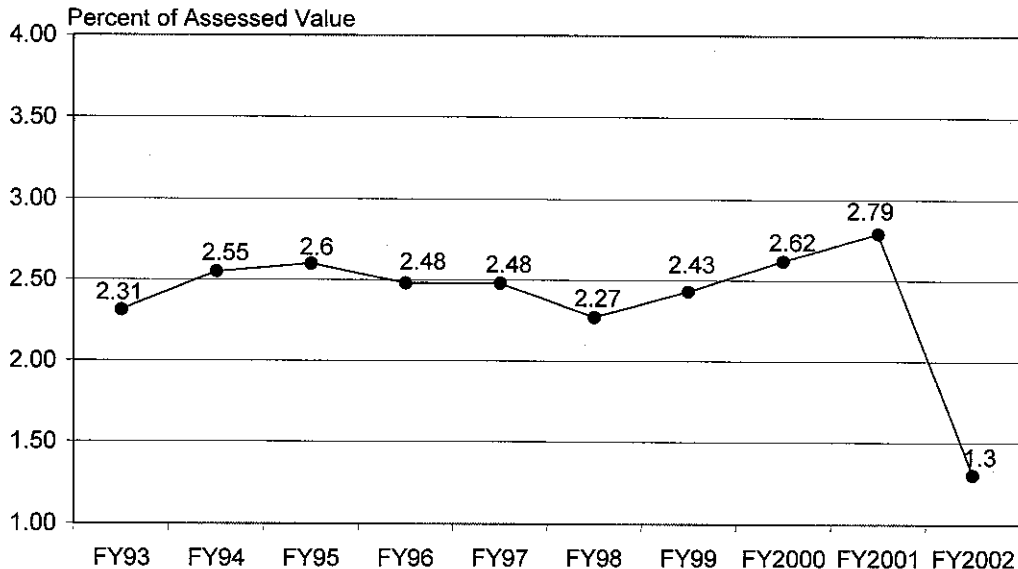


Ratio of Net Direct Debt to Assessed Value*



*The General Assembly during its 2000 session revised the formula for the calculation of the assessable base by converting to an assessment system based on full market value. The former system used forty percent of market value for assessment purposes. This change, which is revenue neutral for the State and its local jurisdictions, will have the effect of increasing the assessable base, but the legal debt limit will decrease accordingly to 6%. This change became effective in FY2002. The assessable base chart appearing above uses a debt ratio based upon the new assessment system that took effect at the end of FY2002. Had the old system remained in effect, the ratio for FY2002 would have been 2.72%

HIGHLIGHTS OF THE CAPITAL BUDGET

The following pages summarize the highlights and discuss measurable operating impacts of the FY2004 Capital Budget by functional area. The expenditure amounts noted in the project highlight sections are the total project cost, including amounts spent previously for projects appearing in the capital budget and the amount to be spent over the next six fiscal years for these projects, unless otherwise indicated. Each section includes a discussion of measurable operating budget impacts for the major projects included in the capital budget. For more information, the reader should consult the FY2004-2009 Capital Improvement Program.

EDUCATION AND HUMAN SERVICES

The Education and Human Services category consists of capital projects for the Board of Education, the Memorial Library, the Prince George's Community College, and the Health Department.

The Capital Budget for the Board of Education contains thirty-four projects for a total FY2004 cost of \$129 million. At the secondary level, funds are included for one new replacement high school, the design of six high school additions, and the completion of a high school. At the elementary level, the capital budget includes construction funds for eight new or renovated schools. As well, funds are included for several infrastructure maintenance projects.

The FY2004 Capital Budget includes three projects for the Community College and four for the Library. The Community College projects involve the replacement of major building components and the renovation of several College buildings. The Library projects contain funds for renovating and upgrading major building components

throughout the system, as well as funds for modernizations at individual branch libraries. There is one Health Department project in the capital budget that will convert an administrative facility into clinic space.

Project Highlights - Project highlights include projects appearing in the Capital Budget or the six-year Capital Improvement Program. Unless indicated, project costs shown represent the total project cost, i.e., the amount programmed in the six-year Capital Budget, as well as amounts previously spent.

