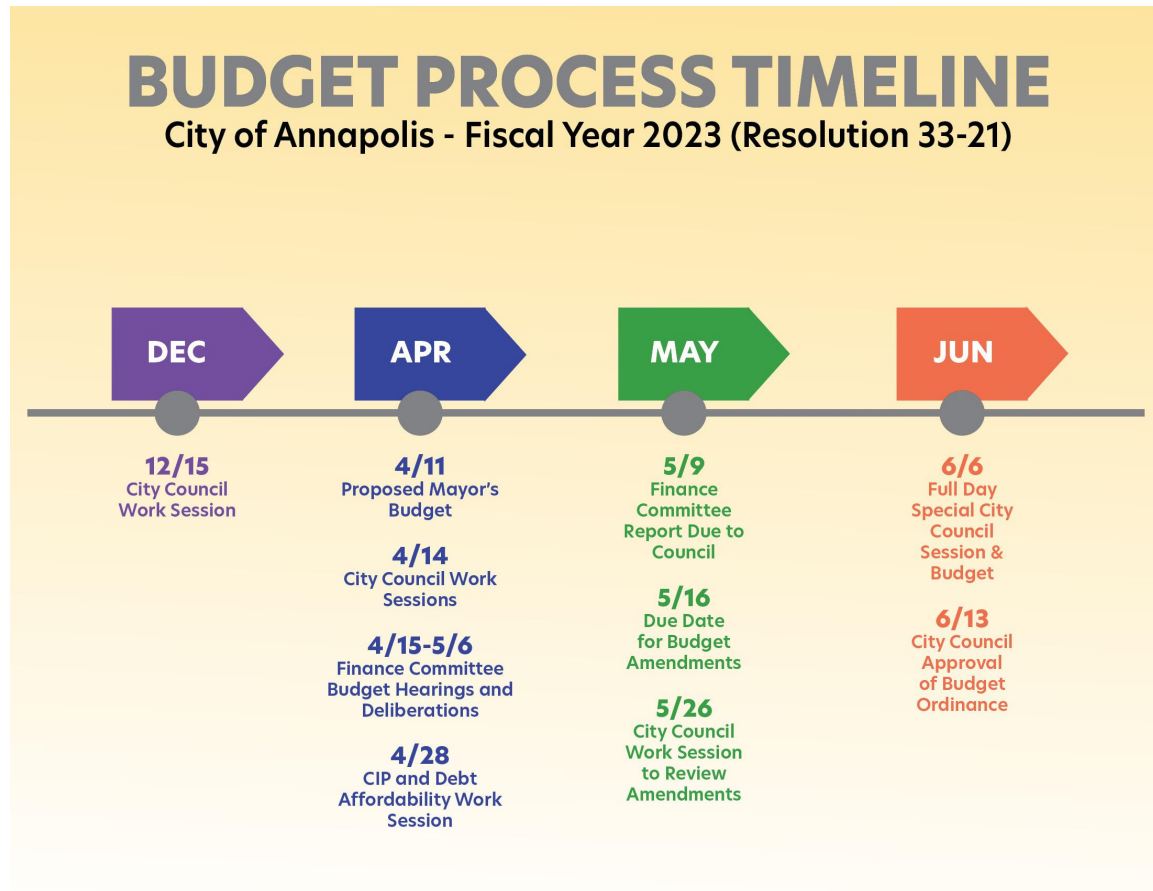


May 9, 2022

## REPORT TO CITY COUNCIL – FISCAL YEAR 2023 PROPOSED ANNUAL OPERATING AND CAPITAL BUDGET



### Introduction to FY23 City of Annapolis Budget

#### Operating Budget Preparation

The City Budget preparation allowed our departments to measure their performance against established performance measures, reassess their goals and objectives, and their long term strategies for accomplishing them. Even though the budget is presented to the City Council in April and adopted in June, its preparation begins at least six months prior with projections of City reserves, revenues, and financial capacity. It is against this framework that departments are given instructions to formulate their respective budgets.

On December 21, 2021 the departments were given an Outline to respond to both in writing and in their scheduled presentations before the Finance Committee. Since the departments were trained in developing their performance measures by Forrest Consulting, they were asked to provide performance data for the first half of Fiscal Year 2022 (eg. July 1, 2021-December 31, 2021). Performance measurement is still a work in progress but the

objective of reporting on them was to make a link between their budget and their success at accomplishing them. In turn, they could be asked what, if any, were the financial obstacles in obtaining these goals and conversely, what contributed to meeting them.

