

Wicomico County Capital Budget

Invitation for Public Input to the
formulation of Executive's
fiscal year 2020 - 2024
Capital Improvement Plan (CIP)
November 26, 2018

Charter definition found in section 702

"Capital project" shall mean:

(1) the building or purchase of any physical public betterment or improvement and any preliminary studies and surveys relative thereto;

(2) the acquisition of property of a permanent nature for public use; and

(3) the purchase of equipment for any public betterment or improvement when first erected or acquired.

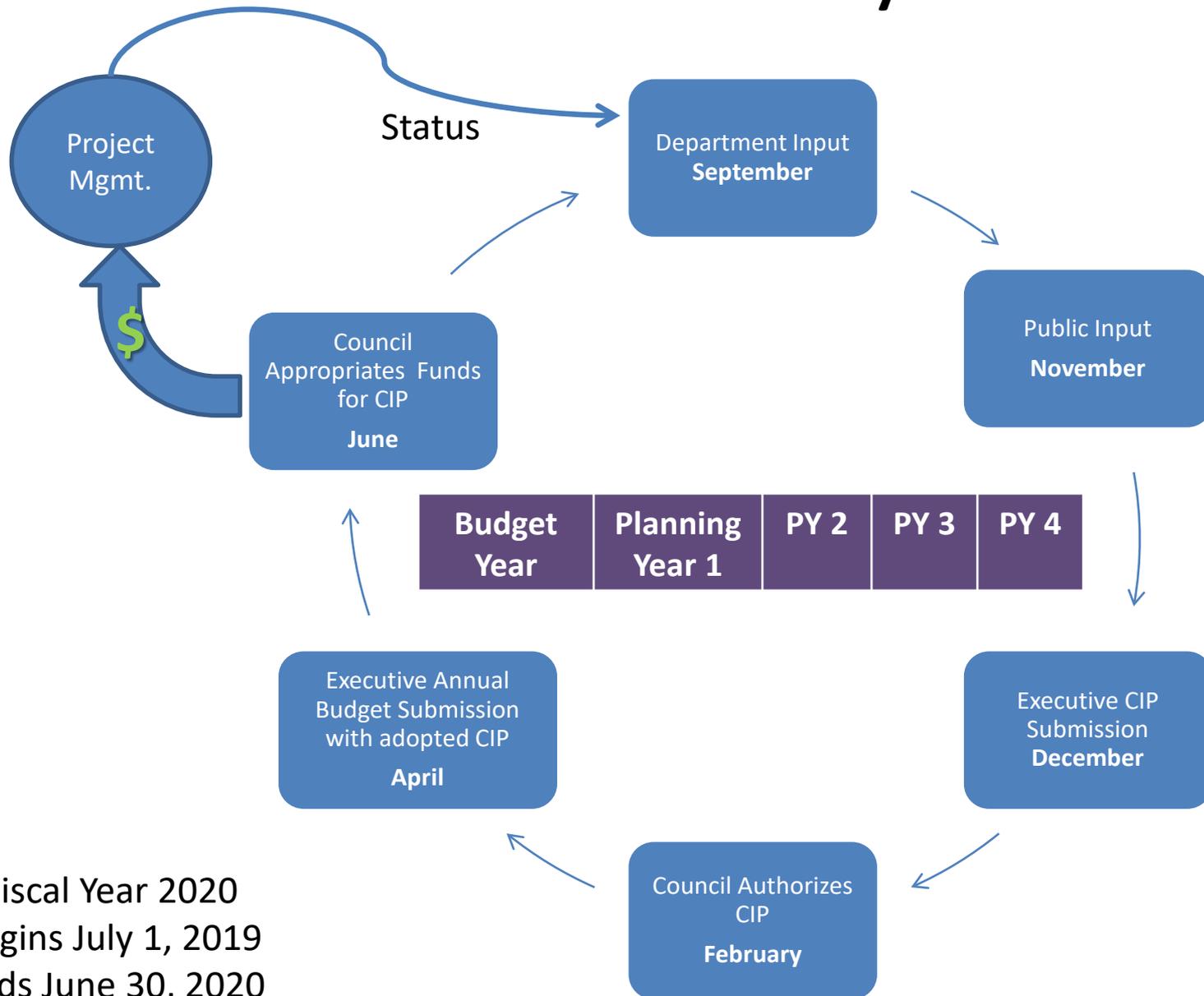
The Charter definition includes a wide range of items from land to bridges and buildings together with all their necessary equipment.

