



Howard County

Internal Memorandum

Subject: Testimony on CR 27-2017

To: Lonnie Robbins
Chief Administrative Officer

From: Holly Sun, Administrator
Office of Budget

Jim Irvin, Director
Department of Public Works

Date: February 8, 2017

CR-27-2017 was pre-filed to solicit County Council support for constructing and financing a new courthouse project through a public-private partnership (P3) approach.

This project is needed to address significant community service needs, various Federal and state mandates, technology needs and other space issues that cannot be accommodated by the structure and capacity of the existing courthouse built over 174 year ago.

After examining various project delivery options, the administration agreed with the Spending Affordability Advisory Committee and the financial consultants that a hybrid P3 model represents the most efficient and effective way of delivering this project. This approach features partial public financing and partial private financing with a private consortium selected through competitive bid delivering services including design, build, operation and maintenance under a long-term contract (typically 30 years).

Preliminary projections indicate total construction cost of approximately \$138 million. Other major costs include operation and maintenance services. Based on preliminary project schedule, the first full-year impact of this project on County operating budget is expected in FY 2022 with total annual fiscal impact estimated at around \$16 million, or 1.3% of the total budget. After that, only minor increase is expected on annual basis. To allow a successful procurement process for competitive bidding, General Obligation (GO) bonds authorization for this project will be included in County Executive's proposed FY 2018 CIP budget, to be developed in next two months for County Council review and decisions.

The proposed project is not anticipated to trigger any changes to the existing AAA ratings of County GO bonds, holding all other variables constant.

Thank you for your consideration and feel free to contact me if you have any questions.

CC: Stan Milesky
Daryl Paunil
Brook Mamo