

Office of the County Auditor
Auditor's Analysis

Council Bill No. 16-2021

Introduced: March 1, 2021

Auditors: Maya Cameron and Owen Clark

Fiscal Impact:

The fiscal impact of this legislation is expenditures totaling \$1,108,049 from the Agricultural Preservation Fund over the next 20 years to acquire an agricultural preservation easement on private land in the County.

Another fund effected by this legislation would be the General Fund, due to an estimated annual property tax credit of \$2,267. The Agriculture Property Tax Credit for this parcel would begin the tax year starting July 1, 2022.

Anticipated financing and payment terms of this acquisition include a 5 percent down payment of \$50,580, twenty annual principle payments of \$48,051, and semi-annual interest payments of 1 percent of the outstanding principle. **Attachment A** provides the detailed Installment Purchase Agreement (IPA) amortization schedule.

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

Transfer tax proceeds of the Agricultural Preservation and Promotion Fund (APPF) will be used to make the payments associated with this acquisition.

The Administration has confirmed the costs of this IPA are included in the APPF cash flow projections and will not result in a decrease in the future projected fund balances. **Attachment B** is the most recent APPF cash flow that our Office has been provided, which is current as of March 2020.

The Administration has indicated that an updated APPF cash flow is not available at this time; however, they expect one to be provided in conjunction with the issuance of the County Executive's Proposed Capital Budget on April 1, 2021.

In comparing the portion of actual APPF transfer tax revenues with projections noted in the March 2020 APPF Cash Flow Statement, our office notes the following:

- Fiscal year to date APPF revenues are \$5,768,950 through March 3, 2021, which keeps the County on a pace to exceed the Fiscal Year 2021 projection of \$6,338,000.
- During FY 2020, \$10,035,244 was recognized in APPF transfer tax revenues, which exceeded the FY 2020 projected amount of \$5,433,000.

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

Purpose:

The purpose of this legislation is to approve a multi-year IPA between the County and William and Jennifer Lowrey to finance the acquisition of development rights and establish an agricultural preservation easement on 34.50 acres of land for \$1,011,600, or \$29,320 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 733 points (see **Attachment C**). Our Office verified this parcel's cost per acre of \$29,320 based on the 733 points awarded in the Price Formula Worksheet.

Of note on the Price Formula Worksheet, the property owners have elected to relinquish the Tenant House development rights.

The Agricultural Preservation Board unanimously voted in favor of recommending the acquisition of this preservation easement on November 23, 2020.

The Administration has indicated it has no plans to acquire additional agricultural preservation parcels in FY 2021.

The total transfer tax revenue for FY 2020 was \$40,140,976 versus a budget amount of \$30,000,000, while the total transfer tax revenue for FY 2021 year to date (as of March 8, 2021) is \$28,844,750 versus a budget amount of \$31,292,000.

Attachment A

Howard County, Maryland
Agricultural Land Preservation Program
Installment Purchase Amortization Schedule

	Acres:	34.50
	Price per acre:	\$29,320.00
Landowner: Curtis and Jennifer Lowrey 20 Year Amortization - 5% Down	Total price:	\$1,011,600.00
	Down Payment	\$50,580.00
Interest Rate: 1.0000% Settlement: August 2, 2021	Interest:	96,449.14
Estimated - subject to change	Total payments:	\$1,108,049.14