Board of Education

Colmar Manor Elementary School (\$15,113,000) - This project consists of the construction of a new elementary school in the Hyattsville area. The projected enrollment is 790 students. This school will be ready to open the middle of the 2003-2004 school year.

Homer Avenue Elementary School (\$15,867,000) - This project consists of the construction of a new elementary school in the Suitland area. The projected enrollment is 790 students. This school will open for the 2004-2005 school year.

Greater Capitol Heights Elementary School (\$19,357,000) - This project consists of the construction of a new elementary school in the Capitol Heights area. The school will be combined with a Maryland-National Capital Park and Planning Commission-funded community center. This school is scheduled to open for the 2004-2005 school year.

Samuel P. Massie Elementary School (\$19,312,000) - This project consists of the construction of a new elementary school in the Suitland area. The school will be combined with a Maryland-National Capital Park and Planning Commission funded-community center. This school will open for the 2003-2004 school year.

Community College

Bladen Hall Student Services Renovation (\$6,671,000) - This project will modernize the student services building space and provide an updated "entrance way" to the College.

Lanham Hall and Bladen Science Wing (\$4,431,000) - This project provides for the renovation of the space that formerly housed the science program at the college.

Library

Library Branch Renovations (\$875,000 in FY2004) - This project provides funds for the updating and renovation of branch libraries to include roof and carpet repairs.

Oxon Hill Branch Library (\$4,447,000) - This project consists of the expansion of the Sojourner Truth Room and renovations to the remainder of the building.

Operating Impact

In FY2004, three new elementary schools will open, one in September and two at mid-year. In addition, three school classroom addition projects will open. The total impact of these openings on the FY2004 Operating Budget is approximately \$3.1 million.

ENVIRONMENTAL

The environmental program category consists entirely of capital projects for the Department of Environmental Resources and is comprised of stormwater management and solid waste management facilities.

The FY2004 Capital Budget for the Department of Environmental Resources consists of 7 projects, costing a total of \$23 million. Stormwater management funding provides for the construction of water quality control basins and

dams, flood-proofing or demolition of flood-prone homes, and installation of water quality control devices. Funds for solid waste management will be used to construct the County's landfills, purchase landfill buffer property and continue the County's recycling program.

Project Highlights

Stormwater Management

COE County Restoration (\$969,000 in FY2004) - This project will involve the design and construction of environmental enhancements and flood control projects within the Anacostia River Flood Control Channel. The County is participating in this project with the US Army Corps of Engineers (COE).

Environmental Protection Program (\$2,928,000 in FY2004) - This project will retrofit multiple facilities within various County watersheds with water quality control devices, and rehabilitate streams and wetlands to limit pollutant discharges.

Environmental Revitalization (\$2,354,000 in FY2004) - This program entails using new and creative technologies to restore, monitor, model, and protect the environment in urbanized settings, with emphasis on pollution prevention, water quality improvement, flood control and the creation of wetlands.

Flood Protection and Drainage Improvement (\$2,534,000 in FY2004) - This project consists of flood protection and drainage relief projects where the estimated cost is less than \$500,000. Its purpose is to correct residential flooding, erosion and street flooding problems.

Flood Prone Acquisition Program (\$750,000 in FY2004) - This project will facilitate environmental restoration and economic revitalization through the acquisition of flood prone commercial, industrial and residential properties.

Major Reconstruction Program (\$1,978,000 in FY2004) - This project provides for the renovation of deteriorating culverts, channels, levees and dams in connection with road improvement projects.

Solid Waste Management

Brown Station Road Landfill Buffer Zone (\$500,000 in FY2004) - Additional parcels of land adjacent to the existing landfill will be acquired to expand the visual buffer from landfill operations.

Brown Station Landfill Construction (\$5,456,000 in FY2004) - This project develops the second half of the present site by paving access roads, expanding the landfill gas system, extending water mains, and improving sewer drainage at equipment crossings. The project also funds the landfill liner, wetlands mitigation, storage, pretreatment and discharge facilities, and the closing of completed landfill cells in accordance with Federal and State regulations.

Waste Transfer Station (\$1,500,000 in FY2004) - This project provides for the design and construction of a solid waste transfer station to service the northern portion of the County.

