




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

January 14, 2011

TO: Valerie Ervin, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Recommended FY12 Capital Budget and
Amendments to the FY11-16 Capital Improvements Program (CIP)

I am pleased to transmit to you, in accordance with the County Charter, my recommended FY12 Capital Budget and amendments to the FY11-16 Capital Improvements Program (CIP). My recommendations are limited to amendments required to fund critical capital needs. However, I have also shifted funds in existing projects to reflect more realistic implementation plans, providing fiscal capacity in the earlier years of the CIP to fund other priorities. The fiscal summary and highlights of my recommendations are presented below with details provided in the attachments.

Fiscal Summary

I am recommending a reduction in the planned level of General Obligation (GO) Bond issues from \$325 million per year by \$5 million in FY11 and another \$5 million in FY12 because of the steeply rising debt service costs we will incur in the FY12-16 period and the related costs of opening and operating new facilities. The borrowing levels in the CIP Spending Affordability Guidelines (SAG) approved by Council in February 2010 were based on revenue projections from the Fall of 2009. As you are aware, we have significantly reduced our forecasted revenues for the FY11-16 period in light of the sluggish pace of the local, regional, and national economic recovery and our debt capacity, as we have historically measured it, has been adversely affected by the reduced revenue outlook.

In the development of the FY13-18 CIP, I will continue to scrutinize the projects included in the CIP to determine if there are further opportunities for reducing the size of our projected GO Bond borrowing consistent with the need to responsibly maintain the County's infrastructure. In particular, I will be reviewing all new (pre-construction) facility projects and limiting new facility planning efforts to ensure that project schedules are feasible in light of the County's current tight fiscal constraints. Not only would delay or elimination of some of these projects reduce our borrowing costs, it would also reduce the operating impact of opening these facilities. We need to carefully evaluate the need to build new facilities that require additional staff, programming, maintenance, and utility costs when we are reducing the program budgets for several existing facilities and sometimes not fully maintaining existing facilities and infrastructure. We must focus on projects that address long-term sustainable programmatic needs, master plan visions, and long-term housing and economic development objectives.

I strongly urge the Council to maintain these recommended borrowing limits. Increased debt service requirements impact our ability to sustain a balanced budget, and an unsustainable debt burden could make it difficult to retain the County's AAA bond rating.

Consistent with our fiscal policies, I am recommending that we budget FY12-16 pay-as-you-go (PAYGO) funding for the CIP at ten percent of planned GO bond issuance for each year. My recommendations include offsets to general obligation bond funding consistent with our most recent revenue projections for schools and transportation impact taxes.

I am also recommending reductions of \$3.6 million in some tax-supported current revenue funded projects in FY12. Further recommendations relating to current revenue and other CIP initiatives will be provided once I have finalized my March 15 Operating Budget recommendations.

Children Prepared to Live and Learn

These recommendations demonstrate my commitment to quality education by supporting funding for Montgomery County Public Schools (MCPS), Montgomery College, and other MCPS-based initiatives as follows:

Montgomery College

I recommend that we continue our investment in expanded Montgomery College facilities to serve the growing student population including completion of the new Bioscience Education Center in Germantown, the Rockville Science Center, and the Science East Building Renovation on the Rockville campus. In collaboration with the College, we are recommending a reduction to the Capital Renewal project of \$4.7 million. In addition, I recommend shifting resources from two projects to the Site Improvements project to enhance the level of much-needed site work at the three campuses by \$3.3 million. I have deferred a small portion of the local funding requested for the Science East Building (\$3.1 million) for consideration in the next full year CIP; however, this should not delay the project implementation plan. I have also reflected a delay in the start of the Science West Building consistent with the College's current implementation plans.

Montgomery County Public Schools (MCPS)

The Board of Education has requested an increase over FY11-16 CIP of \$8.6 million for certain infrastructure maintenance projects and a new Washington Suburban Sanitary Commission (WSSC) Compliance project¹. I am recommending additional funding of \$5.4 million, as an FY11 supplemental appropriation, to address these infrastructure maintenance needs including fully funding the WSSC Compliance project. Provision of funds in the current year will make it possible for the project schedules to be accelerated.

My recommendation assumes and requires continued State Aid of \$40 million for MCPS projects in FY12 through FY16.

¹ This project is requested to upgrade existing grease removal devices at school kitchens in order to to protect water quality and comply with WSSC regulations.

