



County Executive's Recommended

FY25 Capital Budget and FY25-30 Capital Improvements Program

• **January 16, 2024** •



Agenda

- **Welcome**
- **Challenges**
- **FY25-30 Capital Improvements Program Overview**
- **Highlights**
- **Opportunities**



Challenges



Major Capital Needs

- Affordable housing
- Built to Learn, school construction, and Blueprint for Maryland's Future space requirements
- Transportation improvements and Bus Rapid Transit
- Economic development
- Environment
- Racial equity and social justice
- Maintaining aging infrastructure
- Building County government for the future





Major Cost Increases

Construction Cost Increases Related to:

- Inflation
- Supply chain deficiencies
- Manufacturing delays
- Tight construction market
- Labor shortages

Higher bids erode buying power and result in delays for stand-alone projects.

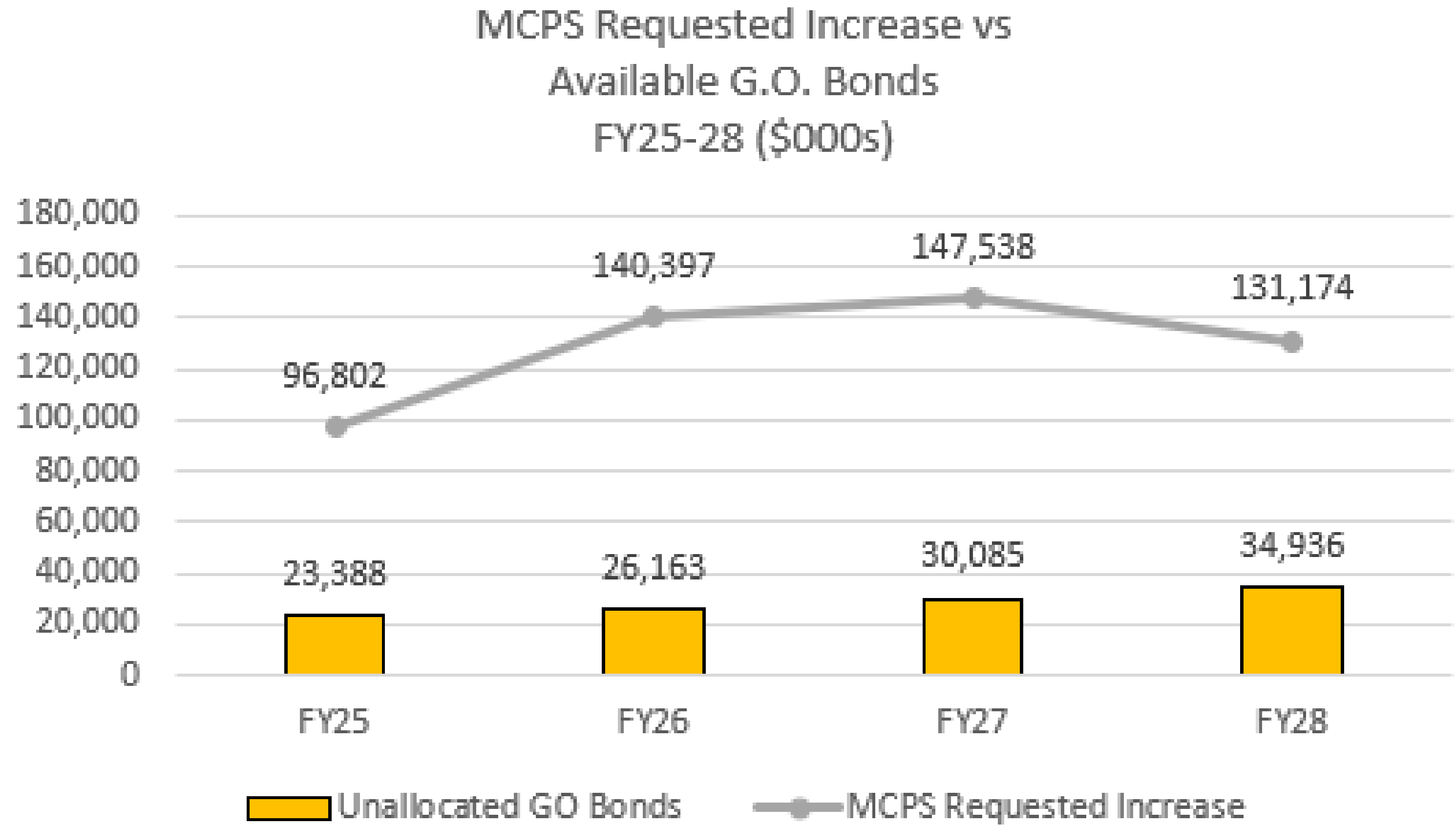
Montgomery County Public Schools cost increases alone total \$91.8 million.





MCPS Structural Budget Concerns

- The prior approved CIP understated MCPS' future CIP costs leading to predictable, large requested increases for FY25-FY30.
- MCPS requests increased primarily in the first four years of the CIP and left the later years underfunded.
- Results in a repetitious cycle of over-programming other projects which are delayed when more traditional MCPS funding levels are requested later.





General Obligation Bond Spending Affordability Guidelines

- Recommends no change from the Council approved guidelines totaling \$280M/yr; \$1.68 billion over 6 years.
- Inflation and escalation costs continue to reduce the buying power of \$280M/yr.

