

Capital Improvement Program and Capital Budget

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INTRODUCTION

The Capital Improvement Program (CIP) is the County's six-year financial plan for constructing and renovating permanent facilities such as schools, libraries, fire stations and roads. Capital projects often take two to three years to complete. The CIP provides a detailed, year-by-year schedule of all planned expenditures and financing requirements for each construction project.

The capital budget refers to expenditures planned for the first year of the CIP and provides the appropriation authority to spend the funds. The funds contained in the capital budget customarily support only a particular phase of a project, such as design, land acquisition or construction.

Since capital facilities provide benefits over a long period of time, the County normally spreads out their costs, paying for them through general obligation (GO) bonds and other forms of long-term indebtedness. This ensures that capital costs are not borne solely by today's taxpayers, but that future beneficiaries of capital projects also pay for them.

PLANS AND POLICIES THAT AFFECT THE CIP

The General Plan and Master Plan

In 1998, the Prince George's County Council found that the 1982 General Plan was no longer adequate to guide future County growth and development.

As a result, the County Council adopted The Biennial Growth Policy Plan in November of 2000. Per the Approved General Plan by the Maryland-National Capital Park and Planning Commission in October 2002, the Biennial Growth Policy Plan's fundamental recommendation represented a comprehensive Smart Growth initiative that utilized a system of growth tiers, corridors and centers to guide future land use and development in Prince George's County.

Then, in May 2014, the Prince George's County Council adopted Plan Prince George's 2035, the Approved General Plan. Plan Prince George's 2035 includes comprehensive recommendations for guiding future development within Prince George's County. The plan designates eight Regional Transit Districts, which are the focus of the County's planned growth and mixed-used development, and which have the capacity to become major economic generators. Six Neighborhood Reinvestment Areas are designated for coordinated funding and resources needed to stabilize and revitalize these areas. Also identified in the plan are Rural and Agricultural Areas composed of low-density residential, agricultural uses and significant natural resources that are recommended for continued protection and investment to maintain critical infrastructure. The plan contains recommended goals, policies and strategies for the following elements: Land Use; Economic Prosperity; Transportation and Mobility; Natural Environment; Housing and Neighborhoods; Community Heritage, Culture, and Design; Healthy Communities; and Public Facilities. Plan implementation through prioritization of strategies, measuring short- and long-term success, public and municipal

engagement, intergovernmental coordination and public-private partnerships are also described.

Comprehensive Ten-Year Water and Sewerage Plan

Per the Approved 2008 Water and Sewer Plan, this plan embodies County goals, objectives and legal requirements for providing water and sewer service in Prince George's County while working with the solid waste, housing and transportation plans in providing guidance for the implementation of the County's General and Area Master Plans.

Furthermore, the water sewer plan also acts as a statement of policy by implementing the land use and development policies set by the County and as a working document which guides County planning. The Plan provides parameters that define how public and private water and sewer services are provided to the County.

Comprehensive Ten-Year Solid Waste Management Plan

The County's Approved Comprehensive Ten-Year Solid Waste Management Plan for FY 2017-2026 was adopted by the County Council on May 12, 2017. The plan is designed to meet the County's present and future needs for solid waste management programs and facilities. It identifies sources of solid wastes, provides for acceptable disposal sites and facilities and explores recycling and resource recovery possibilities. The Plan was developed through close cooperation among County departments and agencies. The CIP includes several projects recommended for implementation by the Solid Waste Plan.

Public Land and Facilities Inventory

The inventory provides a computerized and mapped inventory of all land and facilities that are owned by, leased to, or donated to the Prince George's County Government, the Washington Suburban Sanitary Commission, the Prince George's Community College, the Prince George's County Board of Education and the Maryland National Park and Planning Commission.

Public Facility Development Program

This program synthesizes policy recommendations from County land use plans and agency studies and plans using a 15-year time horizon. It ensures project conformity to county plans and examines best build alternative with special attention to site requirements.

CIP AS A GUIDE TO PUBLIC ACTION

The CIP provides information needed for short-range land use planning and development decisions and serves as a coordinating device for the planning of government agency facilities and services planning. It represents the County's commitment, and that of the semi-autonomous agencies, to provide public facilities in specific areas within the time period covered by the Program. Projects included in the first two years of the CIP are closely related to current development and can be expected to be carried out essentially as programmed. Projects shown in the later years of the CIP may be subject to modification either in scope or timing, based on the review of needs and the availability of funding or other circumstances which cannot be predicted with certainty so far in advance.

