



Committee: Directly to Council
Committee Review: N/A
Staff: Craig Howard, Deputy Director
Logan Anbinder, Legislative Analyst
Purpose: Final action – vote expected

AGENDA ITEMS #13C & #14
February 6, 2024
Action

SUBJECT

Item #13C: Expedited Bill 1-24, Bond Authorization

Item #14: Resolution to consolidate previously authorized notes for sale and issuance as a single issue

EXPECTED ATTENDEES

Jacqueline D. Carter, Debt Manager, Department of Finance

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

The Executive requests that the Council introduce and act on the subject expedited bill and its companion resolution (see ©1-9). The Council's action is required to implement the appropriations approved in the Amended FY23-28 Capital Improvements Program (CIP). The Executive requests that the Council consider this as expedited legislation.

SUMMARY OF KEY DISCUSSION POINTS

- Expedited Bill 1-24 (Item #13C) increases the County's general obligation (G.O.) bond authorization by \$289,073,000 in certain public facility categories (see ©2-4). 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 ©5. These appropriations were approved by the Council in the Amended FY23-28 CIP.
- The subject resolution (Item #14) consolidates the previously approved bond authorizations and increases the total authorization by the amount recommended in Expedited Bill 1-24 (see ©6-7). The resolution allows the consolidated bond authorization to be issued, sold, and delivered from time to time as one or more series of bond anticipation notes.
- A public hearing on the Expedited Bill 1-24 is scheduled earlier in the meeting (Item #10).

This report contains:

Executive transmittal memo (December 19, 2023)

Transmittal Letter	©1
Expedited Bill 1-24, Bond Authorization	©2-4
Bond Authority and Public Facility Category Crosswalk	©5
Proposed resolution	©6-7
Legislative Request Report	©8
Fiscal Impact Statement	©9
Economic Impact Statement	©10-12
Racial Equity and Social Justice Impact Statement	©13-15
Environmental Impact Statement	©16-18

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

December 19, 2023

TO: Andrew Friedson, Council President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Bond Authorization Legislation - Approved FY 2024 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 2024 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 County's bond counsel, McKennon Shelton & Henn LLP, and reviewed by the Department of Finance. 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 January 16, 2024, Council Consent Calendar for introduction concurrent with the bond authorization legislation.

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.

ME: jdc
Enclosure

Expedited Bill No.: _____
Concerning: Bond Authorization
Revised: _____ Draft No.: _____
Introduced: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
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; and
- (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 adding to the Laws of Montgomery County

Boldface	<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>

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

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

The County may at any time and from time to time sell up to \$289,073,000 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 \$147,500,000 for public facilities as defined in Section 20-14(a);

(b) an aggregate principal amount not exceeding \$76,073,000 for public facilities as defined in Section 20-14(b); and

(c) an aggregate principal amount not exceeding \$64,800,000 for public facilities as defined in Section 20-14(c).

(d) an aggregate principal amount not exceeding \$700,000 for public facilities as defined in Section 20-14(e).

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 2023 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:

Andrew Friedson, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Sara Tenenbaum, Clerk of the Council

Date

MONTGOMERY COUNTY, MARYLAND
ADDITIONAL COUNTY GOVERNMENT GENERAL OBLIGATION BOND AUTHORITY
REQUIRED TO FINANCE APPROVED FY24 CAPITAL APPROPRIATIONS

