Office of the County Auditor Auditor's Analysis

Council Bill No. 44-2022

Introduced: June 6, 2022 Auditor: Michael A. Martin

Fiscal Impact:

The fiscal impact of this legislation is approximately \$865,867 in expenditures from the Agricultural Preservation and Promotion Fund (APPF) over the next 20 years to acquire an agricultural preservation easement on private property within the County. Anticipated financing and payment terms of this acquisition include a 5 percent down payment of \$39,585, twenty annual principal payments of \$37,606, and semi-annual interest payments of 1 percent of the outstanding principal. Transfer tax proceeds will be used to make the payments associated with this acquisition.

The parcel will be eligible to receive the Agricultural Property Tax Credit, which equals 75 percent of the County property tax imposed on the land included in the easement. The future fiscal impact of the tax credit is unknown, as the credit is dependent upon the property owner submitting an annual application and the assessment of the land at the time the credit is applied. Our Office has calculated the tax credit based on the known assessed value for the current tax year at \$3,245.

This fiscal impact does not consider the potential loss of additional property tax revenue and other foregone fees that the County would receive if the property were to be developed, along with other associated costs and revenues.

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 Installment Purchase Agreement (IPA) and believes it accurately depicts the terms of the agreement (see **Attachment A**).

The Administration confirmed that this acquisition was included in the most recent APPF cash flow analysis and will not result in a decrease in the noted future projected fund balance. The APPF cash flow can be found in **Attachment B** and is current as of November 2021.

Purpose:

This legislation approves a multi-year IPA in which the County will acquire the development rights of approximately 25.77 acres of agriculture land owned by Scott O'Keefe located at 6950 Haviland Mill Road in Clarksville for a maximum price of \$791,700 (or not more than \$30,720 per acre).

Other Comments:

The Agricultural Land Preservation Program was first funded in FY 1991. To date, \$141.2 million has been used to acquire the development rights of over 23,100 acres of farmland in Howard County. The Capital Project associated with this program (G0163) will be utilized for this IPA. The Department of Finance indicated there will be approximately \$20 million remaining in Capital Project G0163 following the latest two proposed IPAs (CB43-2022 and CB44-2022).

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 768 points (see **Attachment C**). Our Office verified this parcel's cost per acre of \$30,720 based on the 768 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 February 28, 2022.

The total transfer tax revenue for FY 2021 was \$55,649,810, versus a budget amount of \$31,292,000. The total transfer tax revenue for FY 2022 year to date (as of June 2, 2022) is \$54,653,356, as compared to the budgeted amount of \$44,875,000.

