Montgomery County Council

Committee: Directly to Council
Committee Review: N/A
Staff: Gene Smith, Legislative Analyst
Purpose: To receive public testimony – no votes expected
Keywords: Debt, CIP

AGENDA ITEM #6
July 12, 2022
Public Hearing

SUBJECT

Public Hearing – Expedited Bill 19-22, Bond Authorization

EXPECTED ATTENDEES

N/A

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

The Executive requests that the Council introduce and act on the subject expediated bill and its companion resolution (see ©1-11). The Council's action is required to implement the appropriations approved in the FY23-28 Capital Improvements Program (CIP). The Executive requests that the Council consider this as an expedited legislation to take advantage of the current market conditions this summer.

SUMMARY OF KEY DISCUSSION POINTS

- Expedited Bill 19-22 increases the County's general obligation (G.O.) bond authorization by $420,300,000 in certain public facility categories (see ©2-5). Section 20-14 of the County Code defines the public facility categories that may be funded by G.O. bonds.
- The bonds will be secured by the full faith and credit and taxing authority of the County.
- Additional authority is needed to fund the approved appropriations for the CIP projects in the public facility categories as identified in Column (g) on ©6. These appropriations were approved by the Council in the FY23-28 CIP.
- Action on the bill is tentatively scheduled later in the Council session following the public hearing.

This report contains:

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

June 15, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2023 Capital Budget and Resolution Providing for the Consolidation of Certain Previously Authorized Notes for Sale and Issuance as a Single Issue

The approved Capital Budget for Fiscal Year 2023 provides for certain increased appropriation authority that will require funding initially from Commercial Paper Bond Anticipation Notes and permanent financing from future County general obligation bond issues.

The Council, therefore, will have to consider the related additional bond authority by category necessary to implement this program fully. Accordingly, I am transmitting the attached bill providing for this action. This legislation was prepared by the County's bond counsel, McKennon Shelton & Henn LLP, and reviewed by the Department of Finance. The fiscal impact statement (FIS) for this legislation is contained within the approved Operating Budget and consists of the related annual debt service on the Notes and bonds following their ultimate issue.

I am concurrently transmitting the resolution consolidating the new authority with all previous commercial paper bond anticipation note authority. This consolidating resolution will take effect when the bond authority becomes effective. I recommend that the bill be enacted on an expedited basis to comply with the need for a summer bond issue.

I would appreciate if Council could place consolidating and refunding resolution on June 21, 2022, Council Consent Calendar for introduction concurrent with the bond authorization legislation. In addition, arrange for it to be adopted on July 12, 2022, when the bond authorization bill is approved.

A copy of a schedule prepared by the Controller's Office reflecting the composition of the additional bond authority is enclosed for your information. If you have any questions, please contact Michael J. Coveyou, Director of Finance, at extension 7-8870.

Enclosure

Bill No. 19-22
Concerning: Bond Authorization
Revised: June 16, 2022 Draft No. 1
Introduced: June 21, 2022
Expires: December 21, 2023
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the request of County Executive

AN EXPEDITED ACT to:

(1) authorize the County to issue certain bonds;
(2) authorize the bonds, and bonds previously authorized to be issued, to be consolidated for sale, and to be issued, sold and delivered as a single issue;
(3) generally amend the Laws of Montgomery County 2022 regarding bond issuance.

By adding to the Laws of Montgomery County 2022

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Section 1. The following is added to the Laws of Montgomery County 2022:

The County may at any time and from time to time sell up to $420,300,000 in general obligation bonds under Chapter 20 for any project included in an approved Capital Improvements Program as follows:

(a) an aggregate principal amount not exceeding $373,700,000 for public facilities as defined in Section 20-14(a);

(b) an aggregate principal amount not exceeding $30,000,000 for public facilities as defined in Section 20-14(b); and

(c) an aggregate principal amount not exceeding $16,600,000 for public facilities as defined in Section 20-14(c).

Any bonds issued and sold by the County under this Act constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

In accordance with Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2021 Supplement), the County Executive by order may determine that all or any of the bonds and any bonds authorized by any other County laws may be consolidated for sale and issued, sold, and delivered as a single issue of bonds.

The County Executive must determine all matters relating to the amounts of bonds to be sold, advertisement, sale, issuance, delivery and payment of the consolidated issue, such as the forms, dates and denominations of the consolidated bonds, the principal maturities, the method for determining the interest payable on the consolidated bonds, and provisions for the use of facsimile signatures or seals. At least one advertisement of the public sale of the consolidated bonds must appear in a newspaper of general circulation in Montgomery County at least 10 days before the sale.