	Estimated FY23 Remaining Appropriations per OMB Appropriations Calculation by Funding Source Report* (a)	G.O. Bond Funds Required per Approved FY24 CIP Appropriations* (b)	G.O. Bond Funds Required as of 6/30/24 (a+b) (c)	G.O. Bond Authority 6/30/23 (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	152,360,000	61,228,000	213,588,000	161,734,146	-	(46,146)	51,900,000
Parks	6,468,000	10,880,000	17,348,000	9,409,314	-	(61,314)	8,000,000
Consolidated Fire Tax District	3,114,000	32,580,000	35,694,000	30,816,758	-	(22,758)	4,900,000
(C) General County, Parks, and Consolidated Fire Tax District	161,942,000	104,688,000	266,630,000	201,960,218	-	(130,218)	64,800,000
							-
(B) Road and Storm Drainage	41,604,000	92,891,000	134,495,000	58,459,867	-	(37,867)	76,073,000
(D) Mass Transit	5,344,000	13,215,000	18,559,000	43,418,019	(24,859,019)	-	-
(F) Public Housing	48,000	-	48,000	47,400,000	(47,352,000)		-
(E) Parking Districts:							-
Silver Spring	-	-	-		-		-
Bethesda	400,000	298,000	698,000	-	-	(2,000)	700,000
(H) Agricultural Easements	-	-	-	2,000,000	(2,000,000)		-
(I) Façade Easements	-	-	-	3,300,000	(3,300,000)		-
Total County Government	209,338,000	211,092,000	420,430,000	356,538,104	(77,511,019)	(170,085)	141,573,000
Other Agencies:							
Public Schools	298,143,000	328,215,000	626,358,000	479,958,347	-	(347)	146,400,000
Community College	3,265,000	24,537,000	27,802,000	26,706,549	-	(4,549)	1,100,000
(A) Total Other Agencies	301,408,000	352,752,000	654,160,000	506,664,896	-	(4,896)	147,500,000
Total CIP	510,746,000	563,844,000	1,074,590,000	863,203,000	(77,511,019)	(174,981)	289,073,000

Resolution No. _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: County Council

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, Resolution No. 19-944 of the County Council adopted on July 12, 2021, and Resolution 19-1323 of the County Council adopted on July 12, 2022 (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 2023 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 January 16, 2024, the County Council introduced Expedited Bill No. ____, Bond Authorization, to authorize the County to borrow money in an aggregate amount of \$289,073,000 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 \$1,297,276,000 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. ____ 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 \$1,297,276,000 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. ____.

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. ____ takes effect.

This is a correct copy of Council action.

Sara Tenenbaum
Clerk of the Council

LEGISLATIVE REQUEST REPORT

Bill _____

COUNTY BOND AUTHORIZATION LEGISLATION

REQUIRED TO FINANCE FY 2024 APPROVED CAPITAL APPROPRIATIONS

<u>DESCRIPTION:</u>	Legislation to authorize the issuance of various proposed bonds in an amount not to exceed \$289,073,000. These General Obligation Bonds are to be issued upon the full faith and credit of the County.
<u>PROBLEM:</u>	There is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level as approved by the County Council.
<u>GOALS & OBJECTIVES:</u>	The goal is to provide new, additional bond authorization equal to the approved appropriation level which will be financed from future bond issues.
<u>COORDINATION:</u>	This bill is new legislation that does not duplicate or overlap existing law.
<u>FISCAL IMPACT:</u>	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.
<u>EVALUATION:</u>	N/A
<u>EXPERIENCE ELSEWHERE:</u>	N/A
<u>SOURCE OF INFORMATION:</u>	Michael Coveyou, Director of Finance, 240-777-8870



Fiscal Impact Statement

Office of Management and Budget

Bill xx-24	Bond Authorization
Bill Summary	This bill authorizes the County to issue certain bonds; and authorizes the bonds and bonds previously authorized to be issued to be consolidated for sale and issued, sold and delivered as a single issue.
Fiscal Impact Summary	There is insufficient bond authorization in certain categories of Capital Improvement Program (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 \$289,073,000. 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.
Fiscal Impact Analysis	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 \$76,250 per \$1,000,000 in General Obligation bonds issued. 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.
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Ranges of revenue or expenditures that are uncertain or difficult to project	Not applicable
Sources of information	CIP BASIS, Appropriation Calculation by Funding Source Report and GO Bond Authority report. Controller's Office, Bond Authority FY24 Worksheet for CE and Council Packet
Contributors	Jacqueline Carter, Department of Finance Veronica Jaua, Office of Management and Budget