Attachment A

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

				Acres: Price per acre:	25.77 \$30,720.00
Landowner:	Scott O'Keefe Lot 2			Total price:	\$791,700.00
	20 Year Amortization -	5% Down			¢/01//00100
				Down Payment	\$39,585.00
Interest Rate:	1.0000%			Interest:	74,166.93
Settlement:	October 5, 2022	Estimated - subjec	t to change	Total payments:	\$865,866.93
			-		
	Principal		Semi-annual	Annual	
Date	Amount	Interest	Debt Service	Debt Service	Balance
					\$752,115.00
February 15, 2023	37,605.75	2,715.97	40,321.72		714,509.25
August 15, 2023		3,572.55	3,572.55	43,894.27	714,509.25
February 15, 2024	37,605.75	3,572.55	41,178.30		676,903.50
August 15, 2024		3,384.52	3,384.52	44,562.82	676,903.50
February 15, 2025	37,605.75	3,384.52	40,990.27		639,297.75
August 15, 2025		3,196.49	3,196.49	44,186.76	639,297,75
February 15, 2026	37,605.75	3,196.49	40,802.24		601,692.00
August 15, 2026		3,008.46	3,008.46	43,810.70	601,692.00
February 15, 2027	37,605.75	3,008.46	40,614.21		564,086.25
August 15, 2027		2,820.43	2,820.43	43,434.64	564,086.25
February 15, 2028	37,605.75	2,820.43	40,426.18		526,480.50
August 15, 2028		2,632.40	2,632.40	43,058.58	526,480.50
February 15, 2029	37,605.75	2,632.40	40,238.15		488,874.75
August 15, 2029		2,444.37	2,444.37	42,682.52	488,874,75
February 15, 2030	37,605.75	2,444.37	40,050.12		451,269.00
August 15, 2030		2,256.35	2,256.35	42,306.47	451,269.00
February 15, 2031	37,605.75	2,256.35	39,862.10		413,663.25
August 15, 2031		2,068.32	2,068.32	41,930.42	413,663.25
February 15, 2032	37,605.75	2,068.32	39,674.07		376,057.50
August 15, 2032		1,880.29	1,880.29	41,554.36	376,057.50
February 15, 2033	37,605.75	1,880.29	39,486.04		338,451.75
August 15, 2033		1,692.26	1,692.26	41,178.30	338,451.75
February 15, 2034	37,605.75	1,692.26	39,298.01		300,846.00
August 15, 2034		1,504.23	1,504.23	40,802.24	300,846.00
February 15, 2035	37,605.75	1,504.23	39,109.98		263,240.25
August 15, 2035		1,316.20	1,316.20	40,426.18	263,240.25
February 15, 2036	37,605.75	1,316.20	38,921.95		225,634.50
August 15, 2036		1,128.17	1,128.17	40,050.12	225,634.50
February 15, 2037	37,605.75	1,128.17	38,733.92		188,028.75
August 15, 2037		940.14	940.14	39,674.06	188,028.75
February 15, 2038	37,605.75	940.14	38,545.89		150,423.00
August 15, 2038		752.12	752.12	39,298.01	150,423.00
February 15, 2039	37,605.75	752.12	38,357.87		112,817.25
August 15, 2039		564.09	564.09	38,921.96	112,817.25
February 15, 2040	37,605.75	564.09	38,169.84		75,211.50
August 15, 2040		376.06	376.06	38,545.90	75,211.50
February 15, 2041	37,605.75	376.06	37,981.81		37,605.75
August 15, 2041		188.03	188.03	38,169.84	37,605.75
February 15, 2042	37,605.75	188.03	37,793.78	37,793.78	0.00
	\$ 752,115.00	\$ 74,166.93	\$ 826,281.93	\$ 826,281.93	

