



Montgomery  
County Council

**Committee:** Directly to Council  
**Committee Review:** N/A  
**Staff:** Gene Smith, Legislative Analyst  
**Purpose:** To receive testimony/final action - vote expected  
**Keywords:** Debt, CIP

AGENDA ITEM #4  
October 1, 2019  
Public Hearing/Action

## SUBJECT

Expedited Bill 26-19, Bond Authorization  
Lead Sponsor: Council President at the request of the County Executive

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

N/A

## DESCRIPTION/ISSUE

The Executive requested that the Council introduce the subject bill in conjunction with its companion resolution (Item #12 today) to implement the FY20 Capital Improvements Program (CIP). The subject bill increases the bond authorization up to \$339,200,000 in certain public facilities categories as defined in the County Code. Attached on ©6 is a chart that details the current bond authorization allowed by law and how Expedited Bill 26-19 provides additional authorization.

## SUMMARY OF KEY DISCUSSION POINTS

- Expedited Bill 26-19 and the companion resolution must be adopted to implement the FY20 CIP.
- Action on Expedited Bill 26-19 and the companion resolution are tentatively scheduled following the public hearing.

### This report contains:

Expedited Bill 26-19	©1
Legislative Request Report	©4
County Executive Memorandum	©5
Bond Authorization Chart	©6
Fiscal and Economic Impact statement	©7

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Expedited Bill No. 26-19  
 Concerning: Bond Authorization  
 Revised: 9/9/2019 Draft No. 1  
 Introduced: September 17, 2019  
 Expires: March 17, 2021  
 Enacted: \_\_\_\_\_  
 Executive: \_\_\_\_\_  
 Effective: \_\_\_\_\_  
 Sunset Date: None  
 Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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

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**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 issued, sold and delivered as a single issue.

By amending Montgomery County Code 2019

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

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

1 **Sec. 1. The following is added to the Laws of Montgomery County 2019:**

2 The County may at any time and from time to time sell up to \$339,200,000 in  
3 general obligation bonds under Chapter 20 for any project included in an approved  
4 Capital Improvements Program as follows:

- 5 (a) an aggregate principal amount not exceeding \$245,000,000 for public  
6 facilities as defined in Section 20-14(a);  
7 (b) an aggregate principal amount not exceeding \$88,600,000 for public  
8 facilities as defined in Section 20-14(b); and  
9 (c) an aggregate principal amount not exceeding \$5,600,000 for public  
10 facilities as defined in Section 20-14(c).

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

14 In accordance with Section 19-101 of the Local Government Article of the  
15 Annotated Code of Maryland (2013 Replacement Volume and 2018 Supplement),  
16 the County Executive by order may determine that all or any of the bonds and any  
17 bonds authorized by any other County laws may be consolidated for sale and issued,  
18 sold, and delivered as a single issue of bonds.

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

27           **Sec. 2.           Expedited Effective Date.**

28           The Council declares that this legislation is necessary for the immediate  
29 protection of the public interest. This Act takes effect on the date on which it  
30 becomes law.

31 *Approved:*

32

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Nancy Navarro, President, County Council

Date

33 *Approved:*

34

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Marc Elrich, County Executive

Date

35 *This is a correct copy of Council action.*

36

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Mary Anne Paradise, Acting Clerk of the Council

Date

## LEGISLATIVE REQUEST REPORT

Expedited Bill 26-19  
*Bond Authorization*

**DESCRIPTION:** Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$339,200,000. 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 AND 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 does not duplicate or overlap existing law.

**FISCAL IMPACT:** Future annual debt service costs are incurred at the time the bonds are sold and are included in the Approved Operating Budget and Annual Appropriations for Debt Service.

**ECONOMIC IMPACT:** To be completed by Executive staff.

**EVALUATION:** N/A

**EXPERIENCE ELSEWHERE:** N/A

**SOURCE OF INFORMATION:** Michael J. Coveyou, Acting Director, Finance, 240-777-8870

**APPLICATION WITHIN MUNICIPALITIES:** N/A.

**PENALTIES:** N/A.

Document1




OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Marc Elrich  
County Executive

MEMORANDUM

September 9, 2019

TO: Nancy Navarro, Council President  
Montgomery County Council

FROM: Marc Elrich   
County Executive

SUBJECT: Bond Authorization Legislation - Approved FY 2020 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 2020 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 fully implement this program. Accordingly, I am transmitting the attached bill providing for this action. This legislation was prepared by the Department of Finance and reviewed by the County's bond counsel, McKennon Shelton & Henn LLP. The fiscal impact with respect to the 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 transmitting concurrently the resolution that consolidates the new authority with all previous commercial paper bond anticipation note authority. This "consolidating resolution" will take effect from the date on which the bond authority becomes effective.

I would appreciate it if you could arrange to have the consolidating and refunding resolution placed on the September 17, 2019 Council Consent Calendar for introduction concurrent with the bond authorization legislation, and arrange for it to be adopted on October 1, 2019 when the bond authority 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, Acting Director of Finance at extension 7-8870.