Use of CIP Information in Comprehensive Re-zoning

The majority of re-zoning actions are now carried out through comprehensive re-zoning or the Sectional Map Amendment process. This involves the review of and amendment to the zoning of an entire area at one time. These reviews occur every two to six years and are intended to re-zone sufficient land to meet development needs for the next six to 10 years. Programmed public improvements are an important determinant of which areas will be suitable for developments during the time period covered by the Sectional Map Amendments. Conversely, the review of land requirements may lead to recommendations for public improvements needed to serve a developing area.

Subdivision Approvals Based on Adequacy of Public Facilities

The Subdivision Ordinance specifies that “the Planning Board shall not approve a subdivision plan if it finds that adequate public facilities and services do not exist or are not programmed for the area within which the proposed subdivision is located.” The purpose of this requirement is to ensure the health, safety and welfare of local residents and to prevent

excessive expenditure of public funds. This Ordinance is an important tool to prevent the premature subdivision of land and the resulting pressures to extend public facilities beyond the County's budget capabilities.

The CIP's Role in the Coordination of Public Improvements

The County's first CIP was published in 1967. Since that time, one of the objectives of County management has been to refine the CIP to make the programming of projects more precise in scope and timing. The intent is to provide reliable information about the availability of public improvements to both private sector and public sector decision-makers. Another objective is to improve coordination among the governmental bodies that provide and use public facilities. In the newly developing areas particularly, the availability of appropriate support facilities can be critical to the operation of a new project. Likewise, the capacity of existing roads, sewers and water supply lines is an important consideration in building or expanding public facilities in highly developed areas.

FY 2024 – 2029 CAPITAL IMPROVEMENT PROGRAM AND BUDGET

The FY 2024-2029 Capital Improvement Program (CIP) consists of various projects totaling \$4.1 billion including projects for the Maryland-National Capital Park and Planning Commission (M-NCPPC). The tables below provide a summary of the CIP by fiscal year as well as by agency. The following sections provide an overview of the FY 2024 capital budget, including revenues and expenditures by functional area and highlights of key capital projects. For additional details, please consult the FY 2024- 2029 CIP book.