Sandy Hill Sanitary Landfill (\$10,084,000 in FY2004) - This project provides for the closure costs associated with closing the Sandy Hill Sanitary Landfill, and the construction of facilities to maintain it after closure.

Operating Impact

Individual environmental projects in the stormwater category do not in and of themselves add significantly to agency operating costs. When taken in aggregate, however, the addition of thousands of feet of new storm drain and numerous holding and detention ponds does have operational impacts. The grounds around flood control systems, drainage channels, retention basins and storm drain easements must be maintained in connection with the new construction. Catch basins and main lines must be cleaned and kept clear of debris, as well. Experience has shown that a formula using a percentage of total project construction cost can serve as a guide to operating impacts. Based on this

formula, the stormwater management capital budget of \$16.6 million can be expected to generate new annual operating expenses of approximately \$106,000 over each of the next three fiscal years. This added cost will be supported by the Stormwater Management Enterprise Fund.

The operating impact of the Brown Station Landfill Expansion will be charged to the Solid Waste Enterprise Fund rather than to the General Fund. This project carries with it the requirement for the pretreatment of leachate, with new estimated operating costs of \$1.5 million per year.

TRANSPORTATION AND ECONOMIC DEVELOPMENT

The transportation and economic development program category consists of capital projects for the Department of Public Works and Transportation, the Prince George's Redevelopment Authority and the Prince George's Revenue Authority.

The Capital Budget for the Department of Public Works and Transportation rebuilds existing roads and bridges, constructs new roads and parking facilities, purchases buses, and installs traffic signals. Funding comes from general obligation bonds, State and Federal aid, the Washington Suburban Transit Commission tax levy, developer contributions, special assessments and other revenues. The capital projects of the Revenue and Redevelopment Authorities have as their objective the encouragement of commercial revitalization, job creation and economic development in the County.

Project Highlights

Department Of Public Works and Transportation

Addison Road (\$20,845,000) – This two-phase project consists of the construction of Addison Road as a modified arterial roadway from Walker Mill Road to MD 214.

Ammendale & Virginia Manor Roads (\$39,627,000) - This three phase project consists of a multi-lane roadway from US-1 to I-95.

Ardwick Ardmore Road (\$7,384,000) - This project consists of the construction of a 52-foot urban roadway from MD 704 to St. Joseph's Drive.

Bridge Replacement - Various Locations (\$1,347,000 in FY2004) - This project will provide for the replacement and rehabilitation of County bridges based on State sufficiency ratings.

Curbs and Sidewalks (\$3,500,000 in FY2004) - This project replaces curbs and sidewalks throughout the County that have deteriorated over the years, and builds new sidewalks in areas of high pedestrian use.

Resurfacing and Safety Improvements (\$11,800,000 in FY2004) - This project provides for the resurfacing of County roadways and for various safety improvements.

Ritchie Road and Forestville Road (\$15,275,000) – This project consists of the widening of Ritchie Road from Alberta Drive to Marlboro Pike and the widening of Forestville Road from Marlboro Pike to Maryland Route 4.

Ritchie Marlboro Road (\$5,707,000) - This project consists of the design and construction of Ritchie Marlboro Road from west of I-95/495 to White House Road.

Ritchie Road - Section II (\$11,052,000) - This project consists of the reconstruction of Ritchie Road from Alberta Drive to Edgeworth Drive.

Surratts Road (\$4,981,000) - This project consists of upgrading Surratts Road to a collector-type roadway from Beverly Avenue to Brandywine Road.

Walker Mill Road (\$29,322,000) - This project consists of the construction of an arterial type roadway between Silver Hill Road Extended and I-95.

Operating Impact

The operating impact of the County's road and bridge capital program in most cases should be positive, serving to reduce, not increase, future operating costs. The majority of the road projects entail the widening or reconstructing of existing thoroughfares, rather than the building of new roadways. (New roads accepted into the County's road system are in most cases built by developers and are not part of the County's Capital Improvement Program.) Several major new road projects in which the County is involved, are State roads that will be maintained by the Maryland Department of Transportation. The resurfacing and the curb and sidewalk programs should reduce repair costs in the operating budget. The bridge program consists entirely of replacing or reconstructing substandard structures, and should lead to reduced rather than increased operating costs. Most parking projects are self-supporting.

