

**Office of the County Auditor**  
**Auditor's Analysis**

**Council Bill No. 69-2021**

Introduced: October 4, 2021

Auditor: Michael A. Martin

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Fiscal Impact:

The fiscal impact of this legislation is approximately \$923,279 in expenditures from the Agricultural Preservation and Promotion Fund (APPF) over the next 20 years to acquire an agricultural preservation easement on private County property. Anticipated financing and payment terms of this acquisition include a 5 percent down payment of \$42,100, twenty annual principal payments of \$39,995, and semi-annual interest payments of 1 percent of the outstanding principal. Transfer tax proceeds from the APPF will be used to make the payments associated with this acquisition.

The General Fund would also be affected as a result of an estimated annual Agriculture Property Tax Credit of \$89, beginning in tax year July 1, 2023.

An appraised value or alternate use of a parcel is not considered when determining the cost per acre of a potential agricultural preservation easement.

**NOTE:** Our Office has reviewed the Administration's estimated amortization schedule for this IPA and believe it accurately depicts the terms of the agreement.

The Agricultural Land Preservation Program (ALPP) Capital Project G0163 will be utilized to fulfill this Installment Purchase Agreement. The Department of Finance indicated there will be approximately \$16.9 million of appropriation authority remaining in Capital Project G0163 following the latest two proposed IPAs (CB69-2021 and CB70-2021).

The Administration informed us that this acquisition was included in the latest APPF cash flow analysis and will not result in a decrease in the noted future projected fund balances. The APPF cash flow can be found in **Attachment A** and is current as of March 2021.

Purpose:

This legislation approves a multi-year IPA in which the County will acquire the development rights of approximately 23.97 acres of agriculture land owned by C. Alan Sharp located on Jennings Chapel Road in Brookeville for a maximum price of \$842,000 (or not more than \$35,120 per acre).

Other Comments:

The County's cost per acre is determined using a Price Formula Worksheet that awards points based on the applicant parcel meeting certain criteria. Each point is valued at \$40 per acre, and this parcel's Price Formula Worksheet was scored at 878 points (see **Attachment B**). Our Office verified this parcel's cost per acre of \$35,120 based on the 878 points awarded in the Price Formula Worksheet.

The Agricultural Preservation Board (APB) unanimously voted in favor of recommending the acquisition of this preservation easement on August 24, 2021.

The ALPP receives 20 percent of the County's transfer tax. The total transfer tax revenue for FY 2020 was \$40,140,976 versus a budgeted amount of \$30,000,000. The total transfer tax revenue for FY 2021 was \$55,649,810 versus a budgeted amount of \$31,292,000. As of October 6, 2021, FY 2022 transfer tax revenues according to SAP are \$14,255,515 versus a budgeted amount of \$44,875,000.