Date	Principal Amount	Interest	Semi-annual Debt Service	Annual Debt Service	Balance
					\$961,020.00
August 15, 2021		347.04	347.04		961,020.00
February 15, 2022	48,051.00	4,805.10	52,856.10	53,203.14	912,969.00
August 15, 2022		4,564.85	4,564.85		912,969.00
February 15, 2023	48,051.00	4,564.85	52,615.85	57,180.70	864,918.00
August 15, 2023		4,324.59	4,324.59		864,918.00
February 15, 2024	48,051.00	4,324.59	52,375.59	56,700.18	816,867.00
August 15, 2024		4,084.34	4,084.34		816,867.00
February 15, 2025	48,051.00	4,084.34	52,135.34	56,219.68	768,816.00
August 15, 2025		3,844.08	3,844.08		768,816.00
February 15, 2026	48,051.00	3,844.08	51,895.08	55,739.16	720,765.00
August 15, 2026		3,603.83	3,603.83		720,765.00
February 15, 2027	48,051.00	3,603.83	51,654.83	55,258.66	672,714.00
August 15, 2027		3,363.57	3,363.57		672,714.00
February 15, 2028	48,051.00	3,363.57	51,414.57	54,778.14	624,663.00
August 15, 2028		3,123.32	3,123.32		624,663.00
February 15, 2029	48,051.00	3,123.32	51,174.32	54,297.64	576,612.00
August 15, 2029		2,883.06	2,883.06		576,612.00
February 15, 2030	48,051.00	2,883.06	50,934.06	53,817.12	528,561.00
August 15, 2030		2,642.81	2,642.81		528,561.00
February 15, 2031	48,051.00	2,642.81	50,693.81	53,336.62	480,510.00
August 15, 2031		2,402.55	2,402.55		480,510.00
February 15, 2032	48,051.00	2,402.55	50,453.55	52,856.10	432,459.00
August 15, 2032		2,162.30	2,162.30		432,459.00
February 15, 2033	48,051.00	2,162.30	50,213.30	52,375.60	384,408.00
August 15, 2033		1,922.04	1,922.04		384,408.00
February 15, 2034	48,051.00	1,922.04	49,973.04	51,895.08	336,357.00
August 15, 2034		1,681.79	1,681.79		336,357.00
February 15, 2035	48,051.00	1,681.79	49,732.79	51,414.58	288,306.00
August 15, 2035		1,441.53	1,441.53		288,306.00
February 15, 2036	48,051.00	1,441.53	49,492.53	50,934.06	240,255.00
August 15, 2036		1,201.28	1,201.28		240,255.00
February 15, 2037	48,051.00	1,201.28	49,252.28	50,453.56	192,204.00
August 15, 2037		961.02	961.02		192,204.00
February 15, 2038	48,051.00	961.02	49,012.02	49,973.04	144,153.00
August 15, 2038		720.77	720.77		144,153.00
February 15, 2039	48,051.00	720.77	48,771.77	49,492.54	96,102.00
August 15, 2039		480.51	480.51		96,102.00
February 15, 2040	48,051.00	480.51	48,531.51	49,012.02	48,051.00
August 15, 2040		240.26	240.26		48,051.00
February 15, 2041	48,051.00	240.26	48,291.26	48,531.52	0.00
	\$ 961,020.00	\$ 96,449.14	\$ 1,057,469.14	\$ 1,057,469.14	