The Capital Improvement Plan, referred to as the CIP, is intended for projects that are significant in scope; take several years to plan and complete and require large amounts of funding from one or more sources.

FY19 General Funded Capital Investments

| FY2019 General Fund Capital Investments | General Obligation | |
|---|----------------------|------------------------|
| | Bonds | Pay-Go |
| Dept. of Corrections | \$ - | \$ 413,755 |
| Dept. of Information Technology | \$ - | \$ 108,440 |
| Dept. of Public Works - Roads Division | \$ - | \$ 1,402,500 |
| Dept. of Emergency Services | \$ - | \$ 121,671 |
| General Services | \$ - | \$ 257,500 |
| Salisbury-Ocean City-Wicomico (SBY) Airport | \$ - | \$ 3,050,000 |
| Wicomico County Board of Education | \$ 5,115,000 | \$ - |
| Wicomico County Public Library | \$ - | \$ 25,000 |
| Wicomico County Recreation, Parks & Tourism | \$ - | \$ 553,000 |
| Wicomico County Sheriff Office | \$ 5,189,500 | \$ 412,800 |
| Wicomico County States Attorney's Office | \$ - | \$ 32,418 |
| Wicomico County Board of Elections | \$ - | \$ 5,000 |
| Contingency | \$ 200,000 | \$ - |
| TOTAL | \$ 10,504,500 | \$ 6,382,084 |
| | | FY19 GF Capital |
| | | \$ 16,886,584 |

CIP Process Cycle



Fiscal Year 2020
begins July 1, 2019
ends June 30, 2020

Capital Project Funding

- **Bonds** (long term debt) – multi-million dollar projects with service life over 15 years most often create the need to sell bonds. Small dollar value projects may also be funded with long term debt, but they must be long lived assets.
- **Pay-go** - a term that implies that the project is being paid for on a “pay-as-you-go” basis. That is with anticipated revenue from the current tax year and/or funds accumulated in “savings” from prior fiscal years.

Funding continued

- **Grants** – The State and Federal governments also help pay for major projects through outright granting of funds. The airport is an example of a function that receives millions of dollars in grant funding.
- **Non-appropriated funds** – The Airport, Convention & Visitors Bureau and Solid Waste division generate 100% of their operating revenue from fees for service or dedicated taxes. They are periodically able to fund capital projects from within their own (non-tax revenue) resources.

