



**21<sup>st</sup> Century School Facilities Commission**  
**Hearing July 21, 2016**  
Presentation of John R. Hammond  
Budget Officer, Anne Arundel County, Maryland

Introduction

23 Years with Anne Arundel County  
Budget Officer  
Chief Administrative Officer  
Acting County Executive

Anne Arundel County school construction budget for FY2017 is \$233 million and the five year program for FY2018-2022 calls for \$579.2 million, and forward funds state IAC funding by nearly two years.

Commission Charges Addressed

1. Innovative Financing Mechanisms

**Extend maturity of debt issuance**

- Constitutional limit of 15 years for general obligation debt
- Carve-out for School Construction bonds – Dedicated funding
- Better match bond maturity to life of asset financed
- Avoid intergenerational inequity
- Take advantage of historically low interest rates and flatness of yield curve
- Build it now because construction costs are increasing at 5% annually

\*Cost of 550 seat elementary school

> 1995 \$10.2 million

> 2015 \$29.7 million

- Greater bond capacity by extending maturity without increasing annual debt service of new debt – Approximately 60% more bond capacity by extending maturity to 30 years
- Anne Arundel recent experience – went from 20 year to 30 year bonds, increased capacity by 30%
- Bond rating not impacted – revised affordability ratios

2. Areas of cost-saving

**Repeal or restructure Prevailing Wage Requirement**

- State mandate increases county bid costs of construction project by as much as 12% to 14% (*IAC Report to the Board of Public Works – October 28, 2015*)
- Public policy conflict
- Return to 50% state participation threshold