OpenGov was an additional visual tool for presenting their data depicting their breakdowns for Salaries and Benefits, Contractual Services, Supplies and Capital Outlay expenditures against the General Fund.

Grants and their terms were asked to be identified and documented as spent vs. carried over.

Existing Fees and Fines were reviewed to verify that the fees are adequate to cover all respective costs, and if fees were at an appropriate level.

Lastly, an Organizational chart from the FY22 budget was given to each department to note any changes for FY23.

Previous FY22 Budget Presentations from MIT and the Fire Department were used as a template for all departments to use for due to their consistency in reporting the required data.

### **Budget Parameters**

Departments were advised that City revenues have not 'fully' recovered from the pandemic; therefore, any supplemental requests had to be substantiated as 'mission essential'. In addition, the City was still in the process of negotiating a four-year contract with the City's four unions leaving staff salaries as an exposure until finalized. None of the departments were asked to increase their services, therefore, their task was to evaluate patterns of past expenditures in developing their budget line items. The inflation rate of 3.2% was suggested and departments were asked to look at cost reductions to offset this increase.

### **City Council Priorities (re: Work Session)**

Concurrent with the aforementioned process a City Council Work Session was held for the Alderpersons to address their Focus Areas, Goals, and Priorities for inclusion in the budget. Agreed major priorities were:

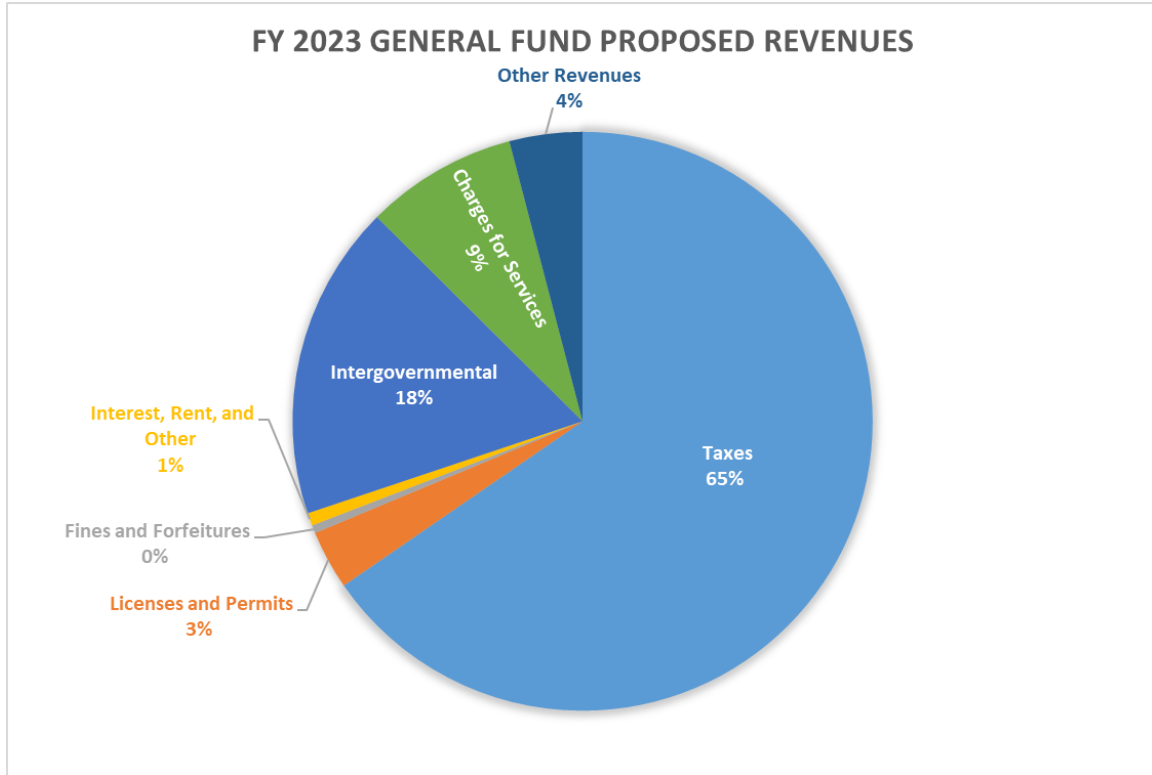
- Zoning Compliance Inspector
- Additional funding to APD

### **FY23 Budget Summary<sup>1</sup>**

#### **General Fund Revenue**

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<sup>1</sup> City Council Work Session - April 14, 2022 Presentation Slides 4,5