Attachment B

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

				Revenues			Expenses									
		Acct 485200		Acct 401550	Acct 409930								Cost of			
	Beginning	Interest on Cash	Acct 432490	State Ag	Transfer Tax			ng Debt Service		Settled			Zero Coupon	Admin		
Fiscal	Fund	Balance Only +	& 489900	Transfer	Receipts	Total	Through	Treasury Strip		Open	Projected	NET DEBT	Bonds or Cash	Costs	Total	Ending
Year	Balance	0.05%	Miscellaneous	Tax		Revenues	Batch 14	Income	Net	Enrollment	Enrollments ⁽²⁾	SERVICE	or 5% Down ⁽¹⁾	2.00%	Expenses	Balance
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	4 405 004	291,205	3,338,903	12,294,701
1995*	12,294,701	632,862	35,889	309,360	2,638,781	3,581,003 2,909,662	3,764,416		3,764,416			3,764,416	1,195,984	391,596	5,351,996	10,523,708 9,051,669
1996* 1997*	10,523,708 9,051,669	5,262 505,856	35,009	288,878 648,547	2,579,633 2,807,126	2,909,662 3,961,529	3,979,581 3,976,066		3,979,581 3,976,066			3,979,581 3,976,066	93,415 756,713	308,705 344,458	4,381,701 5,077,237	9,051,009 7,935,961
1997 1998*	7,935,961	247,392	33,169	648,624	3,460,501	4,389,686	4,256,933		4,256,933			4,256,933	750,715	279,786	4,536,719	7,788,928
1998	7,788,928	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	8,807,426
2000*	8,807,426	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	9,486,691
2001*	9,486,691	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	10,140,112
2002*	10,140,112	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	10,474,844
2003*	10,474,844	100,000	.,	986,115	5,415,733	6,501,848	4,254,375		4,254,375			4,254,375	,	358,480	4,612,855	12,363,837
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			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			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			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			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			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			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			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			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	13,811,854
2016*	13,811,854	53,274	745	105,166	7,892,622	8,051,806	7,307,704		7,307,704	948,454	Ĺ	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	162,930	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		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	48,401	97,698	223,293	11,129,962		19,299,498	(14,481,000)	4,818,498	1,992,649		6,811,147		1,400,601	8,211,748	14,931,796
2022	14,931,796	7,466		100,000		12,967,466	7,495,478	(3,695,000)	3,800,478	2,014,286	607 400	5,814,765		1,428,613	7,700,393	20,198,869
2023	20,198,869	<u>10,099</u>		<u>100,000</u>	<u>11,480,000</u>	11,590,099	3,541,367	(40.007.000)	3,541,367	2,486,443	<u>697,423</u>	6,725,233		1,457,186	8,854,904	22,934,065
2024	22,934,065	11,467		100,000		11,591,467	13,721,970	(10,287,000)	3,434,970	2,461,501	760,244	6,656,715		1,486,329	8,143,045	26,382,487
2025	26,382,487	13,191		100,000	11,660,000	11,773,191	2,657,090	(557,000)	2,657,090	2,422,432	753,856	5,833,377		1,516,056	7,349,433	30,806,245
2026	30,806,245	15,403		100,000	12,100,000 12,360,000	12,215,403	3,150,637	(557,000)	2,593,637	2,383,363	747,467	5,724,467		1,546,377	7,270,844	35,750,804
2027	35,750,804	17,875		100,000		12,477,875 12,740,622	7,566,689	(5,245,000)	2,321,689	2,344,294	741,078	5,407,061		1,577,305 1,608,851	6,984,366 6 745 747	41,244,313
2028 2029	41,244,313 47,239,188	20,622 23,620		100,000 100,000	12,620,000 12,920,000	12,740,622	4,251,587 1,904,839	(2,158,000)	2,093,587	2,308,620 2,266,156	734,690 728,301	5,136,897 4,899,297		1,608,851	6,745,747 6,540,325	47,239,188 53,742,483
	47,239,188 53,742,483	23,620			13,220,000		1,856,362		1,904,839			4,899,297		1,673,848	6,067,529	
2030				100,000		13,346,871				1,815,406	721,913					61,021,825
2031 2032	61,021,825 68,656,190	30,511 34,328		100,000	13,520,000 13,780,000	13,650,511 13,914,328	1,807,885 270,081		1,807,885 270,081	1,785,412	715,524 709,135	4,308,821 2,317,641		1,707,325 1,741,472	6,016,146 4 059 113	68,656,190 78,511,405
2032	78,511,405	34,328		100,000 100,000	14,200,000	13,914,328	21U,UOI		210,001	1,338,425 1,317,579	709,135	2,317,641		1,776,301	4,059,113 3,796,627	78,511,405 89,054,033
2033	89,054,033	44,527		100,000	14,400,000	14,539,250				1,296,733	696,358	1,993,091		1,811,827	3,804,918	99,034,033 99,793,642
2034	99,054,055 99,793,642	49,897		100,000	14,660,000	14,544,527				1,296,733	689,970	1,857,554		1,848,064	3,705,618	99,793,642 110,897,921
2035	110,897,921	<u>49,897</u> 55,449		100,000	14,880,000	15,035,449				909,485	683,581	1,593,066		1,848,004	3,478,091	122,455,280
2030	122,455,280	61,228		100,000	15,000,000	15,161,228				896,329	677,192	1,593,000		1,922,726	3,496,247	134,120,260
2037	134,120,260	67,060		100,000		15,161,228				660,564	670,804	1,331,368		1,922,720	3,292,548	134,120,260
2038	146,274,772	73,137		100,000	15,580,000	15,753,137				499,261	664,415	1,163,676		2,000,404	3,164,080	158,863,830
2039 2040	158,863,830	73,137		100,000	15,900,000	16,079,432				499,201	658,027	1,152,465		2,000,404	3,192,877	171,750,385
2040 2041	171,750,385	85,875		100,000		16,079,432				494,439 489,617	651,638	1,152,465		2,040,412	3,222,474	184,913,785
2041	184,913,785	92,457		100,000	16,524,000					437,560	645,249	1,082,809		2,081,220	3,205,654	198,424,589
Total	107,010,700	12,180,408	603,940	17,587,401	478,221,921	10,110,+01	237,218,002	(59,063,200)	178,154,802			234,956,049	22,567,566		316,523,375	100,424,000
TUTAI		12,100,400	000,940	17,307,401	710,221,321		201,210,002	(00,000,200)	170,104,002	42,101,004	14,049,013	204,300,049	22,007,000	50,555,100	010,020,070	

