



Committee: Directly to Council

Committee Review: N/A

Staff: Keith Levchenko, Senior Legislative Analyst
Glenn Orlin, Senior Analyst

Purpose: To make preliminary decisions – straw vote expected

Keywords: #CapitalImprovementsProgram

AGENDA ITEM #5

May 14, 2020

Action

SUBJECT

FY21-26 Capital Improvements Program (CIP) Revised Reconciliation – Changes to FY21

EXPECTED ATTENDEES

None

BACKGROUND

- On May 14, the Council preliminarily approved a [CIP Reconciliation](#) to balance its FY21-26 CIP.
- On May 16, Office of Management and Budget staff identified an error by Council Staff in the Council Reconciliation within the [MCPS: Funding Reconciliation](#) project description form (PDF). This project included the Recordation Tax (Schools) write-down (-\$20.9 million over six-years and -\$19.9 million in FY21) but Council Staff had not correspondingly increased General Obligation Bonds to offset this reduction. This led to an undercount of General Obligation Bonds in the Council's reconciliation resulting in an additional gap that needs to be addressed as shown below:

| | FY21-26 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|----------------------------|----------|----------|------|------|------|-------|---------|
| Additional Gap (in \$000s) | (20,884) | (19,861) | 640 | (45) | (42) | (248) | (1,328) |

- The changes in FYs22-26 are minor enough to be accommodated within the original Council Reconciliation's assumed set-asides for those years.
- However, the FY21 gap (\$19.9 million) will require further expenditure reductions.

COUNCIL STAFF RECOMMENDATION

- Since only FY21 requires adjustment, Council Staff recommends pursuing a similar strategy to that noted at the [May 14 discussion \(Agenda Item #8A\)](#) to potentially reduce General Obligation Bond expenditures in FY21. In that discussion, Council Staff identified potential FY21 reductions in various "level of effort" projects.
- Council Staff has assembled the first two tranches of that list (cuts totaling \$20 million), which if done as a package would balance the newly identified FY21 gap.
- The following chart presents each project to be adjusted and shows the FY21 expenditures as per the FY19-24 CIP, the FY21 expenditures proposed by the Executive and the outside agencies, the May 14 Reconciliation expenditures for FY21, the reductions from the Reconciliation expenditures now recommended by Council Staff, and the resulting FY21 totals for each project if Council Staff's recommendations are taken.

| Project | FY19-24 | FY21-26 | | | |
|---|------------------|------------------|------------------------|-----------------|-----------------|
| | Approved FY21 | Proposed FY21 | Reconciliation FY21 | Change FY21 | Revised FY21 |
| County Government | | | | | |
| PLAR: MCG | 2,250 | 2,250 | 2,550 | (800) | 1,750 |
| Roof Replacement: MCG | 2,240 | 2,240 | 2,240 | (500) | 1,740 |
| HVAC: Fire Stations | 1,150 | 1,237 | 1,237 | (500) | 737 |
| Library Refurbishment Level of Effort | 2,450 | 3,455 | 3,455 | (1,000) | 2,455 |
| Child Care Renovations | 1,250 | 2,427 | 2,427 | (500) | 1,927 |
| Resurfacing: Rural/Residential | 2,944 | 10,000 | 10,000 | (2,000) | 8,000 |
| Resurfacing Park Roads and Bridges | 600 | 600 | 600 | (300) | 300 |
| Sidewalk & Curb Replacement | 4,500 | 4,500 | 4,500 | (1,000) | 3,500 |
| Resurfacing: Primary/Arterial | 6,750 | 6,750 | 6,750 | (1,000) | 5,750 |
| Residential & Rural Road Rehabilitation | 3,150 | 8,100 | 8,100 | (2,000) | 6,100 |
| Swimming Pool Slide Replacement | 0 | 1,453 | 953 | (953) | 0 |
| Montgomery County Public Schools | | | | | |
| HVAC: MCPS | 10,000 | 25,000 | 20,000 | (4,000) | 16,000 |
| PLAR: MCPS | 6,250 | 15,185 | 12,000 | (2,000) | 10,000 |
| Roof Replacement: MCPS | 6,000 | 12,000 | 10,000 | (2,000) | 8,000 |
| Restroom Renovations | 2,250 | 3,000 | 3,000 | (547) | 2,453 |
| Montgomery Parks | | | | | |
| Ballfield Initiatives | 1,250 | 1,750 | 1,750 | (500) | 1,250 |
| Trails: Hard Surface Renovation | 450 | 550 | 700 | (200) | 500 |
| Minor New Construction: NL Parks | 350 | 700 | 700 | (200) | 500 |
| Total Change (in \$000s) | | | | (20,000) | |