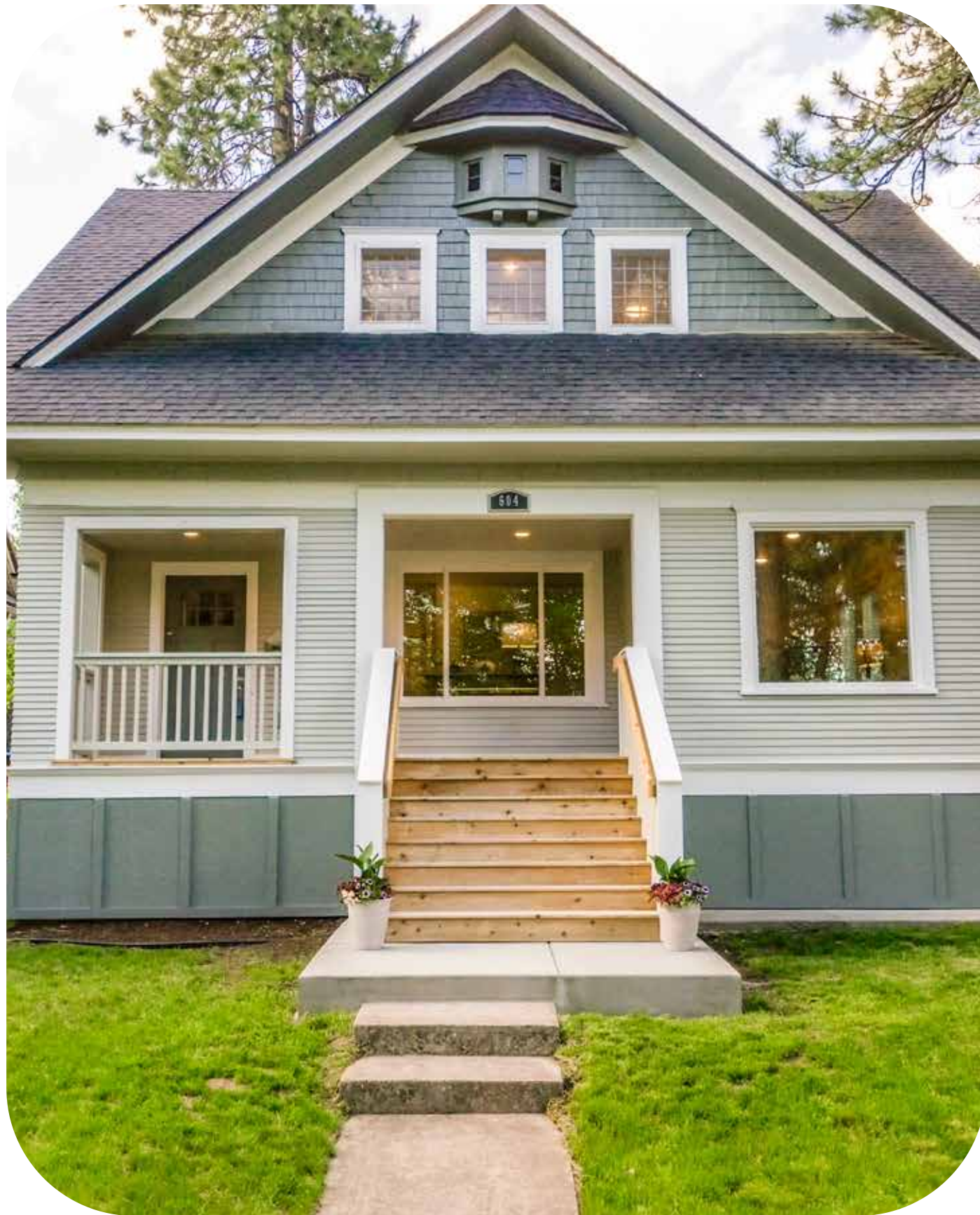




Housing Market Revenue Impacts

Recordation and Recordation Tax Premium decreases in the first four years when needs are greatest.

- **Recordation Tax – decreases \$16.8M total and \$26.6M in the first four years of the six-year period.**
- **Recordation Tax Premium – Increases \$29.5M over the prior approved CIP but decreases \$28.3M in the first four years.**
- **\$25.9M in FY24 Recordation and Impact Tax revenue shortfalls when projects are already under construction and cannot be deferred.**

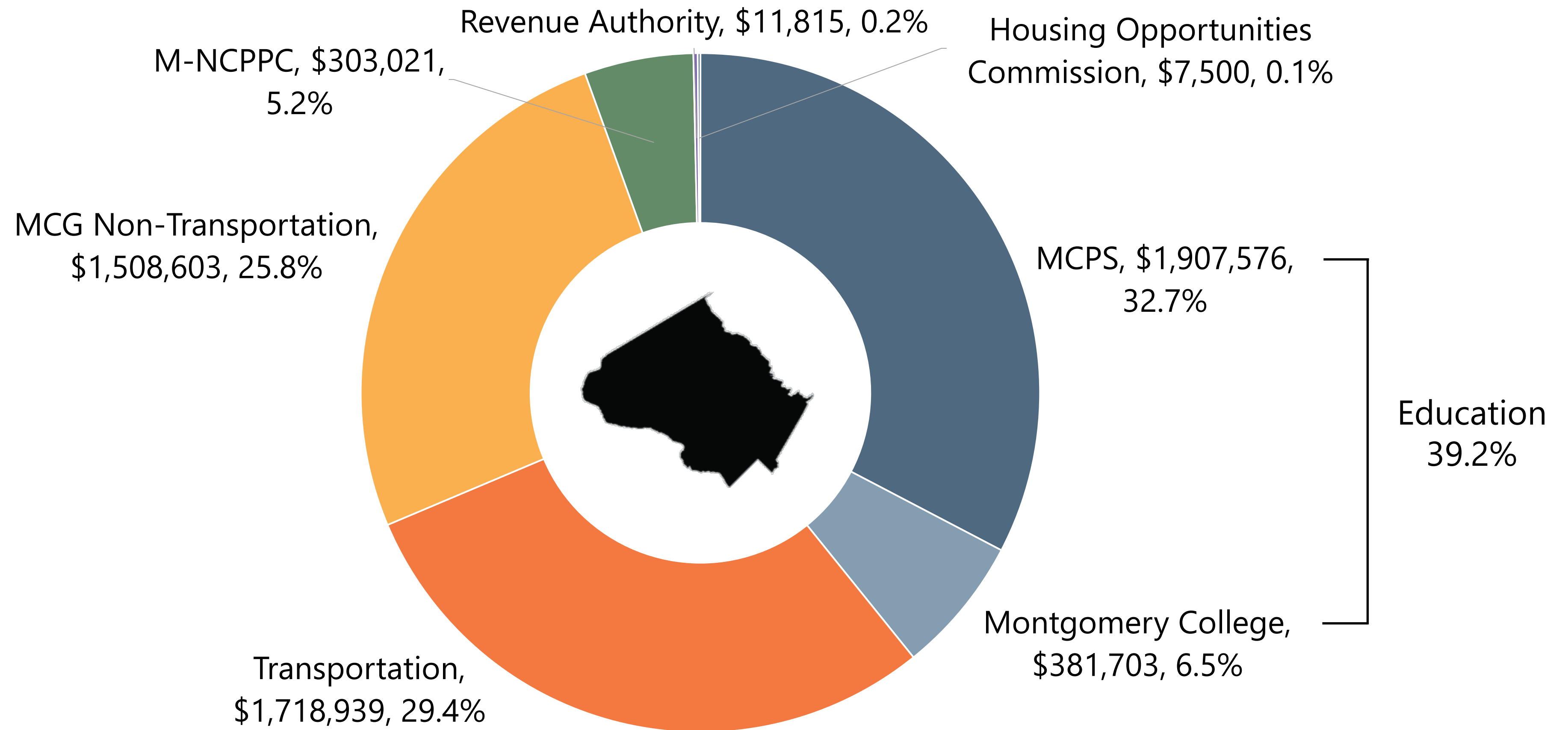




FY25-30 Capital Improvements Program Overview



County Executive's Recommended FY25-30 CIP* (\$5.839B) (\$000s)