Section 2. Expedited Effective Date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Gabe Albornoz, President, County Council Date

Approved:

Marc Elrich, County Executive Date

This is a correct copy of Council action.

Judy K. Rupp, Clerk of the Council Date

MONTGOMERY COUNTY, MARYLAND
ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
REQUIRED TO FINANCE APPROVED FY23 CAPITAL APPROPRIATIONS

	Estimated FY22 Remaining Appropriations per OMB Approriations Calculation by Funding Source Report (a)	G.O. Bond Funds Required per Approved FY23 CIP Appropriations (b)	G.O. Bond Funds Required as of 6/30/23 (a+b) (c)	G.O. Bond Authority 6/30/22 (d)	Adjustments for Excess G.O. Bond Authority (e)	Adjustments For Rounding (f)	Required Additional G.O. Bond Authority (c-d-e-f) (g)
County Government:							
General County	102,027,000	83,650,000	185,677,000	251,445,765	(65,768,765)	-	-
Parks	4,517,000	14,698,000	19,215,000	2,705,534	-	(90,534)	16,600,000
Consolidated Fire Tax District	17,253,000	2,400,000	19,653,000	43,161,933	(23,508,933)	-	-
(C) General County, Parks, and Consolidated Fire Tax District	123,797,000	100,748,000	224,545,000	297,313,232	(89,277,698)	(90,534)	16,600,000
					-		-
(B) Road and Storm Drainage	44,510,000	99,690,000	144,200,000	114,235,468	-	(35,468)	30,000,000
(D) Mass Transit	13,679,000	18,060,000	31,739,000	64,618,985	(32,879,985)	-	-
(F) Public Housing	-	-	-	47,400,000	(47,400,000)		-
(E) Parking Districts:				-	-		-
Silver Spring			-	-	-		-
Bethesda			-	-	-		-
(H) Agricultural Easements	-		-	2,000,000	(2,000,000)		-
(I) Façade Easements	-		-	3,300,000	(3,300,000)		-
Total County Government	181,986,000	218,498,000	400,484,000	528,867,686	(174,857,683)	(126,002)	46,600,000
Other Agencies:							
Public Schools	658,240,000	(136,202,000)	522,038,000	148,343,134	-	(5,134)	373,700,000
Community College	14,151,000	12,816,000	26,967,000	45,692,179	(18,725,179)	-	-
(A) Total Other Agencies	672,391,000	(123,386,000)	549,005,000	194,035,313	(18,725,179)	(5,134)	373,700,000
Total CIP	854,377,000	95,112,000	949,489,000	722,902,999	(193,582,862)	(131,136)	420,300,000

LEGISLATIVE REQUEST REPORT

Bill _____

COUNTY BOND AUTHORIZATION LEGISLATION

REQUIRED TO FINANCE FY2023 APPROVED CAPITAL APPROPRIATIONS

DESCRIPTION:	Legislation to authorize the issuance of various proposed bonds in an amount not to exceed $420,300,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.
PROBLEM:	There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council.
GOALS & OBJECTIVES:	The goal is to provide new, additional bond authorization equal to the approved appropriation level which will be financed from future bond issues.
COORDINATION:	This bill is new legislation that does not duplicate or overlap existing law.
FISCAL IMPACT:	Future annual debt service costs are incurred at the time the bonds are actually sold and are included in the Approved Operating Budget and Annual Appropriations for Debt Service.
EVALUATION:	N/A
EXPERIENCE ELSEWHERE:	N/A
SOURCE OF INFORMATION:	Michael Coveyou, Director of Finance, 240-777-8870

Fiscal Impact Statement
Bill XX-XX, Bond Authority

1. **Legislative Summary.**

   There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council, and some prior authorizations in certain categories are no longer required.

   Legislation authorizes the issuance of General Obligation bonds in an amount not to exceed $420,300,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.

   Legislation will provide bond authority for future actual debt issuance. The County Executive will issue bonds as needed to fund projects approved in the CIP.

2. **An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.**

   The County revenue and expenditure estimates will be determined by the specific amount of bonds issued and future annual amount of debt service incorporated into the annual operating budget. This bill only provides authority for the issuance of General Obligation Bonds.

   For a twenty-year term at 5% interest, average annual estimated debt service is $78,875 per $1,000,000 in General Obligation Bonds issued.