Health and Human Services (HHS) and MCPS

Consistent with my priorities in the areas of education and health and human services, I recommend continued support for School Based Health and Linkages to Learning Centers, Child Care in Schools, construction of the Wellness Center at the Gaithersburg High School, and the planning and design of the renovation of the Dennis Avenue Health Center.

Affordable Housing in an Inclusive Community

Funding is included, consistent with the Approved FY11-16 CIP, to modernize fire protection systems at four Housing Opportunities Commission (HOC) properties housing low-income independent seniors. I support HOC's request for funds to supplement Federal aid for public housing improvements, but have reduced the FY12 request by 10 percent for fiscal capacity. In addition, I am recommending continued funding for the Affordable Housing Acquisition and Preservation project.

An Effective and Efficient Transportation Network

Roads and Bridges

My recommended amendments include \$4 million in additional funding for Resurfacing Residential/Rural Roads, as an FY11 supplemental appropriation, to prevent falling further behind in our maintenance of these roadways and minimize more costly future repairs. Additionally, I am supporting design and construction of the Platt Ridge Drive Extension project to provide relief for residential neighborhoods adjacent to the Naval Medical Center Base Relocation and Consolidation (BRAC) project.

To address safety concerns resulting from deteriorating infrastructure, I am recommending additional funding to begin facility planning for the Spring Street Bridge and the Brink Road Bridge projects.

Mass Transit

Construction of the Silver Spring Transit Center (SSTC) is one of my top priorities because of the enhancements it will bring to transit and transit-oriented development in the County. Because of project scheduling complications and resulting delays, it is necessary to provide additional funding for the completion of the SSTC.

While I remain committed to ultimately expanding the County's bus transit system, I am recommending that we delay a limited number of bus purchases and adjust our FY11-16 bus purchase plan, due to a significant reduction in State and Federal funding for this program, as well as the need to reduce the use of current revenue in the FY11 Budget. Route adjustments implemented in prior years helps to mitigate, in part, impacts from the deferral of these bus purchases.

Because of concerns raised by the environmental community, I am recommending a delay in the North County Maintenance Depot project to provide the County with additional time to review the impacts related to the proposed site of the current project and to research the cost and

feasibility of relocating this project to an alternative site. Staff is currently evaluating other sites suggested by M-NCPPC staff.

Safe Streets and Secure Neighborhoods

My recommended amendments include continued funding for critical public safety projects including the completion of the 3rd and 6th District Police Stations; The Glenmont Fire Station #18; The Judicial Center Annex; the Public Safety Headquarters; and the Public Safety Systems Modernization projects.

A Responsive and Accountable County Government

It is vital that we maintain our County infrastructure and for this reason, I am recommending additional funding, as noted above, for infrastructure maintenance in MCPS and for Road Resurfacing, as well as funding to begin repairs on the Executive Office Building, the Judicial Center Traffic Circle, and the Health and Human Service's Piccard Drive facility.

My recommendations also include funding for two new M-NCPPC projects to ensure that all local and non-local parks and facilities comply with Title II of the Americans with Disabilities Act (ADA) and ADA Accessibility Guidelines standards.

A Strong and Vibrant Economy

In order to attract, retain, and support the expansion of businesses within the County, it is important that we make strategic investments in infrastructure to support economic development.

To implement the Shady Grove Sector Plan, the Great Seneca Science Corridor Master Plan, and protect the investments and progress we have made to meet current and anticipated needs while positioning us to meeting housing and jobs needs for future generations, I am recommending continued funding for the facility projects necessary to implement the Smart Growth Initiative including the new Public Safety Training Academy, the MCPS Food Services Facility, and other related facilities. These projects are strategic investments that support economic development and affordable transit-oriented housing opportunities. They are essential to ensuring the long-term economic well being of the County. Land proceeds, cost avoidances and savings, reinvestment revenues and reallocation of related project budgets will be used to fund these projects in the long-term. My staff is continuing to work on the creation of a Development District for the County Service Park area to provide financing for the infrastructure necessary to implement this project. We expect to transmit the required resolutions for the creation of this district to the Council later in the Spring.