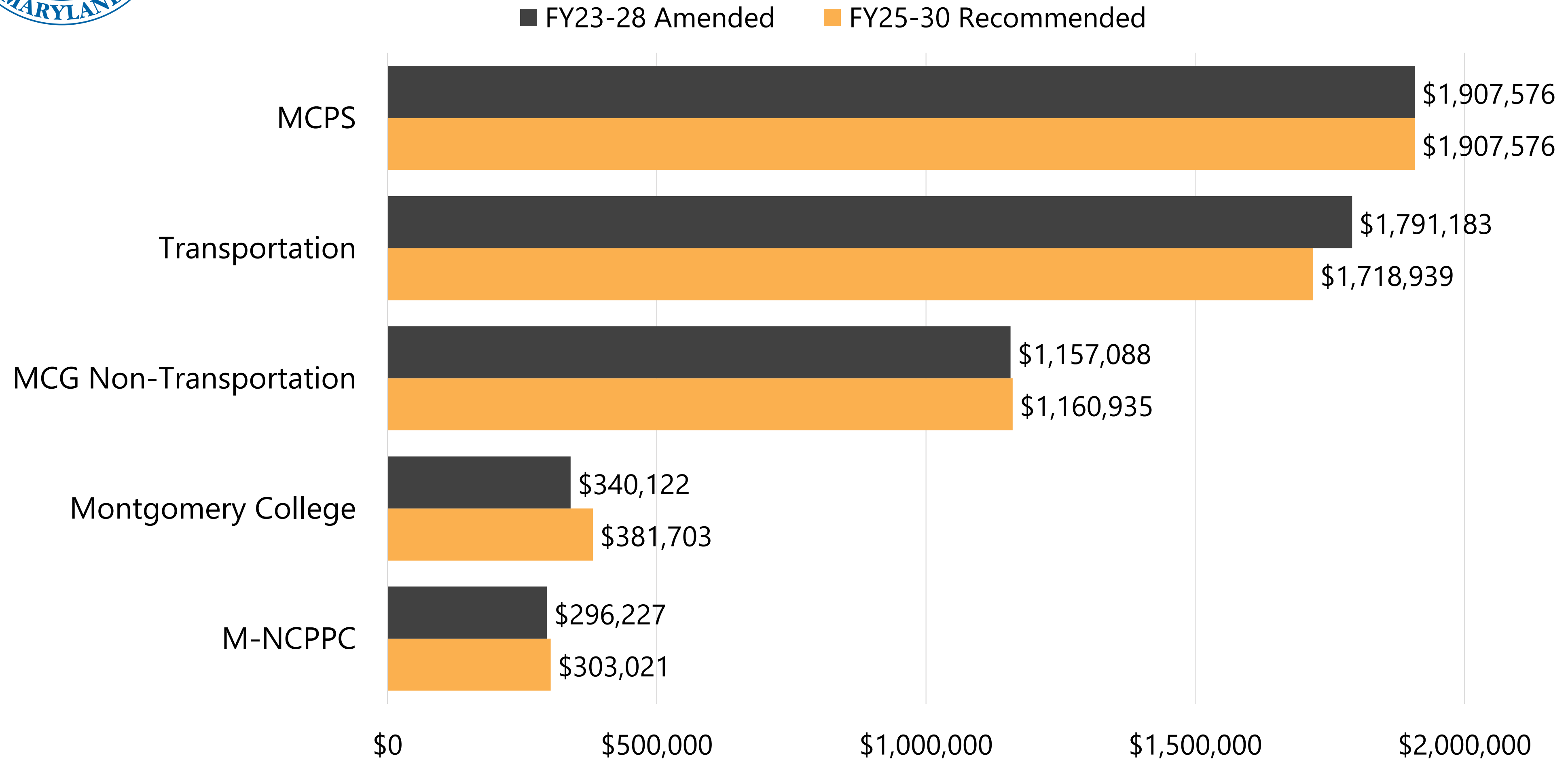


*Excludes WSSC Water



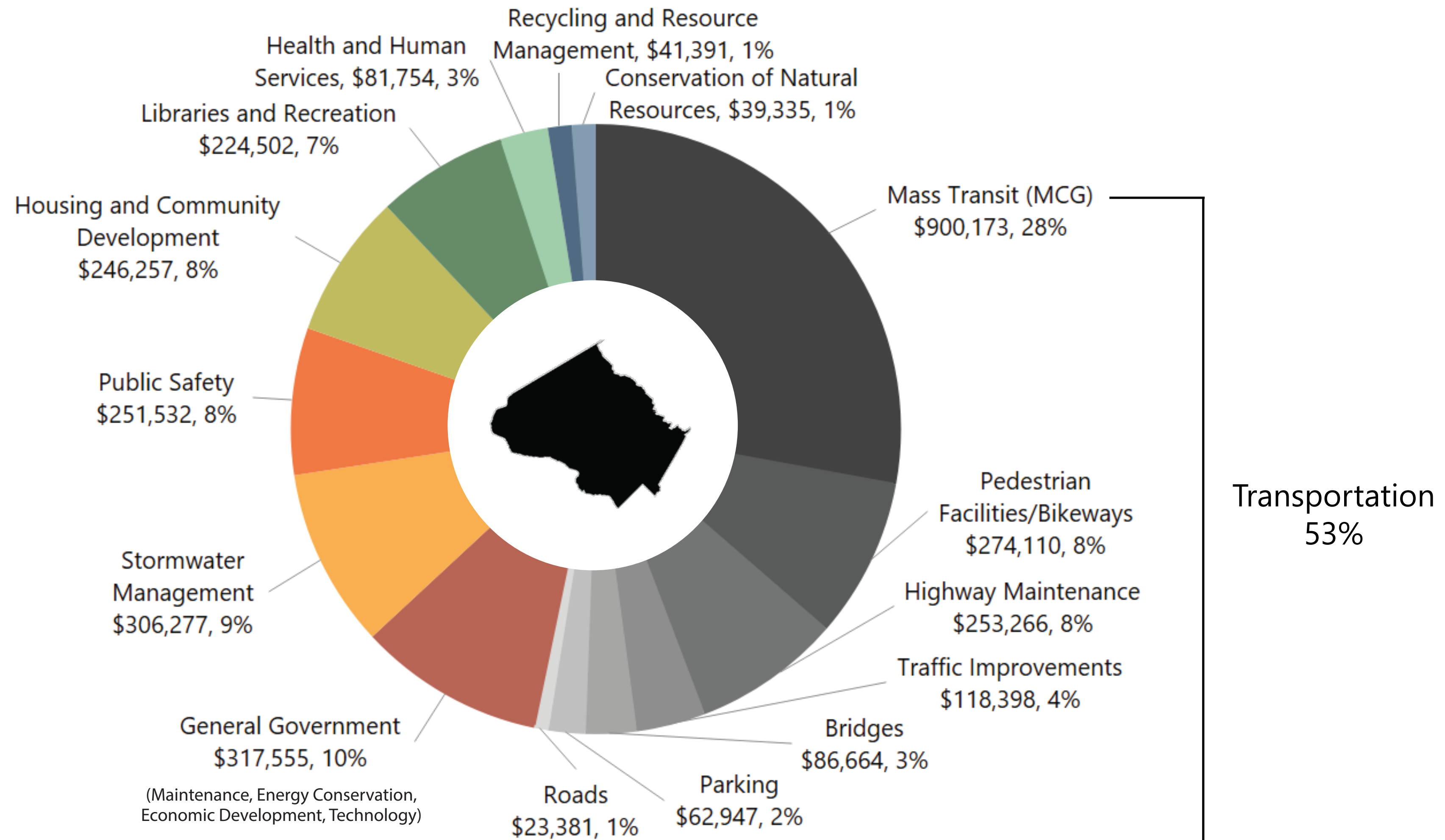
Allocation by Category (Tax-Supported)