CIP Summary - All Agencies

| Category/ Description | Total Project Cost | Life to Date Actual | FY 2023 Estimate | Total 6 Years | Budget Year FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 | Beyond 6 Years |
|--------------------------|--------------------------|---------------------------|---------------------|--------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| EXPENDITURE | | | | | | | | | | | |
| PLANS | \$515,235 | \$192,926 | \$50,586 | \$149,375 | \$45,965 | \$45,257 | \$19,729 | \$16,171 | \$12,337 | \$9,916 | \$122,348 |
| LAND | 281,587 | 159,222 | 20,637 | 73,097 | 21,694 | 11,380 | 8,150 | 10,469 | 9,919 | 11,485 | 28,631 |
| CONSTR | 8,959,802 | 2,071,328 | 1,540,430 | 3,900,909 | 1,067,304 | 846,906 | 564,312 | 450,448 | 469,418 | 502,521 | 1,447,135 |
| EQUIP | 137,496 | 52,253 | 8,725 | 35,258 | 4,978 | 16,025 | 4,186 | 2,900 | 3,509 | 3,660 | 41,260 |
| OTHER | 1,246,014 | 933,112 | 165,497 | 126,635 | 59,416 | 17,999 | 15,577 | 13,189 | 11,911 | 8,543 | 20,770 |
| TOTAL | \$11,140,134 | \$3,408,841 | \$1,785,875 | \$4,285,274 | \$1,199,357 | \$937,567 | \$611,954 | \$493,177 | \$507,094 | \$536,125 | \$1,660,144 |
| FUNDING | | | | | | | | | | | |
| GO BONDS | \$5,057,916 | \$1,805,035 | \$509,723 | \$1,436,684 | \$247,053 | \$259,572 | \$218,654 | \$214,391 | \$257,369 | \$239,645 | \$1,306,474 |
| REVENUE | 283,650 | 199,929 | 21,201 | 62,520 | 23,403 | 21,339 | 2,610 | 15,160 | 8 | — | — |
| FEDERAL | 306,031 | 17,591 | 70,528 | 213,552 | 75,610 | 71,972 | 34,810 | 20,680 | 9,680 | 800 | 4,360 |
| STATE | 1,671,163 | 533,386 | 224,284 | 748,039 | 229,911 | 116,444 | 50,323 | 65,096 | 124,974 | 161,291 | 165,454 |
| SW BONDS | 727,753 | 351,445 | 83,764 | 292,544 | 61,788 | 58,603 | 59,130 | 64,161 | 26,247 | 22,615 | — |
| DEV | 313,456 | 62,812 | 37,340 | 55,304 | 28,784 | 9,130 | 9,130 | 4,130 | 4,130 | — | 158,000 |
| MNCPPC | 499,541 | 185,331 | 93,000 | 221,210 | 81,860 | 71,350 | 14,000 | 22,000 | 16,000 | 16,000 | — |
| OTHER | 2,280,624 | 1,034,804 | 414,351 | 809,769 | 342,972 | 195,090 | 114,500 | 50,466 | 43,564 | 63,177 | 21,700 |
| TOTAL | \$11,140,134 | \$4,190,333 | \$1,454,191 | \$3,839,622 | \$1,091,381 | \$803,500 | \$503,157 | \$456,084 | \$481,972 | \$503,528 | \$1,655,988 |
| OPERATING IMPACT | | | | | | | | | | | |
| PERSONNEL | \$— | | | \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— |
| OPERATING | — | | | — | — | — | — | — | — | — | — |
| DEBT | — | | | — | — | — | — | — | — | — | — |
| OTHER | — | | | — | — | — | — | — | — | — | — |
| TOTAL | \$— | | | \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— |