# Attachment A - CB69-2021

## Howard County Maryland Agricultural Land Preservation Program (Fund 2020) Cash Flow Analysis as of March 2021

Fiscal Year	Beginning Fund Balance	Revenues					Expenses							Total Ending Balance		
		Acct 485200 Interest on Cash Balance Only + 0.05%	Acct 432490 & 489900 Miscellaneous	Acct 401550 State Ag Transfer Tax	Acct 409930 Transfer Tax Receipts	Total Revenues	Existing Debt Service			Settled Open Enrollment	Projected Enrollments <sup>(2)</sup>	NET DEBT SERVICE	Cost of Zero Coupon Bonds or Cash or 5% Down <sup>(1)</sup>		Admin Costs 2.00%	Total Expenses
							Through		Net							
							Batch 14	Treasury Strip Income								
1989*	6,354,294	706,268	481,283	3,025,054	4,212,605							312,364	312,364	10,254,535		
1990*	10,254,535	968,033	245,416	3,157,620	4,371,069	113,121		113,121		113,121	780,975	412,158	1,306,254	13,319,350		
1991*	13,319,350	973,479	120,383	2,182,444	3,276,306	1,391,632		1,391,632		1,391,632	1,286,044	512,586	3,190,262	13,405,394		
1992*	13,405,394	540,000	95,795	2,414,000	3,049,795	2,902,362		2,902,362		2,902,362	841,019	492,159	4,235,540	12,219,649		
1993*	12,219,649	425,833	307,068	2,867,643	3,600,544	3,249,157		3,249,157		3,249,157	249,855	220,083	3,719,095	12,101,098		
1994*	12,101,098	434,712	173,644	2,924,150	3,532,506	3,047,698		3,047,698		3,047,698		291,205	3,338,903	12,294,701		
1995*	12,294,701	632,862	309,360	2,638,781	3,581,003	3,764,416		3,764,416		3,764,416	1,195,984	391,596	5,351,996	10,523,708		
1996*	10,523,708	5,262	35,889	288,878	2,579,633	2,909,662		2,909,662		2,909,662	93,415	308,705	4,381,701	9,051,669		
1997*	9,051,669	505,856	648,547	2,807,123	3,961,529	3,976,066		3,976,066		3,976,066	756,713	344,458	5,077,237	7,935,961		
1998*	7,935,961	247,392	33,169	648,624	3,460,501	4,256,933		4,256,933		4,256,933		279,786	4,536,719	7,788,928		
1999*	7,788,928	427,116	12,500	936,770	4,137,528	5,513,914		4,203,247		4,203,247		292,169	4,495,416	8,807,426		
2000*	8,807,426	273,536	85,812	557,200	4,263,890	5,180,438		4,256,710		4,256,710		244,463	4,501,173	9,486,691		
2001*	9,486,691	200,000	6,200	588,231	4,352,006	5,146,437		4,174,116		4,174,116		318,900	4,493,016	10,140,112		
2002*	10,140,112	100,000	1,000	457,510	4,883,685	5,442,195		4,259,652		4,259,652	478,644	369,167	5,107,463	10,474,844		
2003*	10,474,844	100,000		986,115	5,415,733	6,501,848		4,254,375		4,254,375		358,480	4,612,855	12,363,837		
2004*	12,363,837	113,000	1,832,033	6,925,516	8,870,549	4,385,582		4,385,582		4,385,582		493,883	4,879,465	16,354,921		
2005*	16,354,921	110,000		608,704	8,488,301	9,207,005		4,277,428		4,277,428		466,400	4,743,828	20,818,098		
2006*	20,818,098	745,655	1,326,231	9,253,090	11,324,976	4,356,963		4,356,963		4,356,963		530,411	4,887,374	27,255,700		
2007*	27,255,700	1,018,815	1,663,296	7,491,284	10,173,395	4,248,809		4,248,809		4,248,809		494,635	4,743,444 #	32,685,651		
2008*	32,685,651	1,288,612	42,828	446,135	6,021,535	7,799,110		4,603,210		4,603,210	5,105,604	548,120	10,256,934	30,227,827		
2009*	30,227,827	535,715		55,585	4,592,745	5,184,045		4,731,892		4,731,892	526,928	613,380	5,872,200	29,539,672		
2010*	29,539,672	121,154	8,297	98,306	5,319,203	5,546,960		4,846,765		4,846,765		807,122	5,653,887	29,432,745		
2011*	29,432,745	66,497	255	39,306	5,329,914	5,435,971		4,872,648		4,872,648	1,141,600	958,109	6,972,358	27,896,358		
2012*	27,896,358	34,342	11,946	164,703	6,450,253	6,661,244		6,977,789		6,977,789	2,805,900	10,827,700	10,810,959	23,746,643		
2013*	23,746,643	27,014	1,000	104,136	6,316,161	6,448,311		7,404,920		7,404,920		1,097,624	8,502,544	21,692,410		