FY23-28 Amended Approved vs FY25-30 Recommended



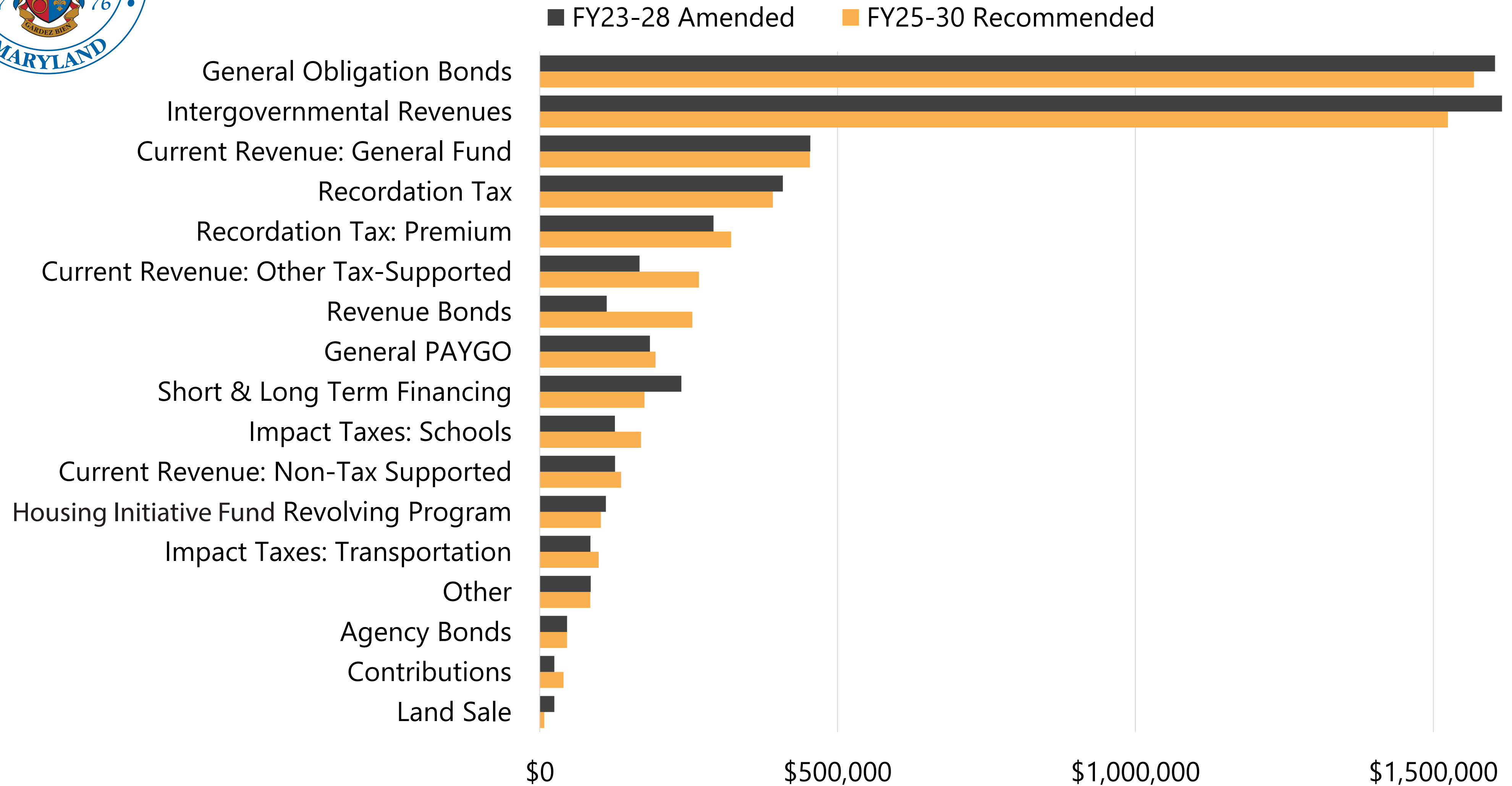


County Government FY25-30 Recommended Six-Year Expenditures (\$000s)





Major Funding Changes by Source (000's)





Highlights



Education

Montgomery County Public Schools

- Continues previously approved record funding level
- Adds \$169.1 million in the first four years
- Includes renovations and additions for elementary, middle and high schools, and other infrastructure investments
- MCPS is the largest CIP spending category at 43.2 percent of local construction dollars
- Leverages \$580.3 million in State aid

Montgomery College

- Provides construction funding for a new East County campus
- Adds funds for the Germantown Student Services Center project
- Supports cost increases for several level of effort projects





Housing

- Provides \$194.7 million in additional funding to support affordable housing
- Adds \$50 million to finance new affordable housing projects
- Intent to add another \$50 million in March
- Increases the Nonprofit Housing Preservation Fund by \$30 million, or 150 percent through funding shifts
- Launches new Troubled and Distressed Common Ownership Communities program





Transportation

Provides \$1.7 billion to support critical transportation infrastructure

	6-Year Total (\$000s)
Mass Transit (MCG)	900,173
Pedestrian Facilities/Bikeways	274,110
Highway Maintenance	253,266
Traffic Improvements	118,398
Bridges	86,664
Parking	62,947
Roads	23,381
Transportation Total	1,718,939



Transportation

Building a Bus Rapid Transit System: \$588 Million Invested

US 29 Flash
Opened Fall 2020

Veirs Mill BRT
Final Design,
Funds Construction.
Opening in FY27.

MD 355 BRT
Final Design,
Complete Construction
of Central Portion with
Service Launching in FY29.