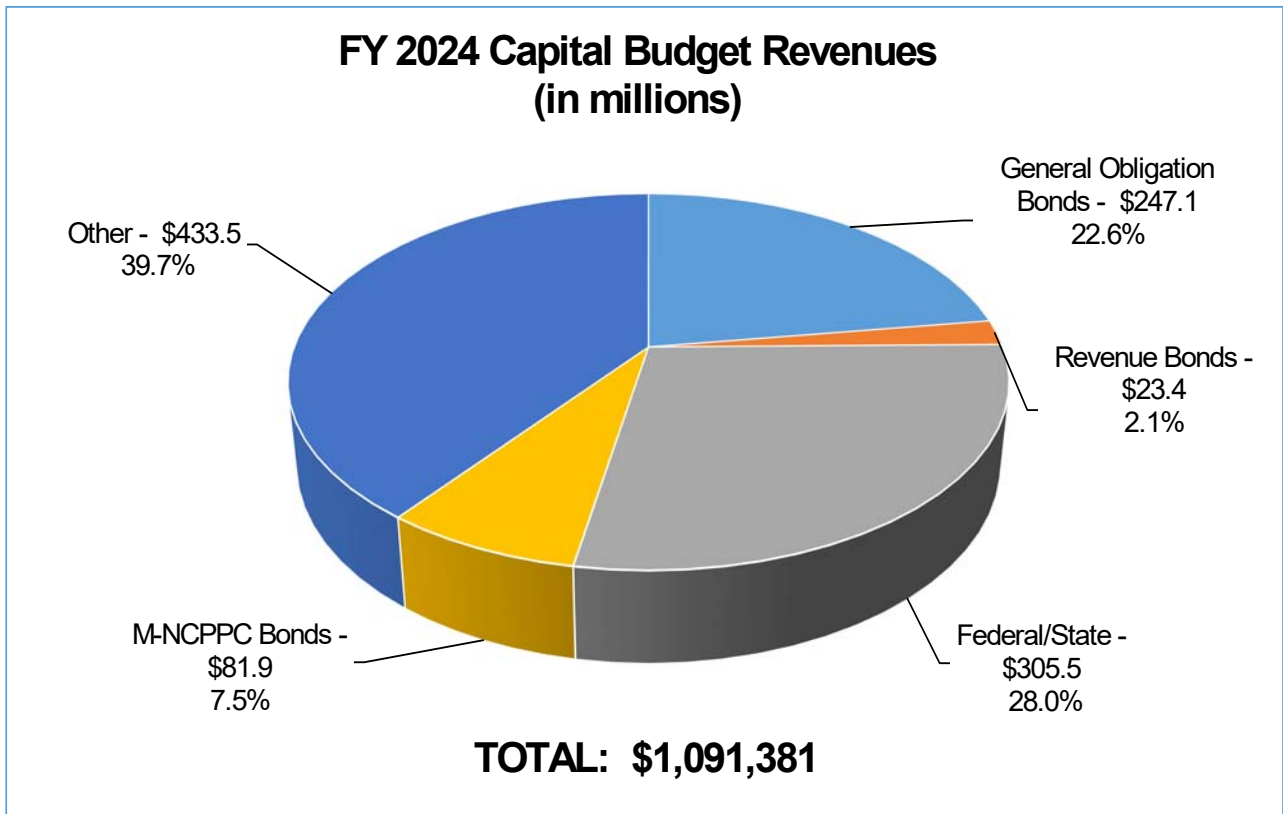
SUMMARY OF THE FY 2024 - 2029 APPROVED CAPITAL IMPROVEMENT PROGRAM EXPENDITURES

(Dollars in Thousands)

| AGENCY/PROGRAM | FY 2024 APPROVED CAPITAL BUDGET | FY 2024 - FY 2029 APPROVED CAPITAL PROGRAM |
|----------------------------------|------------------------------------|---|
| Board of Education | \$ 161,753 | \$ 1,205,148 |
| Parks Department / M-NCPPC | 252,187 | 872,184 |
| Public Works and Transportation | 247,011 | 707,426 |
| Stormwater Management | 141,500 | 418,118 |
| Community College | 31,018 | 185,917 |
| Revenue Authority | 215,500 | 404,000 |
| Central Services | 68,918 | 266,550 |
| Department of the Environment | 24,953 | 71,206 |
| Memorial Library | 13,798 | 42,940 |
| Fire/EMS | 6,683 | 49,323 |
| Redevelopment Authority | 16,686 | 21,536 |
| Courts | 2,500 | 10,926 |
| Health Department | 8,773 | 21,923 |
| Federal Programs | 5,077 | 5,077 |
| Office of Information Technology | 3,000 | 3,000 |
| Soil Conservation District | - | - |
| Total | \$ 1,199,357 | \$ 4,285,274 |

NOTE: Starting in FY 2024, the CIP programs for the Police Department and the Department of Corrections have been merged into the Office of Central Services CIP program.

FY 2024 CAPITAL BUDGET REVENUES



The FY 2024 capital budget totals \$1.19 billion; however, it is supported by new revenues of \$1.09 billion and \$108.0 million in revenues received from prior fiscal years.

GENERAL OBLIGATION BONDS

General obligation bonds are the primary source of the funding plan for the budget. In FY 2024, GO bonds total \$247.1 million, or 22.6%, of the total funding for the capital budget.

FEDERAL AND STATE AID

Federal and State Aid provides \$305.5 million, or 28.0% of funding for the capital budget.

M-NCPPC BONDS

M-NCPPC bonds support 7.5% of total funding at \$81.9 million.