Attachment B

Howard County Maryland Agricultural Land Preservation Program (Fund 2020) Cash Flow Analysis as of March 2020																
Fiscal Year	Beginning Fund Balance	Revenues					Expenses							Total Expenses	Ending Balance	
		Acct 485200 Interest on Cash Balance Only + 1.50%	Acct 432490 & 489900 Miscellaneous	Acct 401550 State Ag Transfer Tax	Acct 409930 Transfer Tax Receipts 2.00%	Total Revenues	Existing Debt Service			Settled Open Enrollment	Projected Enrollments ⁽²⁾	NET DEBT SERVICE	Cost of Zero Coupon Bonds or Cash or 5% Down ⁽¹⁾			Admin Costs 2.00%
							Through Batch 14	Treasury Strip Income	Net							
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	157,856	35,889	288,878	2,579,633	3,062,256	3,979,581		3,979,581		3,979,581	93,415	308,705	4,381,701	9,204,263	
1997*	9,204,263	505,856		648,547	2,807,126	3,961,529	3,976,066		3,976,066		3,976,066	756,713	344,458	5,077,237	8,088,555	
1998*	8,088,555	247,392	33,169	648,624	3,460,501	4,389,686	4,256,933		4,256,933		4,256,933		279,786	4,536,719	7,941,522	
1999*	7,941,522	427,116	12,500	936,770	4,137,528	5,513,914	4,203,247		4,203,247		4,203,247		292,169	4,495,416	8,960,020	
2000*	8,960,020	273,536	85,812	557,200	4,263,890	5,180,438	4,256,710		4,256,710		4,256,710		244,463	4,501,173	9,639,285	
2001*	9,639,285	200,000	6,200	588,231	4,352,006	5,146,437	4,174,116		4,174,116		4,174,116		318,900	4,493,016	10,292,706	
2002*	10,292,706	100,000	1,000	457,510	4,883,685	5,442,195	4,259,652		4,259,652		4,259,652	478,644	369,167	5,107,463	10,627,438	
2003*	10,627,438	100,000		986,115	5,415,733	6,501,848	4,254,375		4,254,375		4,254,375		358,480	4,612,855	12,516,431	
2004*	12,516,431	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	16,507,515	
2005*	16,507,515	110,000		608,704	8,488,301	9,207,005	4,277,428		4,277,428		4,277,428		466,400	4,743,828	20,970,692	
2006*	20,970,692	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	27,408,294	
2007*	27,408,294	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 #	32,838,245	
2008*	32,838,245	1,288,612	42,828	446,135	6,021,535	7,799,110	4,603,210		4,603,210		4,603,210	5,105,604	548,120	10,256,934	30,380,421	
2009*	30,380,421	535,715		55,585	4,592,745	5,184,045	4,731,892		4,731,892		4,731,892	526,928	613,380	5,872,200	29,692,266	
2010*	29,692,266	121,154	8,297	98,306	5,319,203	5,546,960	4,846,765		4,846,765		4,846,765		807,122	5,653,887	29,585,338	
2011*	29,585,338	66,497	255	39,306	5,329,914	5,435,971	4,872,648		4,872,648		4,872,648	1,141,600	958,109	6,972,358	28,048,952	
2012*	28,048,952	34,342	11,946	164,703	6,450,253	6,661,244	6,977,789		6,977,789		6,977,789	2,805,900	1,027,270	10,810,959	23,899,237	
2013*	23,899,237	27,014	1,000	104,136	6,316,161	6,448,311	7,404,920		7,404,920		7,404,920		1,097,624	8,502,544	21,845,004	
2014*	21,845,004	18,281	12,800	153,431	6,726,946	6,911,458	7,435,078		7,435,078		7,435,078	4,453,745	1,223,474	13,112,297	15,644,166	
2015*	15,644,166	23,318	7,616	162,316	7,741,048	7,934,298	7,277,546		7,277,546	612,187	7,889,733	652,495	1,071,788	9,614,016	13,964,447	
2016*	13,964,447	53,274	745	105,166	7,892,622	8,051,806	7,307,704		7,307,704	948,454	8,256,158	340,085	1,326,804	9,923,047	12,093,207	
2017*	12,093,207	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	566,130	1,469,848	10,202,497	11,538,002	
2018*	11,538,002	107,517	24,785	291,059	9,456,530	9,879,891	8,395,158	(1,669,000)	6,726,158	2,293,469	9,019,627	162,930	1,554,016	10,736,573	10,681,320	
2019*	10,681,320	290,705	6,000	314,891	7,841,755	8,453,351	7,248,477	(759,000)	6,489,477	2,061,143	8,550,621		1,055,414	9,606,035	9,528,636	
2020	9,528,636	142,930	5,000	150,000	5,433,000	5,730,930	19,742,111	(13,604,000)	6,138,111	2,026,896	8,165,007		1,109,496	9,274,503	5,985,063	
2021	5,985,063	89,776		100,000	6,338,000	6,527,776	19,299,498	(14,481,000)	4,818,498	1,992,649	7,970,960	931,401	1,131,686	10,034,047	2,478,792	
2022	2,478,792	37,182		100,000	7,673,000	7,810,182	7,495,478	(3,695,000)	3,800,478	1,958,402	1,253,631		1,154,320	8,166,831	2,122,142	
2023	2,122,142	31,832		100,000	7,150,000	7,281,832	3,541,367		3,541,367	1,924,155	1,234,220		1,177,406	7,877,149	1,526,826	
2024	1,526,826	22,902		100,000	7,350,000	7,472,902	13,721,970	(10,219,000)	3,502,970	1,889,908	1,214,810		1,200,954	7,808,642	1,191,086	
2025	1,191,086	17,866		100,000	7,450,000	7,567,866	2,657,090		2,657,090	1,855,661	1,195,399		1,224,973	6,933,123	1,825,829	
2026	1,825,829	27,387		100,000	7,675,000	7,802,387	3,150,637	(557,000)	2,593,637	1,821,414	1,175,989		1,249,473	6,840,513	2,787,704	
2027	2,787,704	41,816		100,000	7,750,000	7,891,816	7,566,689	(5,245,000)	2,321,689	1,787,167	1,156,578		1,274,462	6,539,897	4,139,623	
2028	4,139,623	62,094		100,000	8,350,000	8,512,094	4,251,587	(2,158,000)	2,093,587	1,756,316	1,137,168		1,299,951	6,287,021	6,364,696	
2029	6,364,696	95,470		100,000	8,500,000	8,695,470	1,904,839		1,904,839	1,718,674	1,117,757		1,325,950	6,067,221	8,992,945	
2030	8,992,945	134,894		100,000	8,875,000	9,109,894	1,856,362		1,856,362	1,272,746	1,098,347		1,352,469	5,579,924	12,522,916	
2031	12,522,916	187,844		100,000	9,225,000	9,512,844	1,807,885		1,807,885	1,247,574	1,078,936		1,379,519	5,513,914	16,521,845	
2032	16,521,845	247,828		100,000	9,525,000	9,872,828	270,081		270,081	805,409	1,059,526		1,407,109	3,542,125	22,852,548	
2033	22,852,548	342,788		100,000	9,600,000	10,042,788			789,385		1,040,115		1,435,251	3,264,752	29,630,585	
2034	29,630,585	444,459		100,000	9,700,000	10,244,459			773,361		1,020,704		1,463,956	3,258,022	36,617,022	
2035	36,617,022	549,255		100,000	9,875,000	10,524,255			649,035		1,001,294		1,493,236	3,143,565	43,997,713	
2036	43,997,713	659,966		100,000	9,975,000	10,734,966			395,757		981,883		1,523,100	2,900,741	51,831,937	
2037	51,831,937	777,479		100,000	10,000,000	10,877,479			387,424		962,473		1,553,562	2,903,459	59,805,957	
2038	59,805,957	897,089		100,000	10,175,000	11,172,089			156,481		943,062		1,584,633	2,684,177	68,293,869	
2039	68,293,869	1,024,408		100,000	10,400,000	11,524,408					923,652		1,616,326	2,539,978	77,278,299	
2040	77,278,299	1,159,174		100,000	10,600,000	11,859,174					904,241		1,648,653	2,552,894	86,584,580	
Total		18,286,629	296,441	16,485,448	348,051,715		237,218,002	(58,995,200)	178,222,802	32,145,015	21,659,599	232,027,416	22,369,467	48,493,066	302,889,948	

