



CECIL COUNTY, MARYLAND DEPARTMENT OF FINANCE

FISCAL NOTE

SUMMARY OF LEGISLATION

SPONSOR: Council President at the request of the County Executive

BILL NO. 2021-09 – MOVE BOND FUNDING FROM FY2022 TO FY2021 FOR THE NEW CHESAPEAKE CITY ELEMENTARY SCHOOL

SYNOPSIS: A bill to amend the Annual Budget and Appropriation Ordinance for Cecil County, Maryland for the fiscal year ending June 30, 2021, to move forward the bond expenditure authority in the amount of \$4,200,000 requested for the New Chesapeake City Elementary School within the Board of Education Capital Projects Budget, resulting in a reduction to FY2022 and increase to the current fiscal year 2021.

FISCAL IMPACT SUMMARY: The approval of this bill will have no net financial effect on the Capital Improvement Program of Cecil County. The project budget of \$24,550,000 remains the same, however the bill moves \$4,200,000 of bond funding to FY2021 and reduces the bond funding in FY2022 by \$4,200,000. The net result over the time period of the two fiscal years is zero. The County has committed to an every two year bond borrowing for Capital Improvement Projects, therefore the bond funds for both FY2021 & FY2022 approved projects will be borrowed as part of the same offering, resulting in no impact on debt service.

FISCAL ANALYSIS:

As construction started in the summer of 2019, there were project schedules and cash flow analysis put together ahead of the start of the project, in order to build and adequately fund in a timely manner the construction of the new Chesapeake City Elementary School. There were no accommodations made in either the construction or the cash flow schedule for COVID-19, and how it would change almost everything. The cash flow that was developed had the project ending in August 2021. As the pandemic had negative effects on many industries, the exact opposite was true of the new school construction project in Chesapeake City. The contractors experienced no pandemic shut downs or weather delays. Now as we near the end of the project, the contractor is ahead of schedule and as a result the cash needed to finance the remaining construction bills from the State and the County is still months away from being available. This lapse in funding creates a negative project balance for both the school system and the County. This amendment pulls forward the remaining bond funds necessary to complete the project and pay the bills on time.