Economic Impact Statement

Montgomery County, Maryland

Expedited Bond Authorization Bill 1-24

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 1-24 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By increasing the County's general obligation (G.O.) bond authorization by \$298 million, the Bill would grant the County additional authority needed to fund the appropriations for the Capital Improvements Program (CIP) in certain public facility categories, which the Council previously approved on May 23, 2023. By increasing government funding for CIP projects over the timeframe of the amended FY23-FY28 CIP budget, the Bill likely would positively impact businesses in terms of revenues and income and residents in terms of employment and income.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 1-24

The Capital Improvements Program (CIP) refers to the County's budget for capital improvements, which are long-term investments for public infrastructure (i.e., buildings and roads).¹ To help finance projects approved in the CIP, the County Executive issues general obligation (G.O.) bonds as needed.² According to the U.S. Securities and Exchange Commission, GO bonds "are issued by states, cities or counties and not secured by any assets. Instead, [they] are backed by the 'full faith and credit' of the issuer, which has the power to tax residents to pay bondholders."³

Expedited Bill 1-24 would authorize the County to issue up to \$298 million in GO bonds to help fund appropriations approved in the Amended FY23-28 Capital Improvements Program (CIP). Currently, there is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level.⁴

The Council President introduced Expedited Bill 1-24 at the County Executive's request on January 16, 2024.⁵

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Expedited Bill 1-24 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁶

¹ Montgomery County Maryland Capital Budget.

² "Debt Summary."

³ "What Are Municipal Bonds."

⁴ See Fiscal Impact Statement in "Introduction Staff Report for Expedited Bill 1-24."

⁵ Ibid.

⁶ Montgomery County Code, Sec. 2-81B, Economic Impact Statements.

Expedited Bill 1-24 would provide authority for the issuance of GO bonds to fund CIP projects. Providing the County Executive with this authority likely would increase government funding for CIP projects over the timeframe of the amended FY23-FY28 CIP budget than otherwise would occur in the absence of the Bill. However, the Bill would not determine which specific projects get funded. The claims made in subsequent sections of this analysis are based on the economics of increased government spending on construction.

VARIABLES

The primary variables that would affect the economic impacts of enacting Expedited Bill 1-24 are the following:

- the total amount of GO bonds; and
- percentage of County-based businesses and workers involved in the projects.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Expedited Bill 1-24 would have positive impacts on certain private organizations in the County in terms of the Council's priority economic indicators.

By increasing government funding for CIP projects over the timeframe of the amended FY23-FY28 CIP budget, the Bill would provide opportunities for County-based businesses to participate in these projects. Holding all else equal, these businesses would experience increased revenues and income. Moreover, if certain workers involved in the projects experience higher earnings, then other local businesses likely would benefit from increased spending by these workers.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council's other priority indicators.

Residents

OLO anticipates that enacting Expedited Bill 1-24 would have positive impacts on certain residents in the County in terms of the Council's priority economic indicators.

The Bill likely would increase employment for certain residents who work on CIP projects. Holding all else equal, these residents would experience higher household income.

Beyond this potential impact, OLO does not expect the Bill to affect residents in terms of the Council's other priority indicators.

Net Impact

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 1-24 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By increasing the County's general

obligation (G.O.) bond authorization by \$298 million, the Bill would grant the County additional authority needed to fund the appropriations for the Capital Improvements Program (CIP) in certain public facility categories, which the Council previously approved on May 23, 2023. By increasing government funding for CIP projects over the timeframe of the amended FY23-FY28 CIP budget, the Bill likely would positively impact businesses in terms of revenues and income and residents in terms of employment and income.

DISCUSSION ITEMS

Not applicable

WORKS CITED

[“Introduction Staff Report for Expedited Bill 1-24, Bond Authorization.”](#) Montgomery County Council, January 16, 2024.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements.](#)

Montgomery County Government. [“Debt Summary.”](#) Accessed January 22, 2024.

U.S. Securities and Exchange Commission. [“What Are Municipal Bonds,”](#) April 6, 2023.

[Montgomery County Maryland Capital Budget.](#) Accessed January 23, 2024.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not 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.