My recommendations also include an FY11 supplemental appropriation and amendment in the amount of \$16,800,000 for changes to Snouffer's School Road North which will fund transportation improvements that will remedy existing conditions and serve the facilities relocating to the Webb Tract site. The road project will improve traffic flow by providing additional traffic lanes and encourage alternative means of mobility through proposed bicycle and pedestrian facilities.

The CIP includes three new projects to begin the planning, design, and studies necessary to implement the White Flint Sector Plan. These projects include the White Flint Redevelopment Program,

White Flint Traffic Analysis and Mitigation, and the White Flint District East Transportation projects. These projects which are a predicate to private reinvestment in the area are to be financed by the White Flint Special Tax District, except for the White Flint Traffic Analysis and Mitigation project which is funded by current revenues and Metro Station Policy Area impact taxes previously collected in the White Flint area.

The approved White Flint District West Transportation project has been increased to include final design and estimated construction costs for three roadway and one bikeway project, which I previously recommended as part of the White Flint Sector Plan Implementation Strategy and which was adopted per Council Resolution #16-1570.

Implementation of the White Flint Sector Plan is a model for smart growth and an established priority for the County. It is anticipated to result in large projected returns to the tax base and our economy which will benefit the entire County. Implementation of the new street grid, related transportation improvements, and other County facilities is a huge undertaking, even larger and more complex than the redevelopment of Silver Spring. The White Flint Redevelopment Program project is a first step towards the commitment of resources that I will dedicate to this important program, and further details on the organizational aspects of the implementation effort will be addressed in the Operating Budget.

I remain strongly committed to Wheaton redevelopment and have entered into an agreement with a private developer to prepare a concept plan which should be complete next Spring. My staff is working closely with M-NCPPC staff and the community as the Wheaton CBD and Vicinity Master Plan is being developed. As these plans ripen, I will recommend changes to the existing Wheaton Redevelopment program to incorporate new public/private initiatives.

Vital Living for All our Residents

My recommendation continues funding to construct a new library in downtown Silver Spring. In the Wheaton area, I propose funding for a study to explore the feasibility of a new concept for a combined library and recreation center. We will continue to study options to address the culture and recreation needs of our residents in all areas of the County.

Technical Adjustments

I propose shifting funds in a number of projects as detailed in the attached, to display more realistic schedules. These changes are updates to reflect current implementation plans and are not an imposition of delays for fiscal reasons.

My FY12 Capital budget and FY11-16 CIP amendments are highlighted in the pages immediately following and detailed in the attached specific FY11-16 project description forms for County Government, MCPS, Montgomery College, M-NCPPC, and the Housing Opportunities Commission and capture the priorities of my administration. I am also including three FY11 supplemental appropriations, as mentioned above, for MCPS infrastructure maintenance, Snouffer's School Road North, and for the Resurfacing Residential/Rural Roads project.

As required by State law, I am also providing today (under separate cover) my recommendations for both the FY12-17 Capital Improvements Program and FY12 expenditures for the Washington Suburban Sanitary Commission (WSSC).

Many people have helped to shape the recommendations I bring to you in this budget and I appreciate their efforts. I wish to thank the members of the Board of Education, the College Trustees, the WSSC Commissioners, and the Planning Board for their work.

As stated above, further recommendations relating to current revenue and other CIP initiatives will be provided once I have finalized my March 15 Operating Budget recommendations. I look forward to discussing with you any policy matters or major resource allocation issues that arise this spring. As always, Executive Branch staff is available to assist you in your deliberations on the Capital Budget and CIP.

IL:jfb

Attachments:

Fiscal Summary Schedules

FY11-16 Biennial Recommended CIP – Budget Adjustments Summary
General Obligation Bond Adjustment Chart
General Obligation Bond Adjustment Chart Reconciliation
Tax Supported Current Revenues Adjustment Chart
Tax Supported Current Revenues Adjustment Chart Reconciliation
M-NCPPC Bond Adjustment Chart

Recommended Capital Budgets

Agency	Attachment
MCG	FY12 Capital Budget: Appropriation, Partial Closeout and Closeout Lists
HOC	FY12 Capital Budget: Appropriation
Revenue Authority	FY12 Capital Budget: Appropriation
MCPS	FY12 Capital Budget: Appropriation, Partial Closeout and Closeout Lists
Montgomery College	FY12 Capital Budget: Appropriation and Closeout List
M-NCPPC	FY12 Capital Budget: Appropriation, Partial Closeout and Closeout Lists

Project Description Forms

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