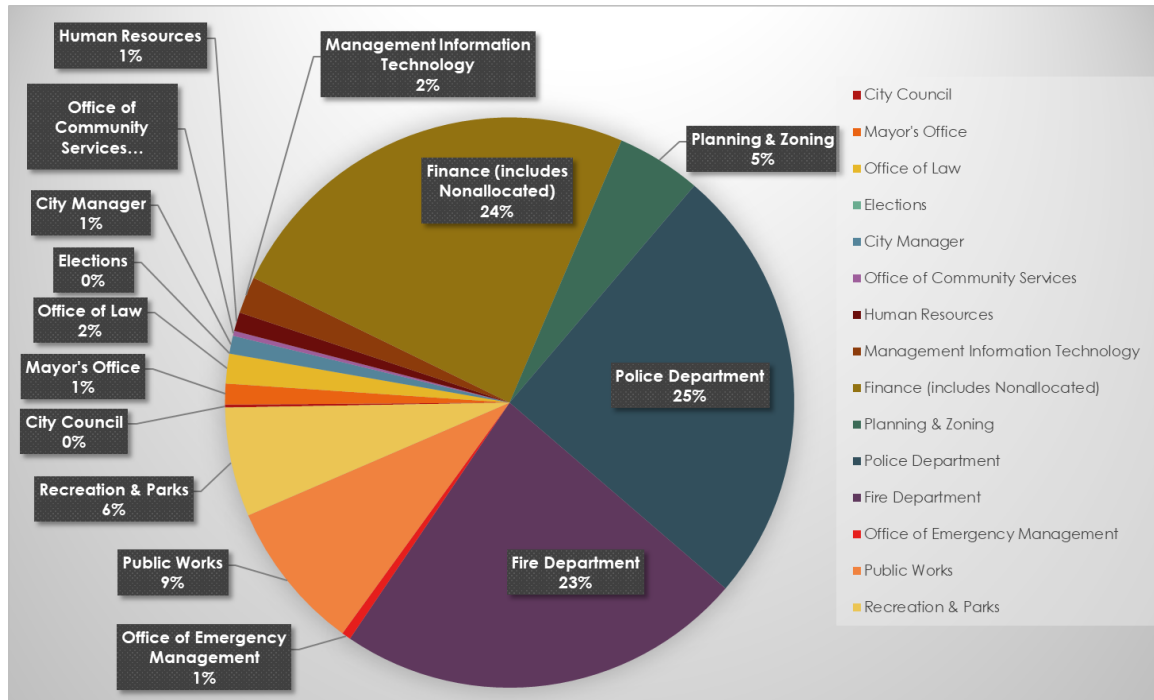
**Good News**

- General Fund revenue in FY22 is projected to exceed budgeted amount by 4.96M. The City will not have to use American Rescue Plan Act (ARPA) funding in FY22 for General Fund revenue (*due to revenues exceeding predictions in the last budget*)
- General Fund recurring revenue is projected in FY23 to increase by \$4.2M over projected FY22. This is due to growth in property taxes, Rec & Park fees, and ambulance fees
- Occupancy Tax (Hotel/Motel) revenue has grown significantly, and is projected to be near \$3M in FY23. State Income Tax is projected to be \$9M in FY23
- About 66% of General Fund revenues are from property taxes, which are stable
- Our Budget target of 15% unassigned General Fund Balance is being maintained

**Challenges**

- General Fund revenue growth continues to lag the growth of personnel costs, causing a structural deficit
- ARPA funding (remaining) is projected to be needed for General Fund revenue replacement in FY23 and FY24
- The FY25 General Fund budget will depend on continued growth in real estate assessments, occupancy tax, and income tax for elimination of the structural deficit

## General Fund Expenditure Projections<sup>2</sup>



### The Good News

- Healthcare costs, although expected to increase in FY23, will not require an increase in healthcare premiums
- Pension Costs for Police and Fire will be flat in FY23 compared to FY22

### Challenges

- High inflation and competition for job candidates is driving wages up in this region
- Salaries and benefits (about 70% of total budget) are growing at a faster rate than General Fund revenue
- State Pension rates (for all employees except Police and Fire) are increasing by 3%

<sup>2</sup> City Council Work Session - April 14, 2022 Presentation Slide 6

## **Fund Appropriations to Capital Reserve and replenishing of Budget Stabilization Fund**

One measure of a city's financial strength is the level of its unassigned fund balances. In accordance with its policy, the City sets aside 15% of the FY23 General Fund, Parking Fund, and Transportation Funds revenues as unassigned fund balance. In general, fund balance is excess or surplus money. Further, the policy requires the City to divide any excess above the 15% requirement among the City's three reserves: Budget Stabilization, Capital Reserve, and reserve held for one-time uses. The City is projected to add to each of these reserves at the end of FY22.