3. **Revenue and expenditure estimates covering at least the next 6 fiscal years.**

   The County revenue and expenditure estimates for the next 6 fiscal years will be determined by the specific amount of bonds issued and the amount of debt service incorporated into the annual operating budget. This bill only provides authority for the issuance of General Obligation Bonds.

4. **An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

   Not applicable

5. **An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.**

   Not applicable

6. **Later actions that may affect future revenue and expenditures if the bill authorizes future spending.**

   Not applicable

7. **An estimate of the staff time needed to implement the bill.**

   Not applicable

8. **An explanation of how the addition of new staff responsibilities would affect other duties.**

   Not applicable

9. **An estimate of costs when an additional appropriation is needed.**

   Not applicable

10. **A description of any variable that could affect revenue and cost estimates.**

    Not applicable

11. **Ranges of revenue or expenditures that are uncertain or difficult to project.**

    Not applicable

12. **If a bill is likely to have no fiscal impact, why that is the case.**

    The bill is to provide new, additional bond authorization equal to the approved appropriation level which will be financed from future bond issues.

13. **Other fiscal impacts or comments.**

    None

14. **The following contributed to and concurred with this analysis:**

    Jacqueline Carter, Department of Finance
    Veronica Jaua, Office of Management and Budget

Jennifer Bryant, Director
Office of Management and Budget

6/9/22
Date

Resolution No.: _____
Introduced: June 21, 2022
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

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SUBJECT: Resolution to Consolidate Previously Authorized Notes for Sale and Issuance as a Single Issue

Background

1. Resolution No. 16-1104, adopted by the County Council for Montgomery County, Maryland (the "County Council"), on September 15, 2009 as amended by Resolution No 16-1567 of the County Council adopted on November 30, 2010, Resolution No. 17-318 of the County Council adopted on December 6, 2011, Resolution No. 17-556 of the County Council adopted on September 25, 2012, Resolution No. 17-908 of the County Council adopted on October 1, 2013, Resolution No. 17-1247 of the County Council adopted on October 14, 2014, Resolution No. 18-305 of the County Council adopted on October 27, 2015, Resolution No. 18-1259 of the County Council adopted on October 2, 2018, Resolution No. 19-263 of the County Council adopted on October 1, 2019 and Resolution No. 19-944 of the County Council adopted on July 12, 2021 (collectively, the "Note Resolution"), authorized the County to issue, at one time or from time to time, bond anticipation notes (the "Notes") of Montgomery County, Maryland (the "County"). The Notes are to be issued pursuant to and in accordance with certain laws of Montgomery County, Maryland (the "Authorizing Legislation") and Section 19-212 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2021 Supplement) (the "Bond Anticipation Note Act"), for the public purposes and uses as set forth in the Authorizing Legislation and to pay the costs of issuing the Notes.

2. On June 21, 2022, the County Council introduced Expedited Bill No. 19-22, Bond Authorization, to authorize the County to borrow money in an aggregate amount of $420,300,000 for the purposes of financing the cost of certain public facilities.

3. In addition, the County has decided to authorize the issuance, sale, and delivery of additional bond anticipation notes in the nature of commercial paper at any time and from time to time in the principal amount of $787,903,000 for the purpose of having bond anticipation note authority available for the issuance of bonds previously authorized by the County Council, but heretofore unissued.

4. The County wishes to add the authority provided in Expedited Bill No. 19-22 and the additional bond anticipation note authority hereby authorized with the authority remaining under the Note Resolution so that the aggregate amount of all the authority may be consolidated for sale and issued, sold and delivered from time to time as one or more series of bond anticipation notes.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

Section 1. The Note Resolution is hereby amended as follows:

1. The "Authorized Amount" means $787,903,000 less the aggregate principal amount of Notes issued after the effective date of this Resolution.

2. The definition of "Authorized Legislation" in Section 1, paragraph (b)(iii) of Resolution 16-1104 is hereby amended to include Expedited Bill No. 19-22.

Section 2. The effect of the amendments in Section 1 is to increase the County's authority to issue bond anticipation notes under the Note Resolution.

Section 3. Except as specifically amended by this Resolution, the Note Resolution is hereby fully ratified and confirmed.

Section 4. This Resolution takes effect when the law introduced as Expedited Bill No. 19-22 takes effect.