US 29 Flash Phase 2
Preliminary Design

North Bethesda BRT
Planning

New Hampshire BRT
Planning

Randolph Road BRT
BRT Not Started

Georgia Avenue BRT
BRT Not Started
Bus Lane designed == == ==
by WMATA/MDOT-SHA

University Boulevard BRT
BRT Not Started
Wheaton – Four Corners
Bus Lane installed == == ==
-by MCDOT

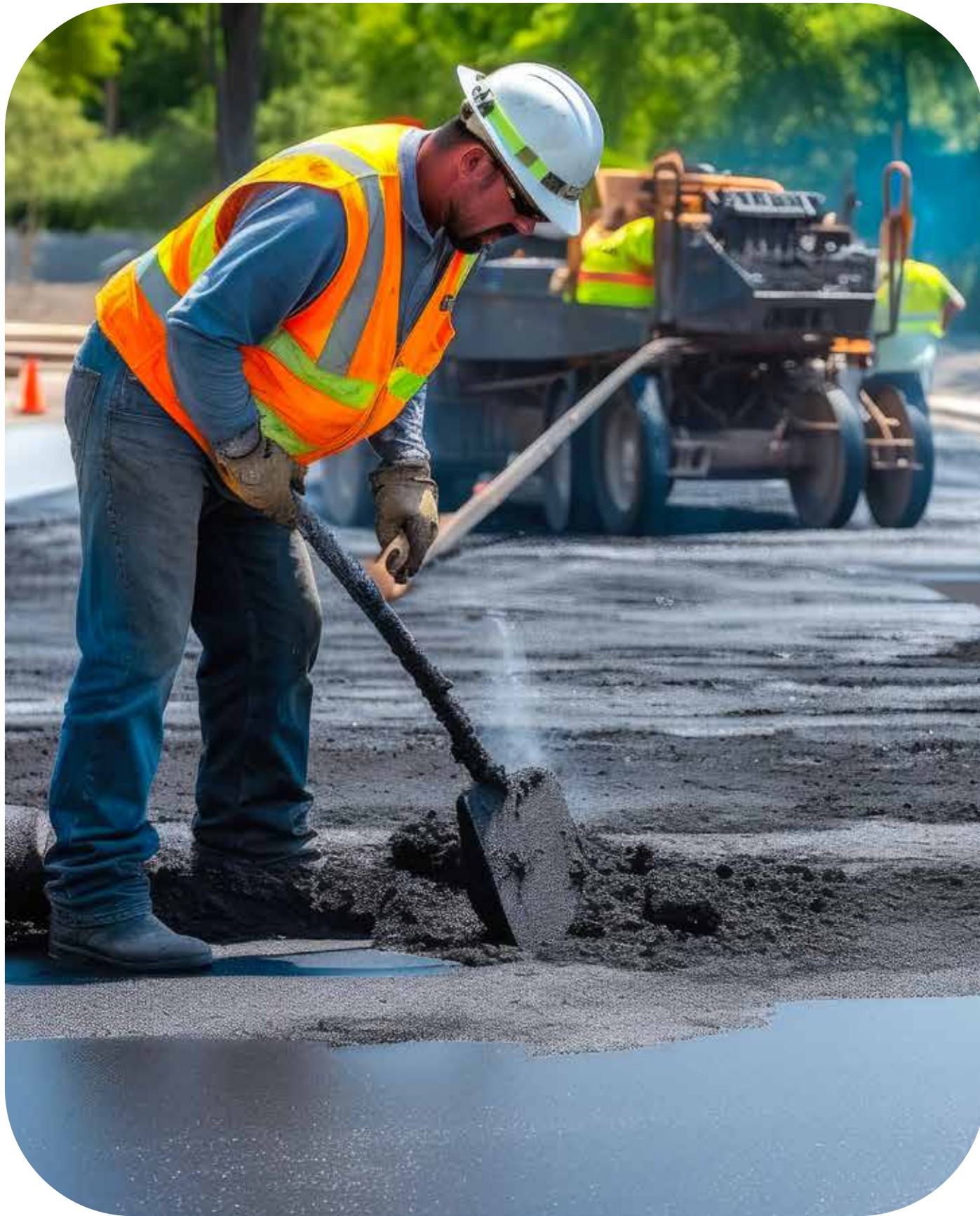




Transportation

Maintenance

- Adds funds for resurfacing and rehabilitation of County roads and sidewalk repair
- Leverages Federal aid for bridge replacement and rehabilitation including several new projects:
 - Brookville Road Bridge
 - Redland Road Bridge
 - Schaeffer Road Bridge





Transportation

Pedestrian Facilities and Bikeways

- **Projects currently under construction or scheduled to begin construction in FY25 include:**
 - **Fenton Street Cycletrack**
 - **Good Hope Shared Use Path**
 - **MD 355 Clarksburg Shared Use Path**
 - **Dale Drive Shared Use Path and Safety Improvements**
- **Awarded Federal funding to construct bicycle parking facilities at the Silver Spring Transit Center and Bethesda Metro Station**





Environment

- **Energy Conservation:** Invests \$40 million to enhance energy conservation in County-owned facilities and to support implementation of Building Energy Performance Standards
- **Flood Mitigation:** Adds \$153 million to begin implementation of the comprehensive flood management plan
- **Fleet Electrification:** Funds purchase of 219 electric battery and hydrogen fuel cell buses, continuing the transition to 100 percent zero-emissions bus fleet by 2035
- **Bus Depot:** Funds concept design and environmental studies for a new bus depot to support transition of the bus fleet away from fossil fuels





Culture and Recreation

- **Clarksburg Library**
 - Supports design and construction of a new library for a growing community that does not have a library
 - Also funds purchase of alternative site for this library
- **Western County Recreation Center: Funds design and construction of a new recreation facility to address an unmet need in Western Montgomery County**
- **Historic Lincoln High School: Adds funds to support completion of shell, and HVAC and electrical work to continue stabilization and activation of this space**





Culture and Recreation

- **Wheaton Arts and Cultural Center:** Supports the buildout of ground floor arts and cultural spaces
- **Silver Spring Recreation and Aquatic Center:** Opening spring 2024 and will provide 120,000 gross square feet of public recreation space in Downtown Silver Spring
- **New Recreation Ongoing Maintenance Projects:** Adds two new level of effort projects to ensure that indoor equipment and outdoor playgrounds that support recreational programming remain in good repair





Economic Development

- **Wheaton Headquarters Retail: Adds funds to support the build-out of ground floor retail**
- **Henry Jackson Foundation Innovation Labs at Montgomery County: Supports development of co-branded life science innovation facility**
- **Glenmont Shopping Center: Funds property acquisition to support economic development goals**
- **Maintains support for transit-oriented redevelopment in North Bethesda (formerly White Flint)**
- **Continues support for mixed-use redevelopment in White Oak**