Fiscal Year 2022 is not yet complete, but the City projects that the unreserved General Fund balance will grow by \$4,522,885. Of this amount \$2,881,315 will be added to reserves as shown below. The remainder will stay in the unreserved balance to meet the 15% requirement.

- Budget Stabilization Fund - \$261,645 will be added bringing the balance to \$3,333,084
- Capital Reserve Fund - 50% of the unassigned General Fund balance in excess of 15% target is \$1,440,658 and will be added to the Capital Reserve Fund (CRF)
- The remainder of the excess will be added to fund balance assigned to one-time expenses or non-recurring expense, which is projected to be \$1,179,012

## **Parking and Transportation Fund**

### Parking Fund

Projected Surplus of \$2.3 million at the end of FY22 was due to increased revenue from use of Hillman Garage due to the delay in construction. These monies will be retained in the fund for future needs.

### Transportation Fund

Conversely, the Transportation Fund will only receive a \$860,000 subsidy in FY2022 due to available ARPA and CARES funding. Further, the fund is self-supporting in FY23 with a total budget of \$8.3 million. This is primarily due to ARPA and CARES, and MDOT Grants.

## **ARPA Fund appropriations**

President Biden signed the American Rescue Plan Act (ARPA) into law on March 11, 2021. All funds must be spent by December 31, 2024. The funds can be used for 'Revenue replacement for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, relative to revenues collected in the most recent fiscal year prior to the emergency'.

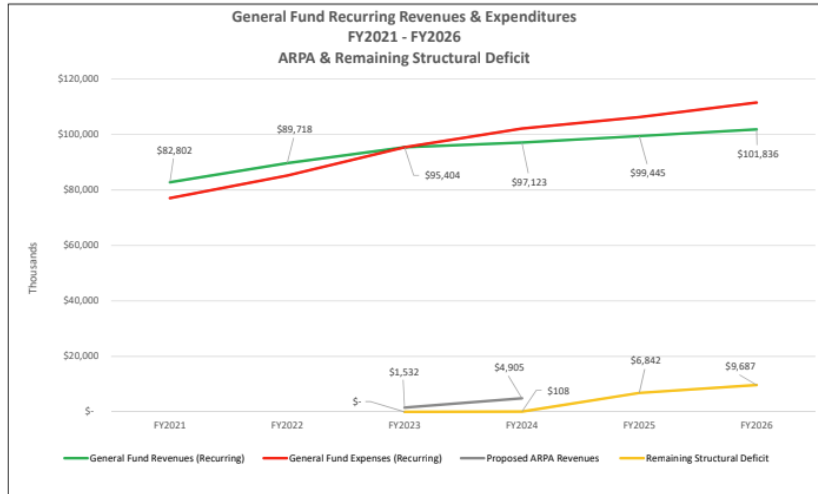
Schedule Use of ARPA Funds:

Total City ARPA Funds:	\$7,609,469
FY2021 Used in Transportation	(\$1,171,000)

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Remaining Carried into FY2022	\$6,438,469
Appropriated for FY2023 to the GF	(\$1,532,300)
Remaining to Carry into FY2024	\$4,906,169

The challenge is that ARPA is a one time funding source. After its final use, applying it to replace revenue, we will have a 'structural deficit' in FY2025 if revenues do not recover. *(see chart below depicting forecasted structural deficit with end of ARPA funding assuming same expenditure trajectory).*



## Salary/Benefits and Pension Contributions

The budget includes a monetary placeholder for the new union contracts currently in negotiations. The City is negotiating two year contracts to align the next cycle with the triennial property reassessment.