2014*	21,692,410	18,281	12,800	153,431	6,726,946	6,911,458		7,435,078		7,435,078	4,453,745	1,223,474	13,112,297	15,491,572		
2015*	15,491,572	23,318	7,616	162,316	7,741,048	7,934,298		7,277,546	612,187	7,889,733	652,495	1,071,788	9,614,016	13,811,854		
2016*	13,811,854	53,274	745	105,166	7,892,622	8,051,806		7,307,704	948,454	8,256,158	340,085	1,326,804	9,923,047	11,940,613		
2017*	11,940,613	45,348	600	125,326	9,476,018	9,647,292		13,753,373	(6,608,200)	7,145,173	1,021,346	8,166,518	10,202,497	11,385,408		
2018*	11,385,408	107,517	24,785	291,059	9,456,530	9,879,891		8,395,158	(1,669,000)	6,726,158	2,293,469	162,930	1,554,016	10,736,573		
2019*	10,528,726	290,705	6,000	314,891	7,841,755	8,453,351		7,248,477	(759,000)	6,489,477	2,061,143	1,055,414	9,606,035	9,376,042		
2020*	9,376,042	132,640	214,800	928,659	10,035,244	11,311,343		19,742,111	(13,604,000)	6,138,111	2,026,896	8,165,007	878,188	9,043,195		
2021	11,644,190	70,000	5,000	150,000	9,575,000	9,800,000		19,299,498	(14,481,000)	4,818,498	1,992,649	6,811,147	7,899,558	13,544,633		
2022	13,544,633	6,772	100,000	100,000	8,975,000	9,081,772		7,495,478	(3,695,000)	3,800,478	1,958,402	6,724,821	931,401	11,110,179		
2023	13,860,004	6,930	100,000	100,000	9,925,000	9,301,930		3,541,367		3,541,367	1,924,155	1,052,949	6,518,471	11,323,383		
2024	15,241,080	7,621	100,000	100,000	9,200,000	9,307,621		13,721,970	(10,219,000)	3,502,970	1,889,908	1,044,100	6,436,978	1,155,030		
2025	16,956,692	8,478	100,000	100,000	9,300,000	9,408,478		2,657,090		2,657,090	1,855,661	1,035,252	5,548,003	1,178,131		
2026	19,639,037	9,820	100,000	100,000	9,575,000	9,684,820		3,150,637	(557,000)	2,593,637	1,821,414	5,441,455	1,201,694	6,643,149		
2027	22,680,707	11,340	100,000	100,000	9,675,000	9,786,340		7,566,689	(5,245,000)	2,321,689	1,787,167	1,017,555	5,126,412	1,225,728		
2028	26,114,909	13,057	100,000	100,000	9,900,000	10,013,057		4,251,587	(2,158,000)	2,093,587	1,756,316	1,008,707	4,858,609	1,250,242		
2029	30,019,115	15,010	100,000	100,000	10,125,000	10,240,010		1,904,839		1,904,839	1,718,674	999,859	4,623,372	1,275,247		
2030	34,360,505	17,180	100,000	100,000	10,375,000	10,492,180		1,856,362		1,856,362	1,272,746	991,010	4,120,118	1,300,752		
2031	39,431,815	19,716	100,000	100,000	10,625,000	10,744,716		1,807,885		1,807,885	1,247,574	982,162	4,037,621	1,326,767		
2032	44,812,143	22,406	100,000	100,000	10,800,000	10,922,406		270,081		270,081	805,409	973,314	2,048,804	1,353,302		
2033	52,332,443	26,166	100,000	100,000	11,175,000	11,301,166		789,385		789,385	964,466	1,753,851	1,380,368	3,134,219		
2034	60,499,390	30,250	100,000	100,000	11,325,000	11,455,250		773,361		773,361	1,728,978	1,407,976	3,136,954	68,817,686		
2035	68,817,686	34,409	100,000	100,000	11,500,000	11,634,409		649,035		649,035	946,769	1,595,804	1,436,135	3,031,939		
2036	77,420,155	38,710	100,000	100,000	11,650,000	11,788,710		395,757		395,757	937,921	1,333,678	1,464,858	2,798,536		
2037	86,410,330	43,205	100,000	100,000	11,725,000	11,868,205		387,424		387,424	929,072	1,316,497	1,494,155	2,810,652		
2038	95,467,883	47,734	100,000	100,000	11,925,000	12,072,734		156,481		156,481	920,224	1,076,705	1,524,038	2,600,743		
2039	104,939,874	52,470	100,000	100,000	12,175,000	12,327,470		911,376		911,376	911,376	1,554,519	2,465,895	114,801,449		
2040	114,801,449	57,401	100,000	100,000	12,400,000	12,557,401		902,527		902,527	902,527	1,585,609	2,488,137	124,870,713		
<b>Total</b>		<b>11,810,911</b>	<b>511,241</b>	<b>17,314,107</b>	<b>387,392,959</b>		<b>237,218,002</b>	<b>(58,995,200)</b>	<b>178,222,802</b>	<b>32,145,015</b>	<b>18,565,224</b>	<b>228,933,041</b>	<b>22,369,467</b>	<b>47,210,291</b>	<b>298,512,799</b>	