PARKS AND RECREATION

The parks and recreation category consists of capital projects constructed under the auspices of the Maryland-National Capital Park and Planning Commission.

The Capital Budget contains park and recreation projects that provide facilities at the neighborhood, community, regional, and County-wide level. Within these categories are playgrounds, neighborhood parks, community centers, regional and stream valley parks, historic sites, golf courses, nature centers, and river parks. The budget is supported principally by bonds sold by the Commission and secondarily by State aid through Program Open Space. Other funding sources include developer contributions, grant funds, transfers from the Commission's operating budget, and agricultural land transfer tax revenues.

An element in the M-NCPPC's six-year capital program is its participation in the Community Park School Centers program. This effort by the Commission, the Board of Education and the County will allow the participants to work cooperatively in constructing joint use facilities. It will also provide a vehicle to channel the Commission's resources into the County's goal of making the neighborhood school the center of the community. By combining efforts, enhanced educational and recreational facilities can be constructed to better serve both students and County residents. Planning for these projects will integrate school construction with both recently completed community centers and with new centers to be built in conjunction with new schools.

Program Highlights

Maryland-National Capital Park and Planning Commission

Bladensburg Waterfront (\$6,780,000) - This project will restore the waterfront for recreational use and include fishing piers, walkways, sitting areas, a pedestrian bridge, and a tour boat landing.

College Park Airport (\$7,875,000) - This project provides for improvements and additions to the terminal building, t-hangers, concessionaire building, and parking areas.

Community Center Renovations (\$23,600,000) - This project provides a source of funds to make major repair and building system upgrades at the Commission community and recreation centers.

Oakcrest-Greater Capitol Heights Park School (\$5,300,000) - This project consists of a community center that will be integrated and attached to the new Greater Capitol Heights Elementary School.

Watkins Regional Park (\$4,603,000) - This project consists of a new main entrance road to this regional park.

Walker Mill Regional Park (\$3,278,000) - This project will provide additional trails, picnic areas, and playgrounds to this regional park.

Operating Impact

The operating impacts of these projects are included in the budget of the Maryland-National Capital Park and Planning Commission and hence are not addressed here.

PUBLIC SAFETY AND COUNTY FACILITIES

The public safety category consists of capital projects to serve the needs of the Police and Fire Departments, the Department of Corrections, and the Courts. County facilities serving the administrative and maintenance needs of the County government are built under the auspices of the Office of Central Services.

There are no Police Department projects included in the Capital Budget. Fire Department projects in the capital budget include two station renovations, two new consolidated fire stations, a general roof replacement project, and a fire station renovation project. Funding programmed by the Office of Central Services for FY2004 provides for the renovation of the Courthouse in Upper Marlboro and various major building renovations.

Project Highlights

Public Safety

Detention Center Expansion Phase II (\$6,036,000) - This project consists of the renovation of the existing administrative area and the construction of an administrative building.

District 7 Police Station (\$3,500,000) - This project consists of the construction of a new police station in the southern portion of the County to service the growing population in this area.

Bunker Hill Fire Station (\$7,810,000) - This project consists of a replacement fire station for three existing stations located in Brentwood, Mt. Rainier, and Cottage City/Colmar Manor. Station is expected to open by the end of FY03 but project closing costs will carry over to FY04.

Prince George's County Courthouse - (\$22,408,000) - This project provides for the renovation of the Duvall Wing of the Courthouse.

District Heights/Hillside Consolidation (\$3,367,000) - This project provides for a replacement fire station for two existing stations in District Heights and Hillside.

Operating Impact

The consolidation of three fire companies into the new Bunker Hill Station is expected to result in annual savings of \$220,000 per year.

Other County Facilities

Animal Management Facility (\$5,000,000) - This project consists of the construction of a replacement animal management facility.

County Buildings-Major Renovations (\$9,683,000 in FY2004) - This project provides for major renovations to County-occupied space. Major undertakings will include renovations to the County Administration Building and the Central Communications Facility.

Operating Impact

The renovation of current County facilities will not require additional staff or provide additional space to maintain.