Attachment C

	L			Howa	rd County	U				U
	FARMLAND	Owner	Scot	t O'Keefe		2020	Tax Map	T ORMULA 39	Parcel(s)	1 (Lot 2)
	Forever Trada V the Mathematical Program Control of Con									
		Farm Addr	ess	<u>6950 Ha</u>	aviland Mill Rd, (Clarksvi	lle		Acres_	25.77
										POINTS
1.	Parcel Size Relative to Ave	erage Acrea	ge of R	emaining	Uncommitted I	.and (4	0 acres)	Maximum 15	0 points	75
	40 acres or more					_	150 points			
	35 acres to 39.9 acres						125 points			
	30 acres to 34.9 acres 25 acres to 29.9 acres				25.7	7	100 points 75 points			
	20 acres to 24.9 acres				23.1		50 points			
2.	Soil Capability – Percenta	ge of Class	I. II and	l III Soils F	Relative to Prop	ertv To	tal	Maximum 15	0 points	125
	90% or greater Class I, II		-,			,	150 points			
	80% to 89% Class I, II and	d III Soils			849	%	125 points			
	70% to 79% Class I, II and					_	100 points			
	60% to 69% Class I, II and						75 points			
	Less than 60% Class I, II	and III Soils				_	50 points			
3.	Soil Productivity as Measu	ured by Lan	d Evalu	ation Sco	ore			Maximum 15	0 points	125
	90 or greater Land Evalua					_	150 points			
	80-89 Land Evaluation Sc 70-79 Land Evaluation Sc				8	2	125 points 100 points			
	60-69 Land Evaluation Sc					_	75 points			
	Less than 60 Land Evalua					_	50 points			
4.	Adjacency to Preserved La	and						Maximum 12	5 points	75
	75 to 100% perimeter adja					_	125 points		_	
	50 to 74% perimeter adjac						100 points			
	25 to 49% perimeter adjac Less than 25% perimeter	•			449	<u>// </u>	75 points 50 points			
5	Concentration of Preserve	d I ands						Maximum 12	5 noints	100
0.	More than 600 acres of pr		within 3/	/4 mile			125 points		- pointo	100
	400-599 acres of preserve				44	3	100 points			
	200-399 acres of preserve					_	75 points			
	Less than 200 acres of pro	eserved land	within 3/	4 mile			50 points			
6.	Current Land Use							Maximum 15	0 points	125
	90% or greater of property	, 0					150 points			
	80% to 89% of property in	0			819	<u>%</u>	125 points			
	70% to 79% of property in	-					100 points			
	60% to 69% of property in Less than 60% of property	-				_	75 points 50 points			
7.	Soil Conservation and Wa	iter Quality I	Plan (S	CWQP)/Be	est Managemen	t Pract	ices (BMPs)	Maximum 10	0 points	75
	Longstanding landowner r with no major resource co	•	ith SCD,	and SCWC	QP on the property	is predo	minantly implem	ented		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 X									75 points	
								_	<u> </u>	
	New relationship with SCI or landowner has implement				ent SCWQP on th	is prope	rty or another pro	operty,		50 points
	New SCWQP with no con	servation or B	MP activ	vity				_		0 points

POINTS

8. Ownership and Operation X Owner operated X Non-owner operated	Maximum 50 points 50 points 25 points 0 points	50
SUBTOTAL POINTS	Maximum 1000 points	750
PRELIMINARY PRICE CALCULATION - Maximum \$40,000 per acre		
750 points x \$40/point =\$30,000		
Additional Points - Maximum 100 points		
Relinquishment of Tenant House Rights, if applicable <u>1</u> Number of tenant houses allowed by right at 1 per 25 acres <u>0</u> Tenant house rights relinquished x 10 points per house	Maximum 50 points	
2. Optional APB Points See separate scoring sheet - points may be added or subtracted	Maximum +/- 50 points	18
TOTAL POINTS	Maximum 1000 points	768
FINAL PRICE CALCULATION - Maximum \$40,000 per acre		
768 points x \$40/point =\$30,720_		
TOTAL PRICE OFFER		
25.77 acres x \$30,720 per acre =		\$791,654