## Department Presentations

Department Presentations were held before the Finance Committee April 16 - May 6. Each departments included the following areas in their presentations:

- Accomplishments
- Goals - short term
- Goals - long term
- Performance Measures
- Enhancements\*

\*Enhancements defined as 'mission essential'

## Annapolis Fire Department

### Highlighted FY22 Accomplishments:

- Overtime costs reduced
- Hired 10 new firefighters

## Finance Committee FY 2023 Budget Report

- Brought in \$3,000,000 in EMS (Ambulance Services) revenue
- Hired Fire Protection Engineer

### **FY23 Short Term Goals:**

- Firefighter Safety - increased wellness programs and cancer awareness and prevention
- Safe Environment for the Community and Quality Assurance
- Training, ISO (Insurance Services Office) Rating

### **Long Term Goals:**

- Accreditation
- Mental Health/Suicide Prevention
- Continue to build Mobile Integrative Health
- Upgrades to 3 Fire Stations

They have outlined performance measures, some of which they have been successful with and others have been added to Long Term Goals.

### **Enhancements included in the budget:**

- Replacement Gym Equipment
- Quality Assurance Officer
- Station Alerting System
- Replacement Hazmat Identification Device

## **Management Information and Technology IT Office**

### **Highlighted FY22 Accomplishments:**

- Modernized infrastructure and strengthened cyber security
- Rolled over from Etrakit to EnerGov
- GIS assistance with Census 2020 and Redistricting

### **FY23 Short Term Goals:**

- Improve efficiency and reliability
- ADA compliance
- Increasing automation

### **Long Term Goals:**

- IT Strategic Plan
- Making Annapolis.gov 100% accessible to all (ADA Compliant and Mobile)

### **Performance Measures:**

They have outlined performance measures. Some were successful and others were added to long-term goals.

### **Enhancements included in the budget:**

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- ADA Compliance funds to cover personnel cost
- Overtime for staff-snowstorms, long running meetings

### **Enhancements not currently funded:**

- Strategic Plan and Additional MIT Analyst

## **Office of Emergency Management**

### **Highlighted FY22 Accomplishments:**

- Continued Covid response - vaccination and booster clinics, 2500 rapid test kits
- Food insecurities program
- Substance abuse programs
- Expanded winter relief programs
- Received \$4.5million in grants in 2022 to be distributed to other city departments

### **FY23 Short Term Goals:**

- Build robust level of preparedness Mitigate loss of life and property
- Reduce overdoses
- Provide system for prevention of Cyber Attacks

### **Long Term Goals:**

- Continuation and enhancement of short term goals

### **Performance Measures:**

- Continue the reduction of the impact from Substance Use Disorders
- Adapting to changing conditions in rapid response to withstand disruptions in the aftermath of catastrophic events

In summary, one performance measure was not met which would provide preventive measures that make a terrorist attack difficult.

### **Enhancements included in the budget:**

- Stanton Center Winter Relief Program
- Supplies
- Overtime

### **Enhancements not in the budget:**

- Substance Use Disorder Prevention Programs - \$70,000 funding through one-time use funds. See Finance Committee recommendations

## **Department of Transportation**

### **Highlighted FY22 Accomplishments**

- Delivery of 2 new buses (one is electric)
- Delivered 100% and 35,639 hours of transit services
- 100% daily enforcement in residential parking districts



- Collection of parking fines was 76%

Note: Despite low ridership, the Director was able to align his operating costs with reduced fare revenues throughout Covid

### **FY23 Short Term Goals**

- Improve reliability, satisfaction, cost-neutral service to underserved communities
- Improve security and safety
- Improve compliance with MTA compliance
- Improve transit business practices

### **Long Term Goals**

- Increase implementation of ParkMobile
- Implement advances in transit service through on-demand micro-transit and AVL(automatic vehicle locations) systems
- Improve amenities and accessibility
- Develop a blueprint for hybrid transit system
- Transition to zero tailpipe emission transit buses

### **Performance Measures**

They have outlined performance measures. Some were met and others were applied to long-term goals

### **Enhancements**

No enhancements added to the budget

## **Department of Planning and Zoning**

### **Highlighted FY22 Accomplishments**

- Continue to monitor inspections and other requirements of the HACA consent decree.
- Completing transition from ETrakit to EnerGov
- The Annapolis Ahead Comprehensive Plan is 70-80% complete
- Hired a Housing Affordability Specialist
- Secured \$1,686,000 in grant funding for project, (For a complete list of projects see pg 71 in operating budget)
- Completed West Annapolis Master Plan
- Completed Maritime Task Force strategy
- Commenced the Water Access Plan
- Funded a Zoning Compliance Officer
- Implemented Economic Gardening Initiative

### **FY23 Short Term Goals**

- Complete transition to electronic permitting
- Improve affordable housing and housing conditions