Public Safety

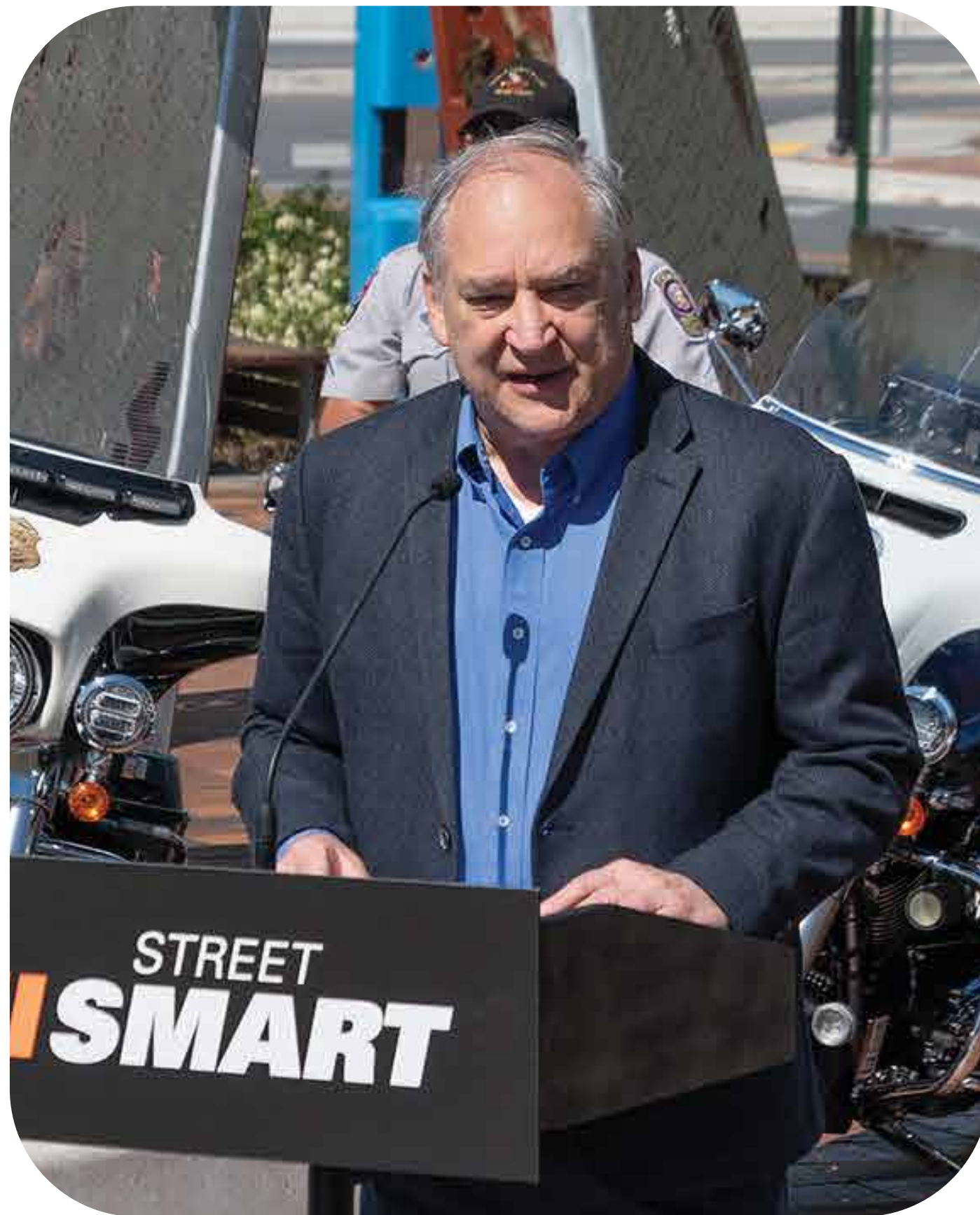


- **Clarksburg Fire Station:** Opening spring 2024 and will allow the fire service to relocate out of temporary leased space to serve the Clarksburg community
- **6th District Police Station:** Opening summer 2025, this project relocates police operations out of temporary leased space to a purpose-built modern facility
- **White Flint Fire Station:** Funds design and construction of a new station to support growth in North Bethesda. Completion expected in FY27.
- **Diversion Center:** Funds design and construction of a facility to provide an alternative to emergency departments or the criminal justice system for those experiencing a behavioral health crisis. Completion expected in FY29.



Other Priorities

- **Security Cameras in County-Owned Parking Garages: Expand and upgrade security cameras so patrons feel secure while using our facilities**
- **Audio Visual Equipment for Circuit Court: Replace outdated audio-visual system in 18 South Tower courtrooms**
- **Fund cost increases in transportation and County government projects**
- **Modest inflationary increases for level of effort projects to preserve buying power to maintain existing County facilities in good repair**





Opportunities



Prudent Investment of Surplus

One-time use of surplus to:

- Backfill FY24 and FY25 revenue shortfalls totaling \$45.9 million
- One-time infusion of cash to advance housing priorities
- One-time infusion of cash investments to support critical one-time infrastructure priorities in the capital budget in FY25





Truth in Budgeting - Deferrals for Fiscal Capacity

- Red Brick Courthouse Structural Repairs
- Recreation Facility Refurbishments
- Dorsey Mill Road Bridge
- Bradley Boulevard Improvements
- Capital Crescent Trail Tunnel
- Forest Glen Passageway
- Goldsboro Road Sidewalk and Bikeway
- Tuckerman Lane Sidewalk
- Observation Drive Extended
- Summit Avenue Extended





Outside Agency Affordability Adjustments

Montgomery County Public Schools

- Provides \$1.9 billion for school construction
- \$91.2 million 6-year reduction of the request is unaffordable; \$51.5 million deferred beyond 6 years

Montgomery College

- Provides \$381.7 million of the Board's request
- Does not fund \$83.2 million requested for Rockville Theater Arts Building Renovation due to affordability

M-NCPPC

- Provides \$303.0 million in support
- \$13.2 million in GO bonds is unaffordable

HOC

- Provides \$7.5 million in support
- No recommended reductions





Transportation

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Critical Transportation Investments Required

- Forced to defer several transportation projects due to constrained revenues, construction cost increase, and historical MCPS CIP underbudgeting
- New State legislation allowing special taxing districts for corporations to support transportation improvements is essential





Critical Transportation Investments Required

- Northern Virginia has raised \$424.7 million in FY22 alone dedicated to transportation projects by working with the State of Virginia to raise taxes to support critical infrastructure:
 - Increased Sales and Use Tax by 0.7 percent
 - Imposed a 2 percent Hotel Tax
- Imposed a Congestion Relief Tax of \$0.15 per \$100 valuation
- Regional projects receive 70 percent of revenues
- Localities enacting the local Commercial and Industrial Property Tax of \$0.125 per \$100 valuation or dedicate an equivalent amount receive 30 percent