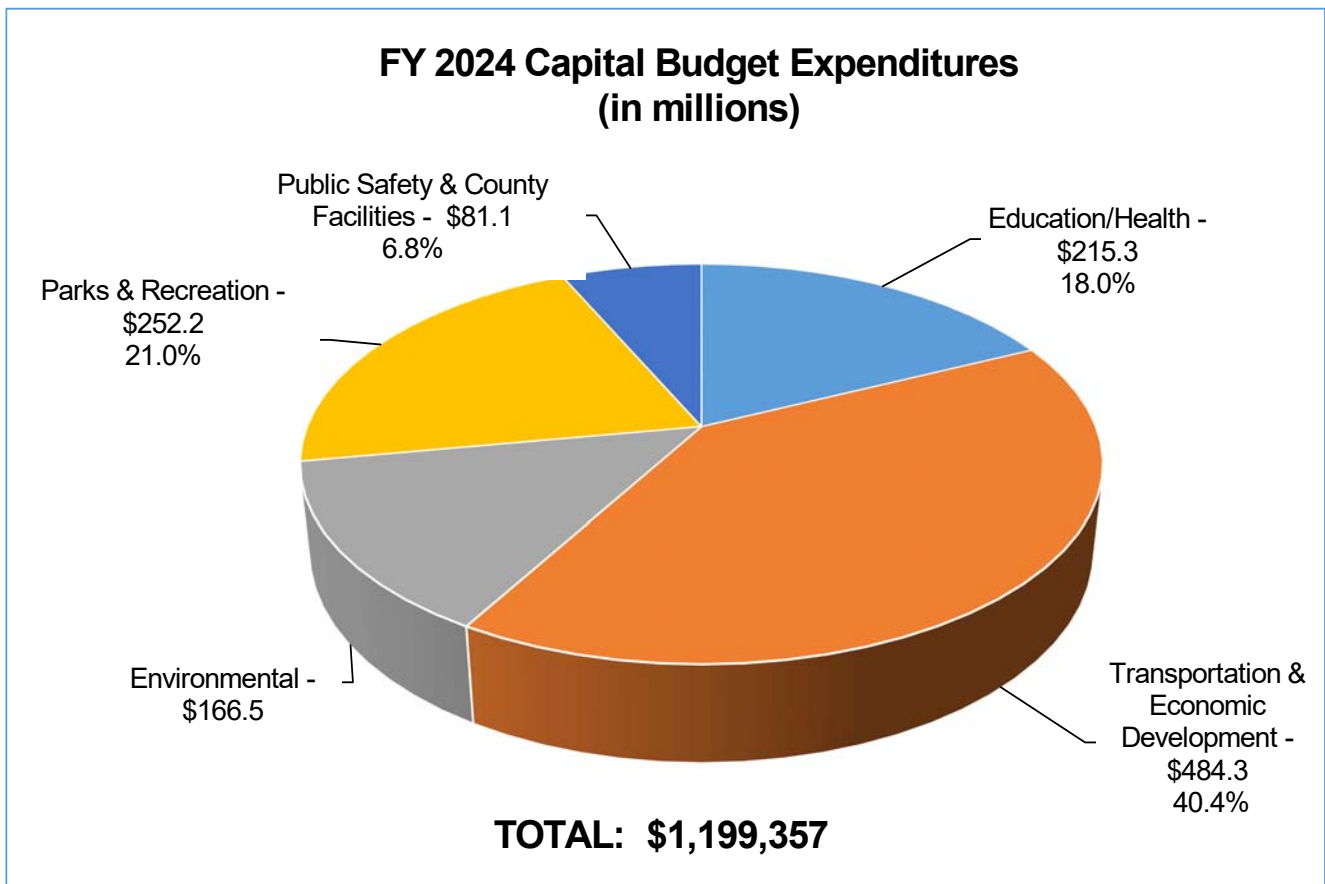
REVENUE BONDS

Revenue bonds provide \$23.4 million, or 2.1%, of the funding for capital projects.

OTHER FUNDS

The remaining \$433.5 million or 39.7% consists of stormwater bonds, miscellaneous revenues and developer contributions. The specific funding sources for all expenditures are identified on each individual capital project page in the CIP budget.

FY 2024 CAPITAL BUDGET EXPENDITURES



Education and Health

The education and health portion of the FY 2024 Capital Budget is \$215.3 million or 18.0% of the total budget. This category includes expenditures for the Board of Education, Prince George’s Community College, Prince George’s Memorial Library, Hospitals and the Health Department.

Key Projects

BOARD OF EDUCATION

- The FY 2024 Capital Budget contains County funding in support of systemic repairs to schools in need of roofs, boilers, windows, piping, HVAC and elevators.
- Construction will continue for the New Northern Adelphi High School, High Point High School and the Suitland Annex Replacement.

LIBRARY

- Improvements to ensure compliance with the Americans with Disabilities Act continue to be a top priority.
- Fiscal closeout will be completed for the Surratts-Clinton Branch Renovations in FY 2024.
- Construction will continue for the Baden Library.
- The construction phase will begin for the Langley Park Library branch in FY 2024.
- Renovating branch libraries will continue in FY 2024. This includes replacing carpets, roofs, HVAC systems, fences, walk-ways, parking lots and public restrooms.

COMMUNITY COLLEGE

- Construction for the Renovate Marlboro Hall project will continue in FY 2024 with an anticipated completion date in FY 2025.
- Improvements will continue in FY 2024 under the College Improvements project. This will include the replacement of college owned fire hydrants, cooling towers and boilers.