AUTHOR

Stephen Roblin (OLO) prepared this report.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED BOND AUTHORIZATION BILL 1-24:

SUMMARY

The Office of Legislative Oversight (OLO) finds the anticipated racial equity and social justice (RESJ) impact of Expedited Bill 1-24 is indeterminate.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) 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 1-24

The Capital Improvements Program (CIP) refers to the County's budget for capital improvements, which are long-term investments for public infrastructure.³ According to the Department of Finance, the "County issues General Obligation (G.O.) Bonds once a year to fund major [CIP] projects such as schools, roads, and other government facilities."⁴ The U.S. Securities and Exchange Commission describes that G.O. bonds "are issued by states, cities or counties and not secured by any assets. Instead, [they] are backed by the 'full faith and credit' of the issuer, which has the power to tax residents to pay bondholders."⁵

Expedited Bill 1-24 would authorize the County to issue up to \$289 million in G.O. bonds to help fund appropriations approved in the Amended FY23-28 CIP.⁶ Currently, there is insufficient bond authorization in certain CIP expenditure categories to fully cover the increased appropriation level.⁷

The Council introduced Expedited Bill 1-24, Bond Authorization, at the County Executive's request on January 16, 2024.

This RESJIS builds on the RESJ analysis for Expedited Bill 19-22, Bond Authorization, which OLO published in June 2022.⁸ Please refer to this RESJIS for background on racial equity and capital improvement planning.

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 1-24 on RESJ 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?

There are several unknown factors for understanding these two questions, including:

RESJ Impact Statement

Expedited Bill 1-24

- How current CIP funding is allocated per capita by race, ethnicity, income, and/or Census tract and how this compares to prior years; and
- How prior CIP funding has been allocated to vendors by race and ethnicity.

These benchmarks are necessary to discern how increased funding for the current CIP through the bond authorization could affect community members and local businesses by race and ethnicity.

Further, anticipating the RESJ impact of Bill 1-24 also requires a RESJ analysis of the tradeoff of shifting funding from County programs and services to debt service in the County's operating budget in future years. Outstanding questions include:

- What programs and services would be cut to offset the 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?

Given the unknown factors, OLO finds the anticipated RESJ impact of Bill 1-24 is indeterminate.

RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.⁹ OLO finds the anticipated impact of Expedited Bill 1-24 is indeterminate. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, the following policy options can be considered:

- **Commission equity review of the Capital Improvements Program.** To understand and address potential racial inequities in capital investments, the Council could consider commissioning a comprehensive equity review of the 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.¹⁰ Since the release of the original report, the DoP has continued an annual equity review of the CIP through analyzing CIP investments in the City's 55 Community Statistical Areas (CSAs) along with the CSAs' race and income demographics.^{11,12} The analysis also accounts for the varying influence of CIP projects by identifying projects as having local, multi-neighborhood, or Citywide impacts.
- **Increase access to CIP construction opportunities to Black, Indigenous, and Other People of Color (BIPOC)-owned businesses and workers.** The County's 2014 Disparity Study found that Black-owned firms accounted for 11 percent of the construction marketplace compared to less than 2 percent of prime contracts with the County.¹³ 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.¹⁴ The Council could advance RESJ by supporting policies and investments that encourage proactive identification and contracting of BIPOC-owned businesses for CIP funded projects and other project needs.

RESJ Impact Statement

Expedited Bill 1-24

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 staffer 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 [Montgomery County Capital Budget](#), Office of Management and Budget.

⁴ [Debt Management](#), Montgomery County Department of Finance.

⁵ [“What Are Municipal Bonds.”](#) U.S. Securities and Exchange Commission, April 6, 2023.

⁶ [Introduction Staff Report for Expedited Bill 1-24](#), Montgomery County Council, Introduced January 16, 2024.

⁷ Fiscal Impact Statement, Introduction Staff Report for Expedited Bill 1-24

⁸ [RESJ Impact Statement for Expedited Bill 19-22](#), Office of Legislative Oversight, June 29, 2022.

