

**Office of the County Auditor**  
**Auditor's Analysis**

**Council Bill No. 1-2025**

Introduced: January 7, 2025

Auditor: Rebecca Gold

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Fiscal Impact:

The fiscal impact of Council Bill 1-2025 will be unknown until bond issuance occurs, which is expected to occur in March 2025. There will not be a fiscal impact in FY 2025 as debt service begins the year following bond issuance. According to the Department of Finance (DOF), semi-annual debt service payments on the bonds will begin in FY 2026, on August 15, 2025. Interest and payment terms on the bonds are not finalized, but the DOF expects a 20-year term at a 4.5 percent interest rate.

Revenues from the bond sale will be used to purchase a property at 9755 Patuxent Woods Drive in Columbia. The County is still in the process of negotiating a contract for the purchase of the property, so specific details are unknown at this time. However, it is expected to have a purchase price of \$5,600,000 and will entail a 5 percent down payment of \$280,000. The County will use funds currently available in Capital Project C0360 – Real Estate Planning and Design (C0360) to cover the down payment.

Additionally, the Bureau of Facilities anticipates incurring approximately \$500,000 in costs to renovate the building after purchase.

According to the Real Estate Services Division (RESA) of the Department of Public Works, purchase of the property will incur approximately \$900,000 in annual operating costs, which include the following:

- Janitorial service and pest control
- Utilities (water, sewer, electrical, and gas)
- General maintenance (including HVAC, electrical, and plumbing)
- Snow removal
- Landscaping
- Security

Purpose:

This bill authorizes the County to borrow money totaling up to \$2,445,000, and issue and sell bonds to be used to finance the purchase of property via Capital Project C0360.

Other Comments:

This legislation corresponds with Transfer of Appropriation Ordinance 1-2025, which transfers funds from donor capital projects to Capital Project C0360 for the purpose of purchasing the Patuxent Woods Drive property.

Principal and interest payments on the bonds will be paid for with annual ad valorem taxes on assessable property. The full assessable base of the County as of June 30, 2024, was \$64,022,945,136.

Purchase of the property will include the continuation of leases to three non-County entities which currently rent space at 9755 Patuxent Woods Drive. Their rent revenues (currently at a total of \$1,092,000 per year) will help offset the County's building expenses.

The RESD indicated that future use of the property will be reviewed in the Facilities Master Plan. Agencies with leases about to expire (such as the Office of Workforce Development) will most likely get placement in the newly purchased property.