\*Actual  
#Includes encumbrances  
Budgeted amount  
Estimated Figure per Budget  
(1) FY 2014 Includes cash payment to Cissel and Taro.  
(2) Projected settlements based on remaining capital appropriation of \$22,601,932.



## Howard County Agricultural Land Preservation Program 2020 PRICE FORMULA WORKSHEET

Owner Sharp Tax Map 20 Parcel(s) 56  
 Farm Address Jennings Chapel Rd Acres 23.97

**POINTS**

<b>1. Parcel Size Relative to Average Acreage of Remaining Uncommitted Land (40 acres)</b>	<b>Maximum 150 points</b>		<u>50</u>
40 acres or more _____ 150 points			
35 acres to 39.9 acres _____ 125 points			
30 acres to 34.9 acres _____ 100 points			
25 acres to 29.9 acres _____ 75 points			
20 acres to 24.9 acres <u>24.3</u> 50 points			
<b>2. Soil Capability – Percentage of Class I, II and III Soils Relative to Property Total</b>	<b>Maximum 150 points</b>		<u>150</u>
90% or greater Class I, II and III Soils <u>100%</u> 150 points			
80% to 89% Class I, II and III Soils _____ 125 points			
70% to 79% Class I, II and III Soils _____ 100 points			
60% to 69% Class I, II and III Soils _____ 75 points			
Less than 60% Class I, II and III Soils _____ 50 points			
<b>3. Soil Productivity as Measured by Land Evaluation Score</b>	<b>Maximum 150 points</b>		<u>150</u>
90 or greater Land Evaluation Score <u>96</u> 150 points			
80-89 Land Evaluation Score _____ 125 points			
70-79 Land Evaluation Score _____ 100 points			
60-69 Land Evaluation Score _____ 75 points			
Less than 60 Land Evaluation Score _____ 50 points			
<b>4. Adjacency to Preserved Land</b>	<b>Maximum 125 points</b>		<u>75</u>
75 to 100% perimeter adjacent to preserved land _____ 125 points			
50 to 74% perimeter adjacent to preserved land _____ 100 points			
25 to 49% perimeter adjacent to preserved land <u>27%</u> 75 points			
Less than 25% perimeter adjacent to preserved land _____ 50 points			
<b>5. Concentration of Preserved Lands</b>	<b>Maximum 125 points</b>		<u>125</u>
More than 600 acres of preserved land within 3/4 mile <u>979</u> 125 points			
400-599 acres of preserved land within 3/4 mile _____ 100 points			
200-399 acres of preserved land within 3/4 mile _____ 75 points			
Less than 200 acres of preserved land within 3/4 mile _____ 50 points			
<b>6. Current Land Use</b>	<b>Maximum 150 points</b>		<u>150</u>
90% or greater of property in agricultural use <u>100%</u> 150 points			
80% to 89% of property in agricultural use _____ 125 points			
70% to 79% of property in agricultural use _____ 100 points			
60% to 69% of property in agricultural use _____ 75 points			
Less than 60% of property in agricultural use _____ 50 points			
<b>7. Soil Conservation and Water Quality Plan (SCWQP)/Best Management Practices (BMPs)</b>	<b>Maximum 100 points</b>		<u>100</u>
Longstanding landowner relationship with SCD, and SCWQP on the property is predominantly implemented with no major resource concerns _____ <u>X</u> 100 points			
Landowner has relationship with SCD and has made considerable efforts to implement SCWQP on this property or another property, or landowner has implemented considerable BMPs on their own _____ 75 points			
New relationship with SCD and has made efforts to implement SCWQP on this property or another property, or landowner has implemented BMPs on their own _____ 50 points			
New SCWQP with no conservation or BMP activity _____ 0 points			

			<b>POINTS</b>
<b>8. Ownership and Operation</b>			<b>Maximum 50 points</b>
Owner operated	<u>          </u> X	50 points	<u>          </u> 50
Non-owner operated	<u>          </u>	25 points	
No current operation	<u>          </u>	0 points	

**SUBTOTAL POINTS** **Maximum 1000 points**            850

**PRELIMINARY PRICE CALCULATION - Maximum \$40,000 per acre**

           850 points x \$40/point =            \$34,000

**Additional Points - Maximum 100 points**

<b>1. Relinquishment of Tenant House Rights, if applicable</b>		<b>Maximum 50 points</b>	<u>          </u> 0
<u>          </u> 0 Number of tenant houses allowed by right at 1 per 25 acres			
<u>          </u> Tenant house rights relinquished x 10 points per house			

<b>2. Optional APB Points</b>		<b>Maximum +/- 50 points</b>	<u>          </u> 28
See separate scoring sheet - points may be added or subtracted			

**TOTAL POINTS** **Maximum 1000 points**            878

**FINAL PRICE CALCULATION - Maximum \$40,000 per acre**

           878 points x \$40/point =            \$35,120

**TOTAL PRICE OFFER**

           23.97 acres x            \$35,120 per acre = **\$841,826**