ME: jc  
Attachments

**MONTGOMERY COUNTY, MARYLAND  
 ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY  
 REQUIRED TO FINANCE APPROVED FY20 CAPITAL APPROPRIATIONS**

	Estimated FY19 Remaining Appropriation per BASIS Report (a)	G.O. Bond Funds Required per Approved FY20 Capital Improvements Program * (b)	G.O. Bond Funds Required as of 6/30/19 (a+b) (c)	G.O. Bond Authority 6/30/19 (d)	Proposed Deauthorization (e)	Adjusted G.O. Bond Authority 6/30/19 (d-e) (f)	Adjustments for Excess G.O. Bond Authority (g)	Adjustments For Rounding (h)	Required Additional G.O. Bond Authority (c-f-g-h) (i)
<b>County Government:</b>									
General County	246,519,928	24,032,000	270,551,928	422,655,715		422,655,715	(152,103,787)		-
Parks	17,282,854	10,795,000	28,077,854	25,003,023		25,003,023	-	(25,169)	3,100,000
Consolidated Fire Tax Distric (C) General County, Parks, and Consolidated Fire Tax Distric	41,628,643	6,840,000	48,468,643	46,080,538		46,080,538	-	(111,895)	2,500,000
	305,431,426	41,667,000	347,098,426	493,739,276	-	493,739,276	(146,640,850)	(137,064)	5,600,000
(B) Road and Storm Drainage	98,978,115	73,153,000	172,131,115	83,539,180		83,539,180	-	(8,065)	88,600,000
(D) Mass Transit	16,105,424	31,500,000	47,605,424	58,544,084		58,544,084	(10,938,660)	-	-
(F) Public Housing	1,581,705	-	1,581,705	47,400,000		47,400,000	(45,818,295)	-	-
(E) Parking Districts:									
Silver Spring			-	0		-	-	-	-
Bethesda			-	0		-	-	-	-
(H) Agricultural Easements			-	2,000,000		2,000,000	(2,000,000)	-	-
(I) Façade Easements			-	3,300,000		3,300,000	(3,300,000)	-	-
<b>Total County Government</b>	<b>422,096,669</b>	<b>146,320,000</b>	<b>568,416,669</b>	<b>688,522,540</b>	<b>-</b>	<b>688,522,540</b>	<b>(208,697,806)</b>	<b>(145,129)</b>	<b>94,200,000</b>
<b>Other Agencies:</b>									
Public Schools	197,544,000	187,455,000	384,999,000	159,987,047		159,987,047	-	11,953	225,000,000
Community College	9,310,134	43,452,000	52,762,134	32,693,413		32,693,413	-	68,721	20,000,000
<b>(A) Total Other Agencies</b>	<b>206,854,134</b>	<b>230,907,000</b>	<b>437,761,134</b>	<b>192,680,460</b>	<b>-</b>	<b>192,680,460</b>	<b>-</b>	<b>80,674</b>	<b>245,000,000</b>
<b>Total CIP</b>	<b>628,950,803</b>	<b>377,227,000</b>	<b>1,006,177,803</b>	<b>881,203,000</b>	<b>-</b>	<b>881,203,000</b>	<b>(208,697,806)</b>	<b>(64,455)</b>	<b>339,200,000</b>

6

**Fiscal Impact Statement  
Bill XX-XX, Bond Authorization**

**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.

This legislation authorizes the issuance of general obligation bonds in an amount not to exceed \$339,200,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.

This 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 the amount of debt service incorporated into the annual operating budget. This bill only provides authority for the issuance of the General Obligation Bonds.

For a twenty-year term, average annual estimated debt service is \$76,250 per \$1,000,000 in General Obligation Bonds.

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

The 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 budgets. This bill only provides authority for the issuance of the 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.

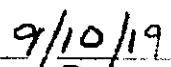
**13. Other fiscal impacts or comments.**

None

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

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

  
Richard S. Madaleno, Director  
Office of Management and Budget

  
Date

**Economic Impact Statement  
Bill XX-XX, Bond Authorization**

**Background:**

This legislation would increase the County's bond authorization by \$339.2 million for certain public facility categories in the FY20 Capital Improvements Program (CIP) approved by the County Council. There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council. Legislation authorizes the issuance of general obligation bonds in an amount not to exceed \$339.2 million. These General Obligation Bonds are to be issued upon the full faith and credit of the County.

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

**1. The sources of information, assumptions, and methodologies used.**

N/A. Since this bill only provides authorization to issue bonds, the legislation has no economic impact.

**2. A description of any variable that could affect the economic impact estimates.**

N/A


**3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.**

Bill XX-XX increases the County's bond authorization thereby providing sufficient authority to fully cover the increased appropriation level approved by the County Council. Since this Bill only provides authorization to issue bonds, the legislation has no economic impact.

**4. If a Bill is likely to have no economic impact, why is that the case?**

Bill XX-XX would have no economic impact, please see paragraph 3.

**5. The following contributed to or concurred with this analysis: David Platt, Jacqueline Carter, and Rob Hagedoorn, Dept of Finance**

  
\_\_\_\_\_  
Michael J. Coveyou, Acting Director  
Department of Finance

\_\_\_\_\_  
9/11/19  
Date