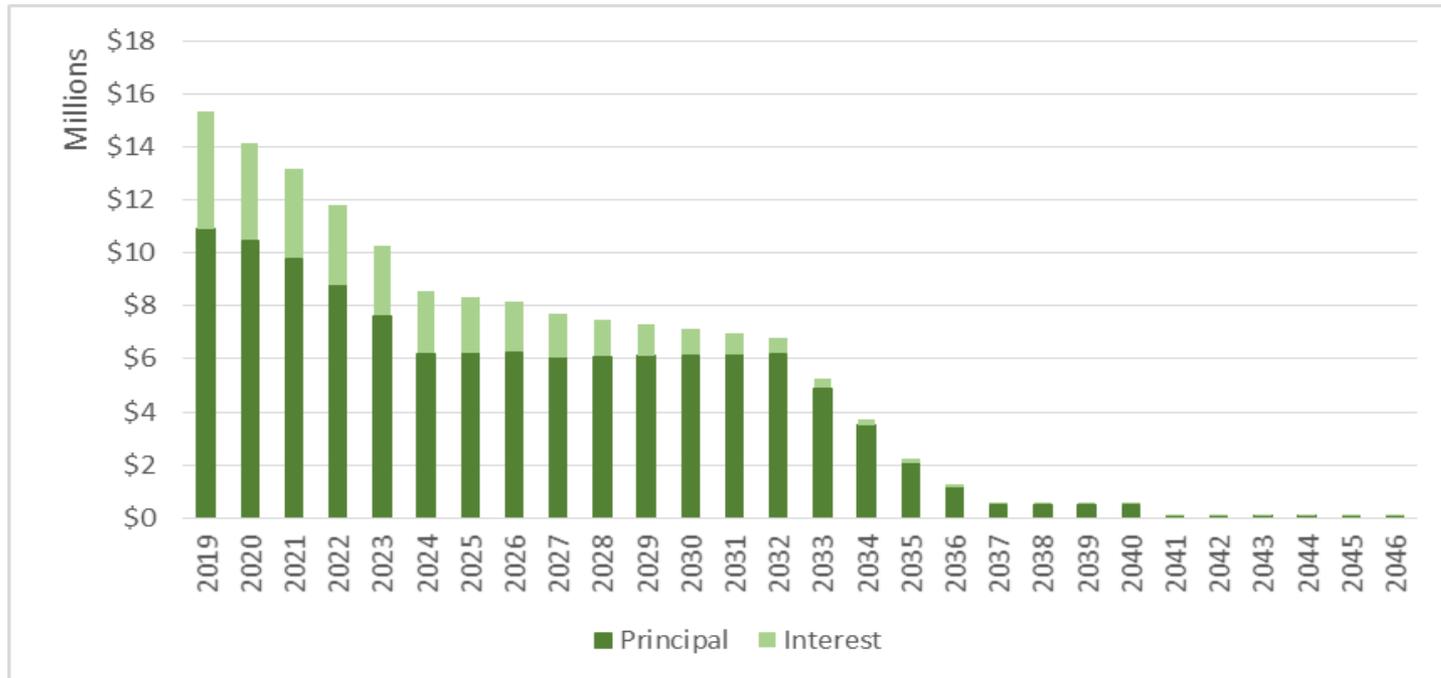
Policy limit on Debt Service

- By County policy, the sum of annual principal and interest payments (P&I) on general obligation debt shall not exceed 12% of the total General Fund estimated revenue.
- For the current fiscal year (FY19)
 - The P & I payment is \$15,364,239 million with a budget of \$140,880,478 million, resulting in 10.9% P&I as % of budget.

General Obligation Debt Service

- Per the County Charter, general obligation debt may not exceed 3.2 % of the assessable basis of real property of the County and 8% of the County's assessable basis of personal property.

| | | |
|---|----|-------------|
| 3.2% of 2019 Assessed Value of Real Property: | \$ | 194,520,960 |
| 8.0% of 2019 Assessed Value of Personal Property: | | 31,050,720 |
| Legal Debt Limit: | | 225,571,680 |
| General Obligation Debt as of 06/30/2018: | | 117,299,215 |
| County Legal Debt Margin: | \$ | 108,272,465 |



Future Debt Capacity

- While the Charter would allow substantially higher total debt, the P&I policy effectively limits the total borrowing.
- The County's practice of issuing relatively short term debt (bond maturity generally of 15 to 20 years rather than 25 or 30 years) and maturity profile of existing debt does provide for substantial future debt capacity.

Services versus Capital Investment

- The Great Recession required the County to focus on maintaining key Public Safety and Education services while preserving liquidity: a goal which remains valid today.
- Capital spending allocations remain highly competitive, with the most critical projects receiving funding.