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED BILL 19-22: BOND AUTHORIZATION

SUMMARY

The Office of Legislative Oversight (OLO) cannot estimate the racial equity and social justice (RESJ) impact of Expedited Bill 19-22 with available information. A RESJ analysis of $420.3 million in bond authorization requires an understanding of the anticipated RESJ impact of Fiscal Year (FY) 23–28 Capital Improvement Program (CIP). OLO recommends the County undertake a RESJ analysis of the CIP to understand per capita expenditures by race, ethnicity, income, and census tract.

PURPOSE OF RESJ IMPACT STATEMENT

The purpose of racial equity and social justice (RESJ) impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.[1] Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.[2]

PURPOSE OF EXPEDITED BILL 19-22

Expedited Bill 19-22 has two purposes. The first purpose is to authorize the County to issue up to $420.3 million in general obligation (GO) bonds to help fund the County's FY23-28 Capital Improvement Program (CIP).[3] The issuance of GO bonds refers to the County taking out loans to fund CIP projects that obligate County taxpayers. For FY23, debt service for CIP projects will account for $459.9 million, or 7.3 percent of the County's $6.3 billion operating budget.[4]

The CIP refers to the County's budget for capital improvements: long-term investments typically for public infrastructure such as buildings and roads. The CIP includes capital improvements for each County-funded agency: Montgomery County Government, Montgomery County Public Schools, Montgomery College, Montgomery Parks and Planning, and the Washington Suburban Sanitation Commission (WSSC). The FY23-28 CIP is budgeted to total $5.3 billion with WSSC projects and $5 billion without.[5] Excluding WSSC projects, GO bonds are expected to fund 35.9 percent of the FY23-28 CIP while tax revenues, other financing options, and intergovernmental revenues will account for the remainder.[6] Thus, Bill 19-22's bond authorization of $420.3 million will account for about 23 percent of the GO bonds anticipated to fund the FY23-28 CIP.

The second purpose of the Bill is to allow the County to combine the issuance of $420.3 million in new bonding authority for the FY23-28 CIP with a reauthorization resolution to issue up to $787.9 million in GO bonds for prior CIP projects that have not yet begun.[7] The resolution allows the County to reauthorize GO bonds for prior CIPs such that they can be issued and consolidated for sale as a single issue and in combination with issuing and selling bonds for the FY23-28 CIP.[8] The resolution would become effective when Bill 19-22 becomes effective, which would be the date when the bill becomes law.[9] Expedited Bill 19-22 was introduced to the Council on June 21, 2022.

Racial Equity and Capital Improvement Planning

Applying a racial equity lens to policymaking requires understanding the historical and cultural context for racial and social disparities. Montgomery County, like the nation as whole, is characterized by a wide variety of racial and social disparities that reflect racial and social inequities in public policy and decision making.

More specifically, public policies that built generational wealth for White people usually did so at the expense of denying Black, Indigenous, and Other People of Color (BIPOC) comparable opportunities. These public policies include histories of land and labor theft, the legacy of racial and ethnic exclusion through state sanctioned violence, Jim Crow laws, voter disenfranchisement, redlining, racial covenants, occupational segregation, as well as New Deal mortgage programs and the G.I. Bill. In the County, current racial disparities resulting from these policies include:[10]

- 43 percent and 49 percent of Black and Latinx residents are homeowners, compared to 73 percent of White residents.
- While they respectively comprise 15 percent of businesses, Black and Latinx-owned businesses each earn less than 2 percent of all revenues in the County.
- The poverty rates of Latinx and Black children are respectively four to five times the poverty rate of White children.
- While Black and Latinx residents each account for 19 percent of the population, they account for 44 percent and 26 percent of arrests.
- Black residents experience the highest rates of mortality for heart disease, stroke, and breast cancer.

The public policies that built generational wealth for White residents have also fostered racial segregation locally. Although White, Non-Hispanic residents accounted for a minority of County residents in 2010, they accounted for the majority residents in the most affluent parts of the County. For instance, a 2017 Urban Institute study found that District 1 (includes Bethesda, Poolesville, and Potomac), which had the largest share of White residents had the highest average household income ($205,600); conversely, District 5 (includes Burtonsville, Silver Spring, and Takoma Park), which had among the highest share of BIPOC residents had the lowest average household income ($102,500) and the lowest homeownership rate (53%).[11] The report also found that District 5 residents, especially BIPOC residents, were less likely to have graduated high school, enrolled in college, or have a well-paying job.[12]

The concentration of White and affluent residents in a subset of County neighborhoods in District 1 begs the question of whether CIP funded projects are also concentrated in these neighborhoods relative to moderate- and lower-income neighborhoods where a majority of Latinx and Black residents live. Although the most recent CIP indicates that racial equity was considered in developing the list of included projects, it remains unclear whether the current CIP or prior CIPs in whole or in part advance RESJ in terms of benefiting BIPOC and/or low-income residents more so than White residents and/or affluent residents. It also remains unclear whether the County contracts with Minority Business Enterprise (MBE) companies to build CIP projects in proportion to their share of County residents or the market of available vendors to execute construction and related services in the Metropolitan Washington Region.

