



FREDERICK COUNTY COUNCIL

Local Government Fiscal and Policy Note

CONTACT INFORMATION AND GENERAL INSTRUCTIONS

Bill Number/Reference:	Bill No. 18-21
Bill Title:	Adequate Public Facilities – Adjustment of School Construction Fees
Local Government Agency:	Frederick County Divisions of Planning & Permitting, Finance
Prepared By:	Janice Spiegel, Kelly Weaver, and Erin White
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Due Date:	September 18, 2018
Date Submitted:	September 18, 2018

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Date:						
Please respond to the questions below. If you prefer to provide responses or additional information in a separate file or document, send the file or document in a separate e-mail to rcherney@frederickcountymd.gov with the bill number/reference in the subject line.						
1.	Describe the impact of this proposed legislation on your agency (operations, revenues, expenditures, etc). If there is no impact, <u>please explain why.</u>					
The fiscal impact of the proposed legislation is that the County's School Mitigation Fee revenue would increase by approximately \$286,000 - \$341,000 per year. There will be no impact to County expenditures. The increase in fees would allow the county to provide additional funding to pay for school construction caused by the developments approved to use the School Construction Fee option as a result of its failure to the Adequate Public Facilities Ordinance (APFO) school capacity test period prior to July 20, 2016. No new developments were permitted to select the school construction fee after this date. The proposed legislation would increase the fee by approximately 6% on average.						
2.	Please indicate whether the proposed legislation will affect small businesses in Frederick County, and if it will, please provide any information you may have which could be useful in determining the economic impact on small businesses.					
This legislation only applies to residential dwelling units permitted to select the School Construction Fee option prior to July 20, 2016 and whose fees have not yet paid.						
<ul style="list-style-type: none"> The impact is calculated based on the type of dwelling (single family, townhouse or multi-family) and the level the development failed the APFO school capacity test (High, Middle or Elementary) The fee is per unit and the fee is evenly applied to every property who has been approved to pay the School Construction Fee Small developments pay the same per dwelling unit price as larger developments. 						
FISCAL IMPACT SUMMARY – SHOW (DECREASE) IN PARENTHESES						
<u>REVENUES</u>						
3.	Analysis of estimated increase (or decrease) in government revenues. Please estimate below any anticipated increase (or decrease) in revenues resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause revenue increases/decreases to begin in later years.					
	<u>Source</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
	School Construction Fees	\$139,000	\$286,000	\$303,000	\$321,000	\$341,000
	TOTAL \$	\$139,000	\$286,000	\$303,000	\$321,000	\$341,000
	Please explain how the above estimated increase(s) or decrease(s) were arrived at, including any calculations and/or assumptions made. Please also explain any variation if the revenue increase(s)/decrease(s) are not constant.					
This bill will increase School Construction Fees revenue from developments approved to use the School Construction Fee option by approximately 6% on average. The County has collected approximately \$4.6 million annually in school construction fee revenue over the last four years. This will only impact developments who were approved to pay the School Construction prior to July 20, 2016. No new developments were permitted to select the school construction fee after this date.						

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<u>EXPENDITURES</u>						
4.	Analysis of estimated increase (or decrease) in government expenditures. Please estimate below any anticipated increase (or decrease) in expenditures resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause expenditure increases/decreases to begin in later years.					
<u>A. Salaries & Wages</u>		<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
FTE Employees - _____ # of positions						
Fringe Benefits						
TOTAL (Salaries, wages & benefits)		\$	\$	\$	\$	\$
N/A	Please provide an explanation of the need for the number and type of any personnel listed above, including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type employee will be; and (3) why existing personnel cannot absorb the additional work. Please also certify the wage/salary rate and % fringe rate (if differing rates apply) for each personnel classification.					
<u>B. Other Operating Expenses</u>		<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Technical/Special Fees, Grants/Subsidies						
Communications-Phone, Postage						
Travel, Food, Auto, Fuel & Utilities						
Contractual Services						
Supplies						
Equipment-Replacement						
Equipment-Additional						
Land & Structures, Fixed Charges						
Other (Please Specify on Extra Page(s))						
TOTAL (Expenditures)		\$	\$	\$	\$	\$
	On the next page, please provide brief descriptions/breakdowns of the above "Other Operating Expenses."					
	Please explain below any additional calculations or assumptions made in estimating the "Other Operating Expenses" that will help us to understand the amounts and timing of the expenses.					
N/A						

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4. (cont'd)

C. Operating Expense Descriptions/Breakdowns

Please provide below a short description of the specific purpose of each expense listed under 4B. If any amount(s) listed under 4B represent(s) a total of multiple expenses, provide a breakdown of the fiscal 2016 amount with a short description of each expense (for example, if \$2,500 is listed for Communications – Phone, Postage, a statement such as “\$1,500 for cellphone charges for two new inspectors and \$1,000 for postage for mailings to permittees to notify them of changes to inspection requirements.”)

Fiscal 2019 Expenditures

Technical/Special Fees, Grants & Subsidies description/breakdown	\$
Communications – Phone, Postage description/breakdown	\$
Travel, Food, Auto Operations, Fuel & Utilities description/breakdown	\$
Contractual Services description/breakdown	\$
Supplies description/breakdown	\$
Equipment-Replacement description/breakdown	\$
Equipment-Additional description/breakdown	\$
Land & Structures, Fixed Charges description/breakdown	\$
Other (Please Specify) description/breakdown	\$

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ADDITIONAL POLICY IMPLICATIONS/CONCERNS

County staff suggest a definition for the School Construction Cost Index be added to this bill. This would add clarity to how the annual increase will be calculated. The State of Maryland's Interagency Commission on School Construction (IAC) establishes the school construction cost per square foot annually, however, several years the % change in building only costs (without site development) has differed from the % change in construction (with site development for new construction). Staff recommend that this bill be revised to define the School Construction Cost Index as the Statewide per-square-foot school building with site development cost as adjusted and established by the IAC annually. This is the commonly accepted understanding within school systems across the State.

COMAR 23.03.02.06 F requires the IAC to establish the average Statewide per-square-foot school building costs that will apply to the capital improvement program by July of the calendar year in which applications are submitted. However, this figure may be adjusted by the IAC to reflect market conditions before approval of the final State CIP.

In May 2018, the IAC staff recommended that the school construction cost per square foot figure to be used for the FY 2020 CIP of \$315 per square foot (s.f.) for building and \$374 / s.f. for building and site work. This would have been a 4.3% increase over the FY 2019 cost per square foot figures for building only and a 3.9% increase over the FY 2019 cost per square foot figures for building and site work. Then on August 30, 2018 the cost per square foot was adjusted by the IAC to be \$318/s.f. (5.3%) building only and \$378/s.f. (5.0%). Adding a definition to this legislation should help eliminate an ambiguity in the calculation of the annual increase.