*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.

Attachment C



Howard County Agricultural Land Preservation Program

2020 PRICE FORMULA WORKSHEET

Owner Lowrey Tax Map 14 Parcel(s) 217, Lot 6

Farm Address 2751 McKendree Rd Glenwood 21738 Acres 34.5

POINTS

1. Parcel Size Relative to Average Acreage of Remaining Uncommitted Land (40 acres)	Maximum 150 points	<u>100</u>
40 acres or more _____ 150 points		
35 acres to 39.9 acres _____ 125 points		
30 acres to 34.9 acres <u>34.5</u> 100 points		
25 acres to 29.9 acres _____ 75 points		
20 acres to 24.9 acres _____ 50 points		
2. Soil Capability – Percentage of Class I, II and III Soils Relative to Property Total	Maximum 150 points	<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		
3. Soil Productivity as Measured by Land Evaluation Score	Maximum 150 points	<u>75</u>
90 or greater Land Evaluation Score _____ 150 points		
80-89 Land Evaluation Score _____ 125 points		
70-79 Land Evaluation Score _____ 100 points		
60-69 Land Evaluation Score <u>60</u> 75 points		
Less than 60 Land Evaluation Score _____ 50 points		
4. Adjacency to Preserved Land	Maximum 125 points	<u>50</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 _____ 75 points		
Less than 25% perimeter adjacent to preserved land <u>11%</u> 50 points		
5. Concentration of Preserved Lands	Maximum 125 points	<u>125</u>
More than 600 acres of preserved land within 3/4 mile <u>779</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		
6. Current Land Use	Maximum 150 points	<u>75</u>
90% or greater of property in agricultural use _____ 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 <u>65%</u> 75 points		
Less than 60% of property in agricultural use _____ 50 points		
7. Soil Conservation and Water Quality Plan (SCWQP)/Best Management Practices (BMPs)	Maximum 100 points	<u>75</u>
Longstanding landowner relationship with SCD, and SCWQP on the property is predominantly implemented with no major resource concerns _____ 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 <u>X</u> 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		

			POINTS
8. Ownership and Operation			
Owner operated	_____ X	50 points	_____ 50
Non-owner operated	_____	25 points	
No current operation	_____	0 points	

SUBTOTAL POINTS **Maximum 1000 points** _____ 700

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

_____ 700 points x \$40/point = _____ \$28,000

Additional Points - Maximum 100 points

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

2. Optional APB Points		Maximum +/- 50 points	_____ 23
See separate scoring sheet - points may be added or subtracted			

TOTAL POINTS **Maximum 1000 points** _____ 733

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

_____ 733 points x \$40/point = _____ \$29,320

TOTAL PRICE OFFER

_____ 34.5 acres x _____ \$29,320 per acre = **\$1,011,540**