

Office of the County Auditor
Auditor's Analysis

Council Resolution No. 164-2021

Introduced: November 1, 2021

Auditor: Melanie A. Bishop

Fiscal Impact:

The fiscal impact of this legislation is a potential loss of \$1.25 million of net revenue and payment of a majority of the \$6.1 million of estimated debt service incurred in relation to the July 2021 acquisition of this land. The net revenue is based on the difference between the County's approximately \$5.75 million purchase price of the associated land and the June 2020 appraised value of \$7 million dollars, which the County could presumably sell the land for.

Per inquiry from our Office, Real Estate Services Division (RESA) confirmed no additional costs will be incurred by the County to convey the property or make improvements to it prior to its conveyance.

Purpose:

The purpose of this legislation is for the County to convey 10.18 acres of land on Resort Road in Ellicott City, Maryland, to the Board of Education ("BOE") for an elementary school to be constructed.

Other Comments:

In response to an inquiry from our Office, the Administration has confirmed an amendment to this legislation will be filed to correct errors in its references to the County's purchase price of the associated property and settlement costs, which should be \$5,750,000 and \$17,888, respectively.

According to the BOE's Proposed Fiscal Year 2023 Capital Budget, dated September 23, 2021, planning and design for the elementary school is not scheduled until FY 2028.

For background on the property to be conveyed:

- The property was acquired July 23, 2021, for a total cost of \$5,767,888 through Capital Project C0359, Turf Valley School Site Acquisition. Of this cost, \$2 million was funded using Pay-As-You Go funding with the remainder funded by General Obligation Bonds.
- The County's Approved FY 2021 Capital Budget indicates the County will pay \$6.1 million of Debt Service over 20 years for this acquisition.
- According to RESA, the proposed conveyance to the BOE is expected to take place by the end of Calendar Year 2021 or early in CY 2022.
- This site was originally planned to be acquired using an installment purchase agreement, which was approved by the County Council in November 2020 via Council Bill 53-2020.