- As shown in the chart several County Government projects would see one-year reductions from both their approved and proposed FY21 levels as a result of these cuts (such as PLAR: MCG, Roof Replacement: MCG, HVAC: Fire Stations, and several Transportation projects). The new Swimming Pool Slide Replacement project would start in FY22 instead of FY21.
- Other projects would still have the same or increased funding in FY21 compared to what was in the FY19-24 Approved CIP for FY21 (such as several Transportation projects, the Schools projects, and the Montgomery Parks projects).
- If the Council has concerns about any of the above recommended reductions, Council Staff has identified some other projects that could be considered as alternatives. These include:

| Project | FY19-24 | FY21-26 | | | |
|---|------------------|------------------|------------------------|----------------|-----------------|
| | Approved FY21 | Proposed FY21 | Reconciliation FY21 | Change FY21 | Revised FY21 |
| County Government | | | | | |
| Life Science and Technology Centers | 0 | 600 | 600 | (600) | 0 |
| Permanent Patching: Rural/Res. Roads | 3,150 | 3,150 | 3,150 | (500) | 2,650 |
| Montgomery County Public Schools | | | | | |
| Outdoor Play Space Maintenance Pgm | 0 | 450 | 450 | (450) | 0 |
| Restroom Renovations (further cut) | 2,250 | 3,000 | 2,453 | (203) | 2,250 |
| Montgomery College | | | | | |
| Capital Renewal: College | 2,000 | 2,000 | 2,000 | (500) | 1,500 |
| PLAR: College | 2,500 | 4,000 | 4,000 | (500) | 3,500 |
| Montgomery Parks | | | | | |
| Trails: Hard Surface Ren. (further cut) | 450 | 550 | 500 | (50) | 450 |
| PLAR: Non-Local Parks | 3,209 | 5,030 | 5,030 | (1,569) | 3,461 |
| Total Change (in \$000s) | | | | (4,372) | |

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Staff: Keith Levchenko, Senior Legislative Analyst
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ADDENDUM
AGENDA ITEM #5
May 19, 2020
Action

SUBJECT

FY21-26 Capital Improvements Program (CIP) Revised Reconciliation – Changes to FY21

EXPECTED ATTENDEES

None

BACKGROUND

- The Council Staff Report for Agenda item #5 includes a list of potential project reductions in FY21 to achieve \$20 million in General Obligation (G.O.) Bond savings in FY21.
- Subsequent to the release of the Staff Report, the Department of Parks and the Department of Transportation have suggested alternative FY21 G.O. cuts of equal value within their respective capital programs:
 - DOT recommends reducing Resurfacing: Residential/Rural Roads by \$1 million instead of \$2 million. It would make up the difference by taking a further reduction in Rural and Residential Road Rehabilitation by \$400,000, and by reducing ADA Compliance: Transportation by \$200,000 and Sidewalk Program Minor Projects by \$400,000. In the latter two projects there are funds unspent in FY20 that can be carried over to make up the difference.
 - Parks recommends not reducing \$400,000 (\$200,000 each) in Trails: Hard Surface Renovation and in Minor New Construction: Non-Local Parks. It would make up the difference by reducing PLAR: Non-Local Parks by \$250,000, and by reducing the FY21 funds for Ovid Hazen Wells Park and Josiah Henson Park by \$100,000 and \$50,000 respectively. Parks staff now believe the latter two projects will not need these amounts in order to complete the projects.
- Council Staff has assembled these items and presented them in a revised chart on the next page. The changes are highlighted in ***bold italics***.