Transportation and Economic Development

The transportation and economic development component is budgeted at \$484.3 million, or 40.4%, of the total FY 2024 capital budget. Agencies within this category include the Department of Public Works and Transportation, Revenue Authority of Prince George’s County and the Redevelopment Authority of Prince George’s County. Transportation funding comes primarily from general obligation bonds. Additional revenues come from developer contributions and from the Federal government, primarily in support of the bridge construction program.

Key Projects

- Pavement rehabilitation and concrete rehabilitation work will continue in FY 2024 under the Curb & Road Rehabilitation 2 project.
- The Transportation Enhancements 2 project includes funding for critical capital needs that may arise such as traffic calming devices, thermoplastic pavement markings, installation and repair of guardrails and other safety related road improvements.
- FY 2024 funding will support the replacement and rehabilitation of several bridges, including Brandywine Road, Chestnut Avenue, Livingston Road and Temple Hill Road.
- DPW&T will continue the design and construction of Green Street Improvement Program projects utilizing the “complete the street concept” to include environmental and bio-retention facilities, pedestrian and bicyclist safety improvements, landscaping enhancements and street lights.
- Under the Pedestrian Safety Improvements project, design along with pavement and concrete rehabilitation work will be ongoing. DPWT will

continue conducting pedestrian road safety audits to identify critical pedestrian safety issues and offer solutions.

- The countywide Street Light Enhancement Program will continue.
- Further development and implementation of a pavement preventative maintenance program and the continuation of the Resurfacing and Sidewalk Improvement Program as related to the County Revitalization and Restoration program, Developer Contribution Projects program and Permit Bond Default Revolving Fund program.

Parks and Recreation Facilities

A portion of the capital budget spending is for park and recreation facilities, accounting for \$252.2 million, or 21.0%, of the total expenditures. This part of the capital program is administered by the M-NCPPC. Funding comes from a combination of sources that include the sale of bonds by the Commission, State Aid under Program Open Space, “Pay-as-You-Go” (PAYGO) funding and contributions from grants. The budget supports the acquisition of park land and the development of park facilities, including the purchase of playground equipment and the construction of new community centers.

Key Projects

PARK ACQUISITION

The total cost for park acquisition is \$3.0 million for FY 2024 and covers two acquisition categories that will be funded by Parkland and the Historic Agricultural Resources Preservation (HARP) program.

PARK DEVELOPMENT

The total cost for approved park development is \$73.3 million for FY 2024. This category includes specific park development projects, trail development, public safety improvements and other facility development.

INFRASTRUCTURE MAINTENANCE

The total cost for approved infrastructure maintenance is \$37.3 million for FY 2024. This category includes aquatic facilities, historic properties, community centers, park buildings and stormwater infrastructure.

Environment

The capital budget for the Environment category totals \$166.5 million, or 13.9% of the FY 2024 budget. The two major areas that are addressed under this component are solid waste management and stormwater management. Solid waste management capital projects are funded primarily by revenue bonds. The debt service costs for these bonds are supported by tipping fee charges to trash haulers and other revenues collected by the Solid Waste Management Enterprise Fund.

Key Projects

- The FY 2024 program continues operational and facility improvements and repairs for Brown Station Road Landfill as well as post-closure requirements for Sandy Hill Landfill. For the Brown Station Road Landfill, the FY 2024 Program includes design funding to fill in Area C, extending the County's landfill capacity to the year 2045 or beyond, construction of a gas pipeline to the Correctional Facility and to continue design for upgrades to the existing leachate pretreatment facility as required by the regulatory arm of WSSC.
- The Materials Recycling Facility FY 2024 program includes funding to complete the installation of the plastics optical sorter and other facility upgrades.
- FY 2024 funds support stormwater pond construction and the purchase of organic carts for the Organics Composting Facility.

Public Safety and County Facilities

Constructing public safety and other County facilities comprise the remainder of the FY 2024 capital budget. These two functions account for \$81.1 million, or 6.8%, of the FY 2024 capital budget. The public safety category includes facilities for the Police, Fire/EMS and Corrections departments. Projects under the County facilities portion of the capital budget consist primarily of renovations to current facilities. The funding for these projects are from the sale of general obligation bonds.

Beginning in FY 2024, Office of Central Services will manage CIP projects previously managed internally by the Police Department and the Department of Corrections in an effort to centralize CIP project management.

Key Projects

FIRE/EMS

- Renovation of the Hyattsville Fire/EMS station continue in FY 2024. This project has changed from a new fire station to a major renovation.
- Improvements and rehabilitation of various Fire Stations will continue in FY 2024.

