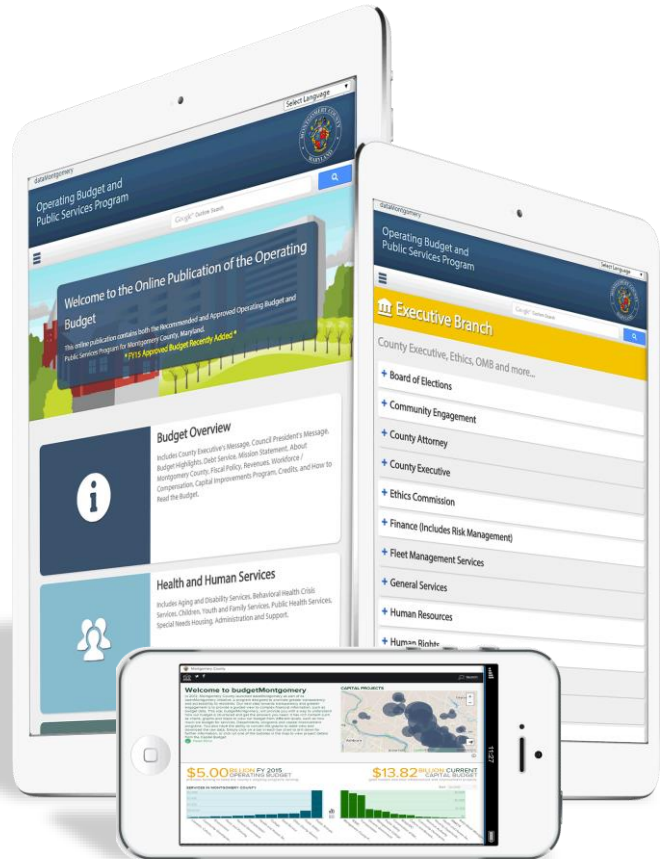
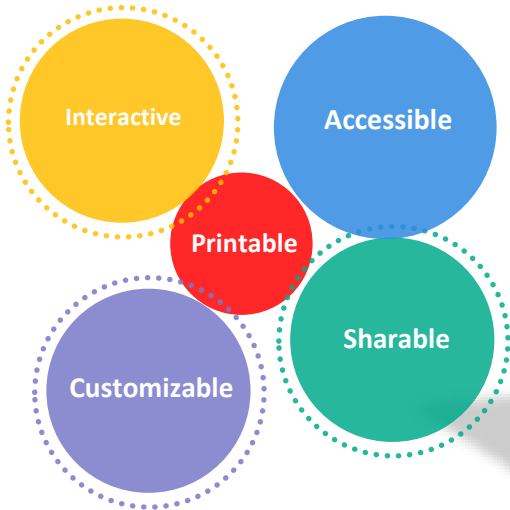
-  **MCPS Capital Needs**
-  **Affordable housing**
-  **Economic development initiatives**
-  **Projects needed to address imminent safety hazards**
-  **Transportation projects – particularly those that support economic development and address congestion relief**
-  **Projects that leverage significant outside funding**
-  **Maintenance of core infrastructure**

CIP Budget Process **Time Frame**



Open Budget – there is something for **everyone!**

montgomerycountymd.gov/openbudget



Questions?