COUNCIL STAFF RECOMMENDATION

Approve the \$20 million of reductions in the chart below:

| Project | FY19-24 | FY21-26 | | | |
|--|------------------|------------------|--|----------------|-----------------|
| | Approved FY21 | Proposed FY21 | Reconciliation FY21 | Change FY21 | Revised FY21 |
| County Government | | | | | |
| PLAR: MCG | 2,250 | 2,250 | 2,550 | (800) | 1,750 |
| Roof Replacement: MCG | 2,240 | 2,240 | 2,240 | (500) | 1,740 |
| HVAC: Fire Stations | 1,150 | 1,237 | 1,237 | (500) | 737 |
| Library Refurbishment Level of Effort | 2,450 | 3,455 | 3,455 | (1,000) | 2,455 |
| Child Care Renovations | 1,250 | 2,427 | 2,427 | (500) | 1,927 |
| ADA Compliance: Transportation | 1,000 | 1,200 | 1,200 | (200) | 1,000 |
| Resurfacing: Rural/Residential | 2,944 | 10,000 | 10,000 | (1,000) | 9,000 |
| Resurfacing Park Roads and Bridges | 600 | 600 | 600 | (300) | 300 |
| Sidewalk & Curb Replacement | 4,500 | 4,500 | 4,500 | (1,000) | 3,500 |
| Sidewalk Program - Minor Projects | 2,414 | 2,414 | 2,414 | (400) | 2,014 |
| Resurfacing: Primary/Arterial | 6,750 | 6,750 | 6,750 | (1,000) | 5,750 |
| Residential & Rural Road Rehabilitation | 3,150 | 8,100 | 8,100 | (2,400) | 5,700 |
| Swimming Pool Slide Replacement | 0 | 1,453 | 953 | (953) | 0 |
| Montgomery County Public Schools | | | | | |
| HVAC: MCPS | 10,000 | 25,000 | 20,000 | (4,000) | 16,000 |
| PLAR: MCPS | 6,250 | 15,185 | 12,000 | (2,000) | 10,000 |
| Roof Replacement: MCPS | 6,000 | 12,000 | 10,000 | (2,000) | 8,000 |
| Restroom Renovations | 2,250 | 3,000 | 3,000 | (547) | 2,453 |
| Montgomery Parks | | | | | |
| Ballfield Initiatives | 1,250 | 1,750 | 1,750 | (500) | 1,250 |
| PLAR: Non-Local Parks | 3,209 | 5,030 | 5,030 | (250) | 4,780 |
| Ovid Hazen Wells Park (in FY21) | 1,039 | 800 | 400 | (100) | 300 |
| Josiah Henson Park (in FY21) | 862 | 1,062 | 1,062 | (50) | 1,012 |
| | | | Total Change (in \$000s) (20,000) | | |

The following chart includes other reductions that could be taken instead of all or part of those in the prior chart:

| Project | FY19-24 | FY21-26 | | | |
|---|------------------|------------------|------------------------|----------------|-----------------|
| | Approved FY21 | Proposed FY21 | Reconciliation FY21 | Change FY21 | Revised FY21 |
| County Government | | | | | |
| Life Science and Technology Centers | 0 | 600 | 600 | (600) | 0 |
| Permanent Patching: Rural/Res. Roads | 3,150 | 3,150 | 3,150 | (500) | 2,650 |
| Montgomery County Public Schools | | | | | |
| Outdoor Play Space Maintenance Pgm | 0 | 450 | 450 | (450) | 0 |
| Restroom Renovations (further cut) | 2,250 | 3,000 | 2,453 | (203) | 2,250 |
| Montgomery College | | | | | |
| Capital Renewal: College | 2,000 | 2,000 | 2,000 | (500) | 1,500 |
| PLAR: College | 2,500 | 4,000 | 4,000 | (500) | 3,500 |
| Montgomery Parks | | | | | |
| Trails: Hard Surface Ren. (further cut) | 450 | 550 | 500 | (50) | 450 |
| PLAR: Non-Local Parks (further cut) | 3,209 | 5,030 | 4,780 | (1,319) | 3,461 |
| Total Change (in \$000s) | | | | | (4,122) |

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