HEALTH

- Construction will continue for the creation of a headquarters building that will co-locate the administrative offices of the Health Department, the Department of Family Services and the Department of Social Services. The Health and Human Services (HHS) Building will serve as a centralized focal point for the delivery of services to older adults, persons with disabilities, and family caregivers.
- Improvement and renovations to various health facilities continues in FY 2024. This includes a fire suppression upgrade at Cheverly Health Center and various renovations at the Dyer Health Center.

COURTS

- Renovations and security improvements to the Courthouse will continue in FY 2024.

CENTRAL SERVICES

- Planning will continue for the Shepherd's Cove Women's Shelter.
- The County Administration Building project in Upper Marlboro is set to begin construction in 2024.
- Improvements and rehabilitation of various County-owned buildings will continue in FY 2024.
- Construction will continue for the Special Operations Division Facility (formerly Barlowe Road Renovations) including community space.

- Construction of the Forensic Lab Renovations continues in FY 2024.
- Improvement and rehabilitation of various Police Stations will continue in FY 2024.
- FY 2024 Detention Center Housing Renovations support Phase II of the renovations on housing units 5 and 6.
- FY 2024 funding for the Detention Center Improvements include repair and upgrades to mechanical, electrical and plumbing systems as well as replacing inoperable or obsolete major equipment.

OPERATING IMPACTS

Most capital improvement projects generate future operating budget costs in one or more of three ways: debt service; current revenues that fund projects not eligible for debt financing; PAYGO which offsets the need to issue debt; and changes to the operating budget to support new or renovated facilities.

Key Operating Impacts

Debt Service

- The capital budget's primary impact on the operating budget is the debt service cost. These costs are paid from local revenue in the general fund operating budget and reflect costs associated with issuing long-term bonds to finance the CIP. Debt service is funded in the FY 2024 operating budget and includes interest and principal payments for debt issued for capital projects. A detailed description and explanation of these costs are included in the Non-Departmental section of the operating budget under Debt Service. The FY 2024 General Fund budget includes \$174.5 million for debt service costs and represents 3.9% of total general fund spending.
- To ensure that capital spending levels do not adversely impact the operating budget and the County's ability to maintain current services in future fiscal years, debt levels are carefully monitored. The two principal debt ratios used by the County as debt policy guidelines are:
 - The ratio of General Fund debt service to County source revenue is not to exceed 8.0%. The level of this ratio is 6.9% as of June 30, 2022, which is within this limit based on the County's audited financial statements. This is projected to increase to 7.9% percent by June 30, 2023.
 - County policy limits net direct debt to no more than 3.0% of the full market assessed value of property. The County's statutory debt limit under the Annotated Code of Maryland is 6.0% of its assessable base. The County remains within this limit at 1.5% of the net direct debt to assessed value for FY 2022.

Current Revenue and PAYGO

- Certain CIP projects are funded directly with County current revenues to avoid costs of borrowing. These amounts are included in the operating budget as specific transfers to individual projects within the capital budget. PAYGO funding, is an additional amount included in the operating budget as a direct bond offset to reduce the amount of borrowing required for project financing. PAYGO funding can include current year revenues or transfers from the County's undesignated fund balance reserves. The FY 2024 PAYGO information is displayed in Non-Departmental – Grant and Transfers section of the budget and totals approximately \$10.7 million.

Operating Budget Impacts

- *Capital projects that represent new initiatives or that add additional space to existing facilities impact the operating budget.* The most significant effect occurs when additional personnel must be hired to staff the newly constructed facility. Other impacts can include custodial, utility, maintenance and debt service costs. For renovations of existing facilities or infrastructure, the impact on the operating budget is minimal. In the case of resurfacing, road maintenance costs should decrease resulting in operating budget savings.
- Individual environmental projects in the stormwater category do not 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. The operating costs will be supported by the Stormwater Management Enterprise Fund.

- A detailed analysis of the operating budget impacts is currently under construction in the FY 2024-FY2029 CIP book due to changes in the County's budget and publication systems. When developed, this information will aid in the review and decisions on the timing of public facilities and to show what a new building or road will cost in addition to its construction costs and any required debt service payments. Each project page will display operating budget impacts of each individual project where applicable. This information is anticipated to be displayed and completed in the FY 2025 – FY 2030 CIP budget book.