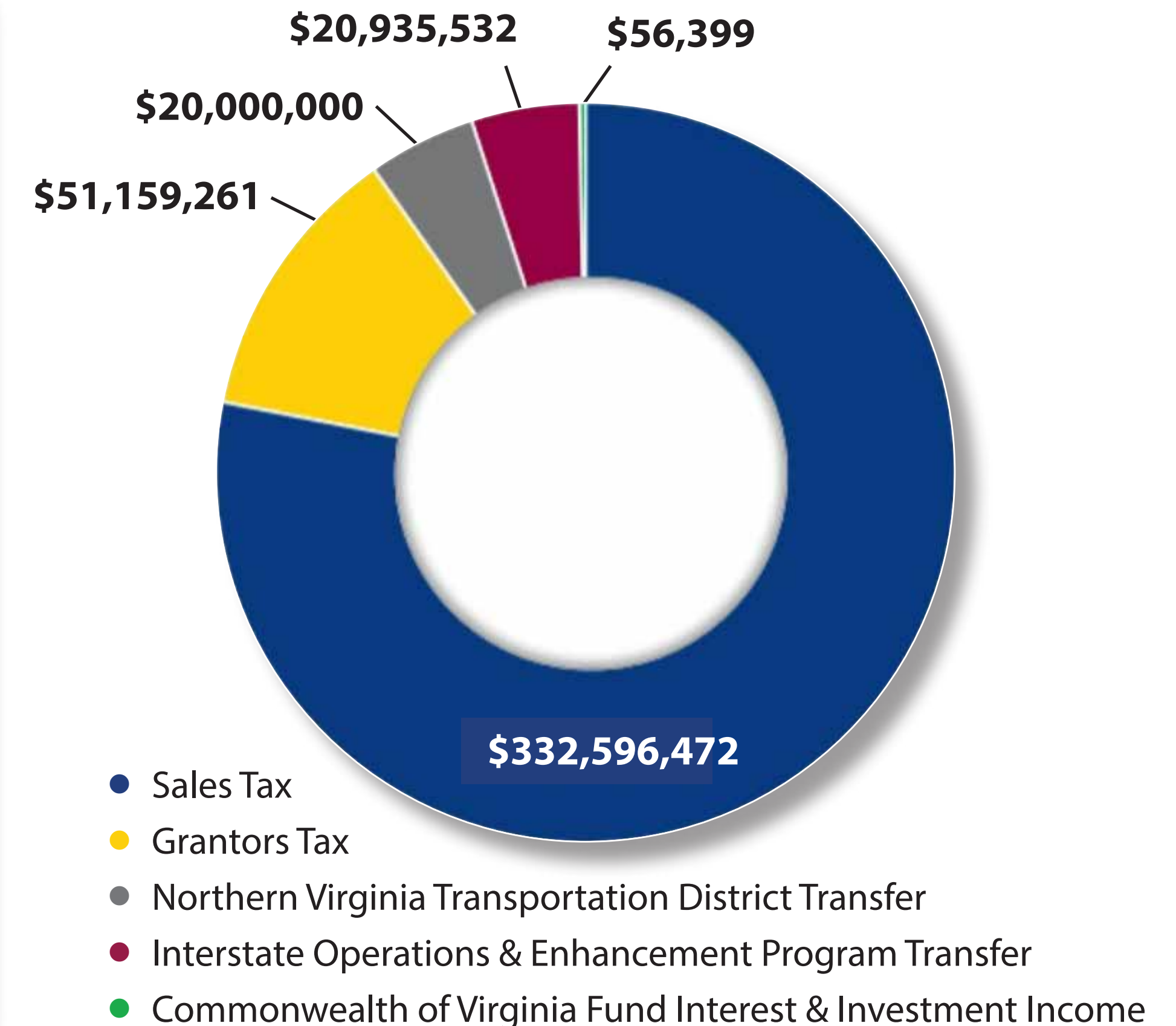
Transportation Dedicated Revenues

Must identify new revenues to address congestion, plan for regional growth, provide transportation choices, and increase accessibility as our regional competitors have.

Regional Funding by Corridor
FISCAL YEARS 2014-2027

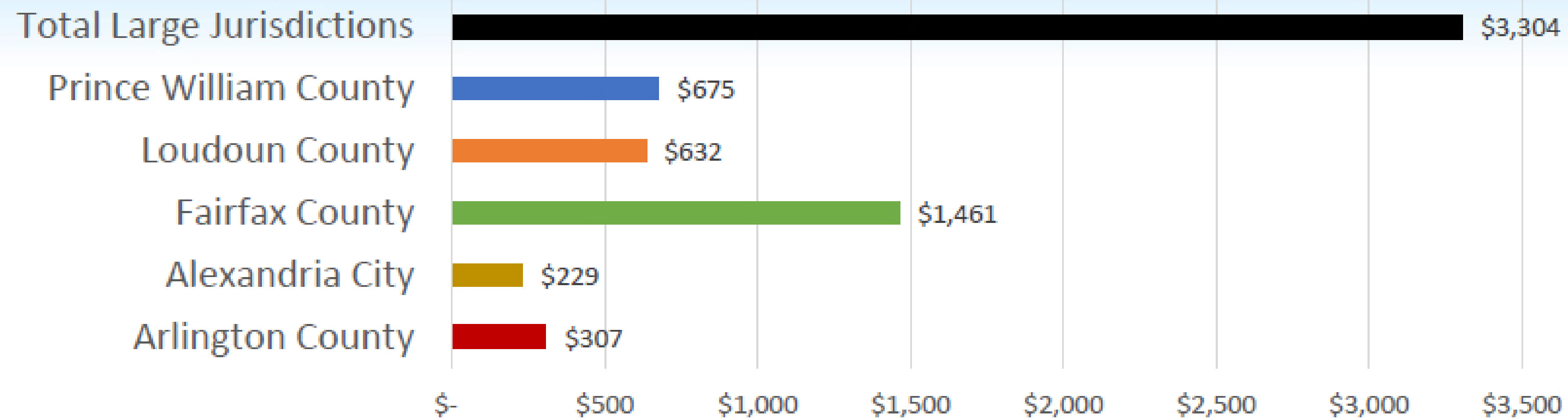
CORRIDOR	NVTA REGIONAL FUNDING
I-95/I-395/US 1/VRE Fredericksburg/Blue-Yellow Line	\$1,141,417,515
Loudoun County Parkway/Route 234	\$465,335,000
Route 7/Dulles Toll Road/Silver Line	\$386,264,037
Fairfax County Parkway	\$302,211,000
Route 28	\$289,950,309
I-66/US 29/US 50/Orange-Silver Line VRE Manassas	\$239,017,644
I-495	\$114,783,161
US 15	\$56,000,000
Columbia Pike/Braddock Road/VRE Manassas	\$55,850,000
US 50	\$35,250,000
Prince William Parkway	\$35,000,000
TOTAL	\$3,121,078,666

Fiscal Year 2022 Overall Revenue for NVTA





NVTA Funded “New Capital” Projects: \$3.3B to the large jurisdictions over 8 years



Comparison: MDOT CTP: FY25-29 ~\$53m of MDOT/SHA New Projects, \$1B Montgomery Purple Line*

*Non-Federal Aid cost element = \$2B, assigned 50% to Montgomery County





Other Factors

Infrastructure Maintenance

- VDOT maintains and operates the vast majority of roads
- Local/regional funds focused on capital improvements

Toll Financed Transit

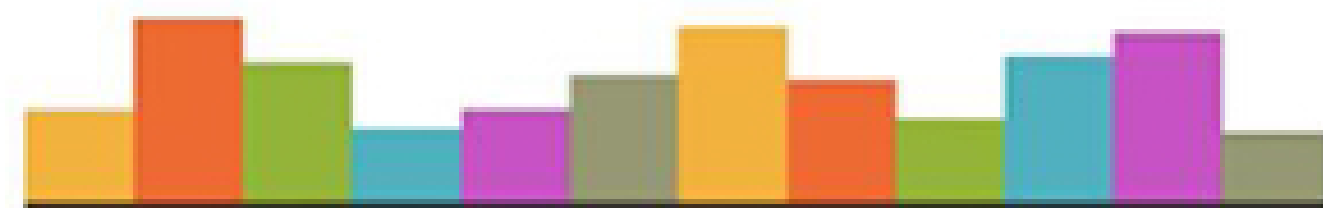
- MWAA Tolls a major source for Metro Silver Line