⁹ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

¹⁰ Baltimore Neighborhood Indicators Alliance, [“Equity Analysis of Baltimore City’s Capital Improvement Plan, FY 2014 – FY 2020”](#), Baltimore City Department of Planning, August 2019.

¹¹ [CIP and Equity](#), Baltimore City Department of Planning.

¹² Community Statistical Areas, developed by the City’s DoP, are clusters of neighborhoods organized around census tract boundaries. Refer to [Vital Signs: Community Statistical Areas](#), Baltimore Neighborhoods Indicators Alliance.

¹³ Griffin & Strong, PC, [“Disparity Study Final Report.”](#) Montgomery County Office of the County Attorney, June 11, 2014.

¹⁴ Ibid

Climate Assessment

Office of Legislative Oversight

Expedited Bill 1-24: Bond Authorization

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 1-24 will have an indeterminate impact on the County's contribution to addressing climate change as it is not possible to predict if projects in the Capital Improvements Program (CIP) funded by the authorization of bonds would have an overall positive, negative, or neutral impact on the County's greenhouse gas emissions and community climate resilience.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 1-24

The Capital Improvements Program (CIP) refers to the County's budget for capital improvements, which are long-term investments for public infrastructure (i.e., buildings and roads).¹ To help finance projects approved in the CIP, the County Executive issues general obligation (G.O.) bonds as needed.² According to the U.S. Securities and Exchange Commission, GO bonds "are issued by states, cities or counties and not secured by any assets. Instead, [they] are backed by the 'full faith and credit' of the issuer, which has the power to tax residents to pay bondholders."³

Expedited Bill 1-24 would authorize the County to issue up to \$298 million in GO bonds to help fund appropriations approved in the Amended FY23-28 Capital Improvements Program (CIP). Currently, there is insufficient bond authorization in certain categories of CIP expenditures to fully cover the increased appropriation level.⁴

Expedited Bill 1-24 was introduced by the Council President at the County Executive's request on January 16, 2024.⁵

ANTICIPATED IMPACTS

There are many types of capital improvement projects, such as stormwater management infrastructure, new parks, new roads, and public buildings such as libraries.⁶ These projects have the potential to have positive, negative, or neutral effects on the County's contribution to climate change and community climate resilience. For example, stormwater management infrastructure would improve drainage and mitigate flooding, which would be positive for community climate resilience.⁷ On the other hand, more roads could encourage more driving, which would likely increase greenhouse gas emissions in the County's transportation sector. Further, construction on projects, whether beneficial for the environment or not, is carbon intensive, although there are strategies to mitigate emissions.⁸

It is not possible to identify the specific capital improvement projects that will be funded by this authorization of bonds; and so, it is not possible to ascertain whether the projects would have a net positive, negative, or neutral impact on the County's greenhouse gas emissions and community climate resilience. Hence, OLO anticipates Expedited Bill 1-24 will have an indeterminate impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.⁹ OLO does not offer recommendations or amendments as Expedited Bill 1-24 is likely to have an indeterminate impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not 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.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Montgomery County Maryland Capital Budget, Accessed 1/18/2024.](#)

² ["Debt Summary," Montgomery County Government, accessed January 22, 2024.](#)

³ ["What Are Municipal Bonds," U.S. Securities and Exchange Commission, April 6, 2023.](#)

⁴ ["Fiscal Impact Statement," Expedited Bill 1-24, Bond Authorization.](#)

⁵ [Expedited Bill 1-24, Bond Authorization, Montgomery County Council, Introduced January 16, 2024.](#)

⁶ ["What Is a CIP: Capital Improvement Plans 101", Opengov, Accessed 1/28/2024.](#)

⁷ ["Integrating Resilience into Local Capital Improvement Programs", University of Maryland Environmental Finance Center, January 2019.](#)

⁸ ["Putting the construction sector at the core of the climate change debate", Deloitte Central Europe, Accessed 1/26/2024.; "2019 Global Status Report for Buildings and Construction", International Energy Alliance, 2019.; "Montgomery County Climate Action Plan", Montgomery County Government, 2021.](#)

⁹ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022