FY20-FY24 Capital Improvement Requests

CAPITAL PROJECT COSTS

| Departmental Requests | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | 5-Year Total - '24 | '20 Prior Approp. Thru FY2019 | Project Total thru FY2024 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|-------------------------------------|------------------------------|
| Dept. of Corrections | \$ 751,667 | \$ 340,000 | \$ 340,000 | \$ 340,000 | \$ 340,000 | \$ 2,111,667 | \$ 823,333 | \$ 2,935,000 |
| Dept. of Information Technology | \$ - | \$ 107,750 | \$ - | \$ - | \$ - | \$ 107,750 | \$ - | \$ 107,750 |
| Dept. of Public Works | \$ 700,000 | \$ 700,000 | \$ 700,000 | \$ 700,000 | \$ 700,000 | \$ 3,500,000 | \$ 5,172,924 | \$ 8,672,924 |
| Dept. of Public Works - Roads Division | \$ 2,945,000 | \$ 1,600,000 | \$ - | \$ - | \$ - | \$ 4,545,000 | \$ 520,000 | \$ 5,065,000 |
| Dept. of Public Works - Solid Waste Division | \$ 615,000 | \$ 6,330,000 | \$ 80,000 | \$ 80,000 | \$ 80,000 | \$ 7,185,000 | \$ 400,000 | \$ 7,585,000 |
| General Services | \$ 784,600 | \$ 330,000 | \$ 270,000 | \$ - | \$ - | \$ 1,384,600 | \$ 160,000 | \$ 1,544,600 |
| Public Health | \$ 357,000 | \$ 150,000 | \$ 150,000 | \$ 200,000 | \$ - | \$ 857,000 | \$ - | \$ 857,000 |
| Salisbury-Ocean City-Wicomico (SBY) Airport | \$ 19,412,500 | \$ 5,295,000 | \$ 39,300,000 | \$ - | \$ - | \$ 64,007,500 | \$ - | \$ 64,007,500 |
| Wicomico County Board of Education | \$ 20,449,000 | \$ 22,000,000 | \$ 25,291,000 | \$ 15,538,000 | \$ 5,000,000 | \$ 88,278,000 | \$ 3,075,000 | \$ 91,353,000 |
| Wicomico County Public Library | \$ 450,000 | \$ 400,000 | \$ 4,000,000 | \$ - | \$ - | \$ 4,850,000 | \$ - | \$ 4,850,000 |
| Wicomico County Recreation, Parks & Tourism | \$ 1,104,500 | \$ 1,484,000 | \$ 860,000 | \$ 270,000 | \$ - | \$ 3,718,500 | \$ 729,000 | \$ 4,447,500 |
| Wicomico County Sheriff Office | \$ 5,189,500 | \$ - | \$ - | \$ - | \$ - | \$ 5,189,500 | \$ 5,914,500 | \$ 11,104,000 |
| Wor-Wic Community College | \$ 2,121,664 | \$ 4,380,659 | \$ 28,196,783 | \$ 1,029,170 | \$ - | \$ 35,728,276 | \$ - | \$ 35,728,276 |
| Contingency | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 1,000,000 | \$ - | \$ 1,000,000 |
| Total Capital Project Costs | \$ 55,080,431 | \$ 43,317,409 | \$ 99,387,783 | \$ 18,357,170 | \$ 6,320,000 | \$ 222,462,793 | \$ 16,794,757 | \$ 239,257,550 |
| Proposed General Obligation Bond Request | \$ 16,689,500 | \$ 14,700,000 | \$ 11,975,000 | \$ 7,038,000 | \$ 500,000 | \$ 50,902,500 | | |
| Proposed General Fund "Pay-Go" Request | \$ 10,200,381 | \$ 7,460,164 | \$ 4,182,664 | \$ 1,057,000 | \$ 740,000 | \$ 23,640,209 | | |
| Proposed Enterprise/Special Gov. Request | \$ 1,181,250 | \$ 6,568,750 | \$ 2,580,000 | \$ 80,000 | \$ 80,000 | \$ 10,490,000 | | |
| Proposed Grant/Other Request | \$ 27,009,300 | \$ 14,588,495 | \$ 80,650,119 | \$ 10,182,170 | \$ 5,000,000 | \$ 137,430,084 | | |

**The floor is open to your
suggestions for new capital
spending.**

Thank you