

Office of the County Auditor
Auditor's Analysis

Council Bill No. 70-2021

Introduced: October 4, 2021

Auditor: Michael A. Martin

Fiscal Impact:

The fiscal impact of this legislation is approximately \$5,316,432 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 \$241,375, twenty annual principal payments of \$229,306, 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 \$1,740, 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 127.71 acres of agriculture land located on Forsythe Road in Sykesville for a maximum price of \$4,827,500 (or not more than \$37,800 per acre). This property is currently owned by the Jean R. Dickey Inter Vivos Trust and is under contract to be owned by AFS Farm, LLC and Sharp's Wild Horse Meadow, LLC.

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 945 points (see **Attachment B**). Our Office verified this parcel's cost per acre of \$37,800 based on the 945 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 July 26, 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.

NOTE: The legislation incorrectly states this property is located on Jennings Chapel Road in Brookeville instead of at 13700 Forsythe Road in Sykesville as is shown on **Attachment B**. Our Office has been informed the Administration is aware of this error and will be submitting an amendment.

Attachment A - CB70-2021

Howard County Maryland Agricultural Land Preservation Program (Fund 200) 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 ⁽²⁾	NET DEBT SERVICE	Cost of Zero Coupon Bonds or Cash or 5% Down ⁽¹⁾		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		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		1,286,044	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		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		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			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		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		3,979,581		3,979,581		93,415	308,705	4,381,701	9,051,669		
1997*	9,051,669	505,856		648,547	2,807,126	3,961,529		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	4,389,686		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			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			530,411	4,887,374	27,255,700		
2007*	27,255,700	1,018,815		1,663,296	7,491,284	10,173,935		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	1,027,270	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		7,277,546	612,187		7,889,733	652,495	1,071,788	9,614,016	
2016*	13,811,854	53,274	745	105,166	7,892,622	8,051,806		7,307,704		7,307,704		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	566,130	1,469,848	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		9,019,627	1,554,016	10,736,573	10,528,726	
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		8,550,621	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	11,644,190	
2021	11,644,190	70,000	5,000	150,000	9,575,000	9,800,000		19,299,498		4,818,498	1,992,649		6,811,147	7,899,558	13,544,633	13,544,633	
2022	13,544,633	6,772		100,000	8,975,000	9,081,772		7,495,478	(14,481,000)	3,800,478	1,958,402		6,724,821	1,110,179	8,766,401	13,860,004	
2023	13,860,004	6,930		100,000	8,925,000	9,031,930		3,541,367	(3,695,000)	3,541,367	1,924,155		6,518,471	1,132,383	7,650,854	15,241,080	
2024	15,241,080	7,621		100,000	9,200,000	9,307,621		13,721,970	(10,219,000)	3,502,970	1,889,908		6,436,978	1,155,030	7,592,009	16,956,692	
2025	16,956,692	8,478		100,000	9,300,000	9,408,478		2,657,090		2,657,090	1,855,661		5,548,003	1,178,131	6,726,134	19,639,037	
2026	19,639,037	9,820		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	22,680,707	
2027	22,680,707	11,340		100,000	9,675,000	9,786,340		7,566,689	(5,245,000)	2,321,689	1,787,167		5,126,412	1,225,728	6,352,139	26,114,909	
2028	26,114,909	13,057		100,000	9,900,000	10,013,057		4,251,587	(2,158,000)	2,093,587	1,756,316		4,858,609	1,250,242	6,108,851	30,019,115	
2029	30,019,115	15,010		100,000	10,125,000	10,240,010		1,904,839		1,904,839	1,718,674		4,623,372	1,275,247	5,898,619	34,369,505	
2030	34,369,505	17,180		100,000	10,375,000	10,492,180		1,856,362		1,856,362	1,272,746		4,120,118	1,300,752	5,420,870	39,431,815	
2031	39,431,815	19,716		100,000	10,625,000	10,744,716		1,807,885		1,807,885	1,247,574		4,037,621	1,326,767	5,364,388	44,812,143	
2032	44,812,143	22,406		100,000	10,800,000	10,922,406		270,081		270,081	805,409		3,533,302	3,402,106	52,332,443	52,332,443	
2033	52,332,443	26,166		100,000	11,175,000	11,301,166		789,385		789,385	964,466		1,753,851	1,380,368	3,134,219	60,499,390	
2034	60,499,390	30,250		100,000	11,325,000	11,455,250		773,361		773,361	995,617		1,728,978	1,407,976	3,136,954	68,817,686	
2035	68,817,686	34,409		100,000	11,500,000	11,634,409		649,035		649,035	946,769		1,595,804	1,436,135	3,031,939	77,420,155	
2036	77,420,155	38,710		100,000	11,650,000	11,788,710		395,757		395,757	937,921		1,333,678	1,464,858	2,798,536	86,410,330	
2037	86,410,330	43,205		100,000	11,725,000	11,868,205		387,424		387,424	929,072		1,316,497	1,494,155	2,810,652	95,467,883	
2038	95,467,883	47,734		100,000	11,925,000	12,072,734		156,481		156,481	920,224		1,076,705	1,524,038	2,600,743	104,939,874	
2039	104,939,874	52,470		100,000	12,175,000	12,327,470					911,376		1,148,014	1,554,519	2,465,895	114,801,449	
2040	114,801,449	57,401		100,000	12,400,000	12,557,401					902,527		902,527	1,585,609	2,488,137	124,870,713	
Total		11,810,911	511,241	17,314,107	387,392,959		237,218,002	(58,995,200)	178,222,802	32,145,015	18,565,224	228,933,041	22,369,467	47,210,291	298,512,799		

*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 Dickey/Sharp Tax Map 9 Parcel(s) 93

Farm Address 13700 Forsythe Rd, Sykesville Acres 127.71

POINTS

1. Parcel Size Relative to Average Acreage of Remaining Uncommitted Land (40 acres)	Maximum 150 points	<u>150</u>
40 acres or more	<u>130</u>	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	_____	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>97.4</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>100</u>
90 or greater Land Evaluation Score	_____	150 points
80-89 Land Evaluation Score	_____	125 points
70-79 Land Evaluation Score	<u>78.5</u>	100 points
60-69 Land Evaluation Score	_____	75 points
Less than 60 Land Evaluation Score	_____	50 points
4. Adjacency to Preserved Land	Maximum 125 points	<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>29%</u>	75 points
Less than 25% perimeter adjacent to preserved land	_____	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>945</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>125</u>
90% or greater of property in agricultural use	_____	150 points
80% to 89% of property in agricultural use	<u>88%</u>	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
7. Soil Conservation and Water Quality Plan (SCWQP)/Best Management Practices (BMPs)	Maximum 100 points	<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

			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** 875

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

875 points x \$40/point = \$35,000

Additional Points - Maximum 100 points

1. Relinquishment of Tenant House Rights, if applicable		Maximum 50 points	<u>40</u>
<u>5</u> Number of tenant houses allowed by right at 1 per 25 acres			
<u>4</u> Tenant house rights relinquished x 10 points per house			

2. Optional APB Points		Maximum +/- 50 points	<u>30</u>
See separate scoring sheet - points may be added or subtracted			

TOTAL POINTS **Maximum 1000 points** 945

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

945 points x \$40/point = \$37,800

TOTAL PRICE OFFER

127.71 acres x \$37,800 per acre = **\$4,827,438**