Other local jurisdictions can serve as examples of how to operationalize RESJ analysis in CIP planning, including:

- **Baltimore City:** In partnership with the Baltimore Neighborhood Indicators Alliance, the Baltimore City Department of Planning developed a methodology for conducting an annual equity analysis of the City's CIP. See 'Recommended Amendments' for more details.

- **Los Angeles:** The Data Team within the Mayor's Office of Budget and Innovation of the City of Los Angeles is in the process of completing "a comprehensive analysis of equity in capital investment, centralizing data from city departments and summariz[ing] findings in a meaningful and accessible way."[13] A preliminary equity analysis is available on the project's webpage, cited in the endnotes.

- **Minneapolis:** In 2016 and 2017 the City of Minneapolis approved ordinances requiring the Minneapolis Park & Recreation Board to incorporate racial and economic equity measures into its capital improvement program. "[T]he ordinances specify the use of relevant, data-driven criteria to address racial and economic equity in allocating capital funds for more than 160 neighborhood parks and nearly 20 regional parks and trails."[14] Additionally, "metrics and rankings for parks and trails are produced annually as part of the Capital Improvement Program (CIP) and published in the annual budget."[15]

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Expedited Bill 19-22 on racial equity and social justice in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

In the absence of data describing trends in per capita CIP spending by demographic group and census track, it is impossible for OLO to assess whether the FY23-28 CIP or proposed bonding authority for implementing this CIP worsens or improves racial equity and social justice in the County. A benchmark of how current CIP funding is allocated per capita by race, ethnicity and/or income is necessary to make this assessment relative to the current CIP or prior ones.

Analyzing the RESJ impact of the current CIP and the request for increased bonding authority on BIPOC-owned businesses would also require comparing a benchmark of how prior CIP funding has been allocated to vendors by race and ethnicity to anticipate allocations to MBE vendors in future funded projects.

The absence of a benchmarking study also makes it difficult to describe the racial and social inequities that the passage of Bill 19-22 could weaken or strengthen. Additional data needs to be collected to understand the racial and social inequities impacted by the current CIP and the issuance of bonding authority to execute the CIP.

Anticipating the RESJ impact of Bill 19-22 also requires a RESJ analysis of the tradeoff of shifting funding from programs to debt service in the County's operating budget. The fiscal impact statement for this bill notes that for a twenty-year term at 5 percent interest rate, average annual estimated debt service is $78,875 per million dollars in GO bonds issued.[16] As such, for a bond of $420.3 million, the estimated increase in debt service over twenty years would be $33.2 million annually. What programs would be cut to offset this increase in debt service in the operating budget? What demographic groups by race, ethnicity, or income would be most harmed by these shifts? What neighborhoods would be most harmed? How do these impacts compare to the demographic groups or neighborhoods that benefit most from CIP investments?

With the absence of data and outstanding questions regarding which demographic groups and neighborhoods benefit the most from the FY23-28 CIP and bonding authority to implement it, as well as lack of information regarding the racial and social inequities impacted by this bill, OLO cannot discern the potential impact of Bill 19-22 on RESJ in the County.

RECOMMENDED AMENDMENTS

The RESJ Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.[17] OLO finds that it cannot discern the RESJ impact of Expedited Bill 19-22 on current racial and ethnic inequities in County. Should the Council seek to understand the RESJ impact of this bill and other bills relative to the Capital Improvement Program and authoring GO bonds for CIP projects, the following policies can be considered before the Council ***appropriates*** any funding to CIP projects funded with GO bonds authorized under Bill 19-22 or the parallel resolution reauthorizing bonds for projects in prior CIPs:

- **Require Equity Review of the Capital Improvement Program.** To understand and address potential racial and social inequities in capital investments, the County could consider conducting a comprehensive equity review of the Capital Improvements Program (CIP). For instance, in 2019, the Baltimore City Department of Planning (DoP) partnered with the Baltimore Neighborhood Indicators Alliance (BNIA) to develop a methodology for conducting an annual equity analysis of the City's CIP.[18] The analysis developed indicators to measure CIP investments across four areas of equity, based on the Urban Sustainability Directors' Network (USDN) equity lens:

    - Distributional Equity: Does the distribution of civic resources and investment explicitly account for potential racially disparate outcomes?
    - Transgenerational Equity: Does the policy or project result in unfair burdens on future generations?
    - Structural Equity: What historic advantages or disadvantages have affected residents in the given community?
    - Procedural equity: How are residents who have been historically excluded from planning processes being authentically included in the planning, implementation, and evaluation of the proposed policy or project?

    Since the release of the original report, the DoP has continued an annual equity review[19] of the CIP through analyzing CIP investments in the City's 55 Community Statistical Areas (CSAs)[20] along with the CSAs' race and income demographics. The analysis also accounts for the varying influence of CIP projects by identifying projects as having local, multi-neighborhood, or Citywide impacts. The annual analysis has prompted several improvements, including more proactive equity analysis during the CIP decision making process.[21]

- **Increase Access to CIP Construction Opportunities to BIPOC-owned businesses and workers.** The County's 2014 Disparity Study found that while Black-owned firms accounted for 11 percent of the construction marketplace compared to less than 2 percent of prime contracts with the County.[22] Conversely, White male firms accounted for 74 percent of the construction marketplace and 79 percent of prime contracts, and Latinx-owned firms accounted for 6 percent of the construction marketplace and 13 percent of prime contracts.[23] The County could advance RESJ by proactively identifying and contracting BIPOC-owned businesses for CIP funded projects and other project needs.

Further, given the magnitude of the Bill in terms of funding and scope, it is essential that RESJ analysis about winners and losers inform the development of the CIP bills and that these bills be introduced as normal rather than expedited bills to afford OLO staff sufficient time to complete a thorough RESJ analysis. As such, the Council may want amend RESJ Act (Bills 27-19 and 44-20) to codify the expectation that bills introduced by Council President on behalf of the County Executive that exceed a specific fiscal threshold must be either be accompanied by the draft RESJ statement completed by the Executive Branch that describes the anticipated RESJ impact of the legislation and/or be introduced as a non-expedited bill to afford OLO staff sufficient time to produce a meaningful RESJ analysis.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffers Elaine Bonner-Tompkins, Senior Legislative Analyst, and Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

[1] Definition of racial equity and social justice adopted from "Applying a Racial Equity Lens into Federal Nutrition Programs" by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. https://www.racialequitytools.org/glossary
[2] Ibid
[3] Expedited Bill 19-22, Bond Authorization, Montgomery County, Maryland, Introduced June 21, 2022. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2022/20220621/20220621_4B-6A.pdf
[4] "Debt Service," Montgomery County Operating Budget, Montgomery County, Maryland, Accessed June 28, 2022. https://apps.montgomerycountymd.gov/basisoperating/Common/Department.aspx?ID=90D
[5] "FY23 Recommended Capital Budget and FY23-FY28 Capital Improvements Program (CIP)," Office of Management and Budget, Montgomery County, Maryland, January 2022. https://www.montgomerycountymd.gov/OMB/Resources/Files/omb/pdfs/fy23/ciprec/FY23_Recommended_Capital_Budget.pdf
[6] Page 35, "FY23 Recommended Capital Budget and FY23-FY28 Capital Improvements Program (CIP)"
[7] "Resolution to Consolidate Previously Authorized Notes for Sale and Issuance as Single Issue," Expedited Bill 19-22, Bond Authorization
[8] Ibid
[9] Ibid
[10] Jupiter Independent Research Group, OLO Report 2019-7: Racial Equity Profile Montgomery County, Office of Legislative Oversight, July 15, 2019. https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/OLO2019-7-6_20_19.pdf
[11] Leah Hendey and Lily Posey, "Racial Inequities in Montgomery County 2011-15," Urban Institute, December 2017. https://www.urban.org/research/publication/racial-inequities-montgomery-county-2011-15
[12] Ibid
[13] "Capital Improvements Equity Analysis," Mayor's Office of Budget and Innovation, City of Los Angeles, California, Accessed June 28, 2022. https://storymaps.arcgis.com/stories/4b4649cd06814b3aa67bfe98a069db22
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