State Competitive Funding Program for High Priority Projects

- SmartScale allocated state funding to highly rated local projects

More Predictability

- Regional dedicated funding pool and process creates more certainty for project funding/ less competition with other state and local funding priorities



**SMART
SCALE**

*Funding the Right
Transportation Projects
in Virginia*



Special Funding Districts

Fairfax County Special Taxing Districts

Source: Fairfax County Budget



FY 2024 and FY 2025 MULTI-YEAR BUDGET PLAN: TAX AND FEE FACTS					
Type	Unit	FY 2022 Actual Rate	FY 2023 Actual Rate	FY 2024 Adopted Rate	FY 2025 Planned Rate
OTHER SPECIAL TAX DISTRICTS					
Route 28 Corridor	\$100/Assessed Value	\$0.17	\$0.17	\$0.16	\$0.16
Dulles Rail Phase I	\$100/Assessed Value	\$0.09	\$0.09	\$0.09	\$0.09
Dulles Rail Phase II	\$100/Assessed Value	\$0.20	\$0.20	\$0.18	\$0.18
Tysons Service District	\$100/Assessed Value	\$0.05	\$0.05	\$0.05	\$0.05
Reston Service District	\$100/Assessed Value	\$0.021	\$0.021	\$0.021	\$0.021

Arlington County Special Taxing Districts

Special Assessment District Funds

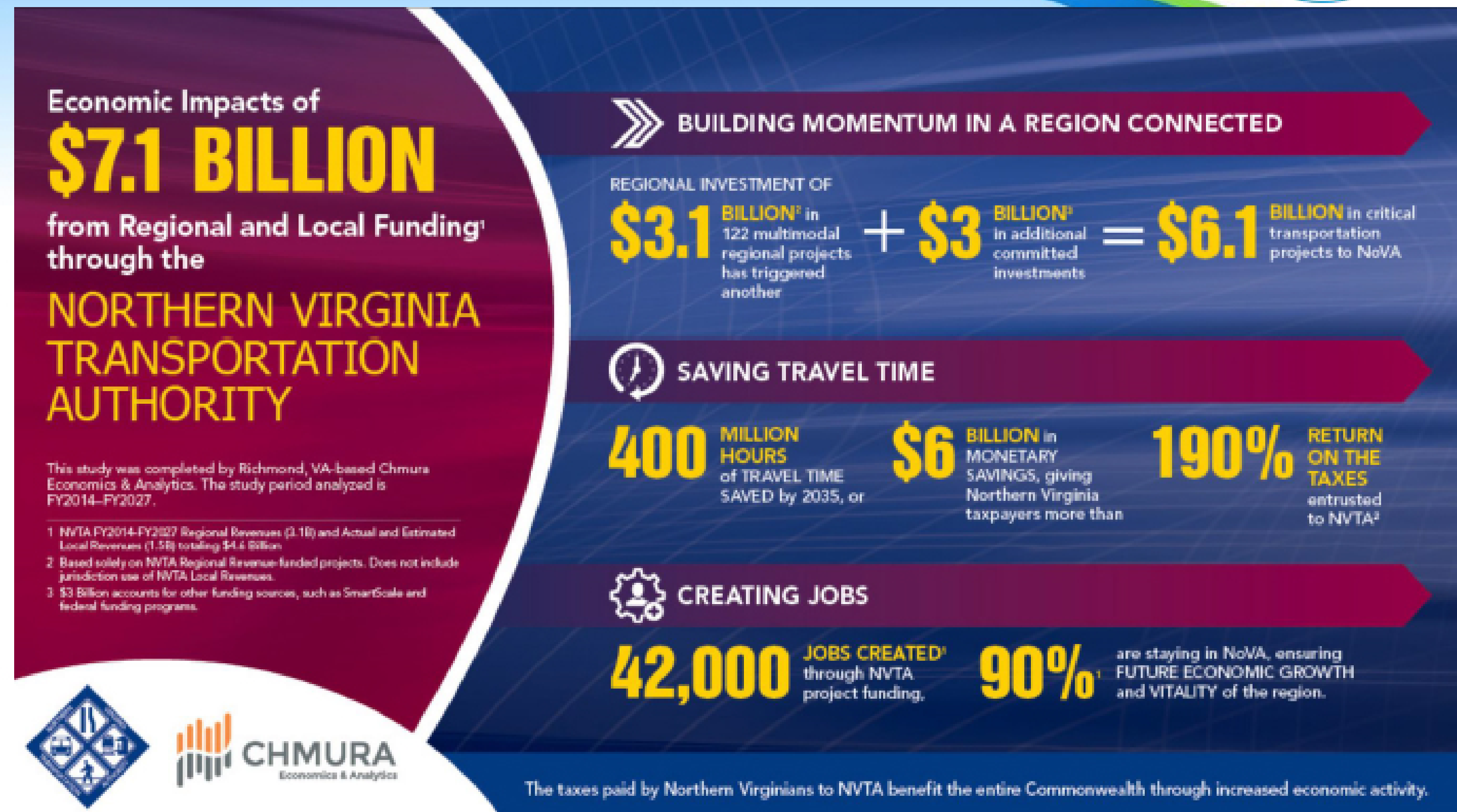
- The Ballston Business Improvement Service District CY 2023 tax rate remains at \$.045 for each \$100 of real estate assessed value, no change from the CY 2022 tax rate. This tax is imposed to fund additional services in the Ballston area. This service district tax rate is in addition to the real estate tax rate and is assessed to commercially zoned properties in the District
- The National Landing Business Improvement Service District CY 2023 tax rate remains at \$0.043 for each \$100 of real estate assessed value, no change from the CY 2022 rate. This tax is imposed to fund additional services in the downtown Crystal City, Potomac Yard, and Pentagon City areas. This service district tax rate is in addition to the real estate tax rate.
- The Rosslyn Business Improvement Service District CY 2023 tax rate remains at \$0.078 for each \$100 of real estate assessed value, no change from CY 2022 rate. This tax is imposed to fund additional services in the downtown Rosslyn area. This service district tax rate is in addition to the real estate tax.





Transportation Funding - Findings

- NoVA's Funding Strategy has been very successful
- Combination of Local, Regional, and State investments
- Local revenues are generated and dedicated to local transportation infrastructure
- Criteria are in place to guide investment to high priority, impactful projects
- Regional approach has been supplemented with infrastructure finance districts to meet particular needs:
 - Silver Line, Dulles Area Roads, Potomac Yards Metro Station, etc.



Source: NVTA Economic Impact Study Fact Sheet





Congratulations on your retirement!

Mary Beck, thank you for your many years of tireless service to Montgomery County.





Capital Budget Contacts

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