- Increase awareness of MPDU Program

### **Long Term Goals**

- Increase the stock of affordable housing for rent and ownership
- Ensure that City-owned Historic Properties receive the highest levels of maintenance standards
- Rewrite Title 15
- Rewrite Title 21
- Implement Form-based zoning
- Update and revise forms and guidelines
- Reduce Code violation investigation times
- Increase Business Recruitment

### **Performance Measures**

- Training of Staff
- License and Permit princess
- Increased the number of businesses assisted in the City

### **Enhancements included in the budget:**

- Zoning Compliance Officer
- Forestry- Tree planting and maintenance
- Training, Dues, and Membership (New Director)
- On Time P&Z Review
- Monitors for EnerGov

### **Enhancements not included in the budget:**

- Finance Committee suggestion: Add time to HPC Consultant FY23 for City Dock Review

### **Office of Law**

#### **Highlighted FY22 Accomplishments**

- Successfully litigated over a dozen cases and saved the city \$5.5 million, success rate of 97%
- Renegotiated terms and fees for outside Council
- Reviewed all permits, contracts, leases for the City
- Provided legal support to closing the City Dock public Private Partnership Agreement
- Successfully processed over 100 municipal infractions related to HACA violation
- Managed and executed successful City Elections
- Facilitated all City Council business, ie agendas, ordinances, resolutions

#### **FY23 Short Term Goals**

- Successfully represented the City and its officials and employees in court

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- Respond timely to public information requests
- Continue to facilitate City Council meetings, provide on-time staff support and well-reasoned legal counsel

### **Long Term Goals**

- Reduce litigation
- Revise City Code per Council direction
- Organize the functions of the Law Department
- Maintain and secure all Council documents
- Provide safe and reliable polling locations

### **Performance Measures**

The department met all of their performance measures

### **Enhancements not included in the budget:**

- The City Attorney requested an additional attorney to bring more litigation matters in-house to reduce outside counsel costs. Finance Committee recommended \$63,000 net funding. (*See Finance Committee Recommendations*)

## **Department Recreation and Parks**

### Highlighted FY22 Accomplishments

- Harbormaster increased projected revenue by 300% from 2021
- Purchased new Harbor Patrol boat
- Recreation and Parks offered over 3 million hours of recreation and leisure annually
- Initiated e-learning programs, new programs, camps, and workshops
- During Covid offered before/after school childcare
- Upgraded recreational equipment at The Stanton Center
- Hosted an amateur sanctioned boxing event with over 200 spectators

### **FY23 Short Term Goals**

- Improve safety and wellness - increased recreation opportunities, boating safety and decline in accidents
- Increase public outreach - upgrade software, increase number of employees, increased customer service training, increase R&P followers by 5%
- Implement the Stop the Violence Program

### **Long Term Goals**

- Develop educational programs
- Ensure all facilities are ADA compliant
- Increase diversity of programs
- Jazz in the Parks (AIPPC)
- Continue Friends of Annapolis Recreation and Parks

### **Performance Measures**

Department met several goals and is working towards completing others.

**Enhancements included in the budget:**

- Added Watch Commander with the Harbormaster's office.
- Union Employee Overtime Payments
- Safety and Crime Reduction
- Pop-up Camps
- Harbormaster- Full-time Supervisor (Contractual)
- Harbormaster- Overtime

**Enhancements not included in the budget:**

- Finance Committee recommended Use of one-time funds in the amount of \$100,000 for Recreation and Parks Pilot Prevention Program. (*See Finance Committee Recommendations*)

**Annapolis Police Department**

**Highlighted FY22 Accomplishments**

- Overall crime reduced by 8% including clearing 100% of homicides committed
- Grew the APD reentry program
- Awarded \$1.6 million in State and Federal grants for crime and community initiatives
- Developed relationships with other law enforcement agencies ie county, state and federal
- Incorporate requirements of the State's Police Reform Legislation
- While extremely challenged with crime reduction, due to staffing issues, they addressed necessary patrolling with overtime
- Rolled out the "The Mayor's Initiative on Recreational and Educational Programming to Reduce Crime and Juvenile Delinquency in the City of Annapolis, Maryland"

**FY23 Short Term Goals**

- Safety
- Trust
- Excellence
- Optimization of resource management

**Long Term Goals**

- Integrate the 6 pillars of the 21st Century Policing model
- Redirect resources to aligned with community policing philosophy
- Diversity within the department
- Collaborate with institutions of higher learning to educate staff and study police and community interactions

**Performance Measures**

They were able to meet all their performance measures.

**Enhancements included in the budget:**

Non-personnel State legislation compliance expenses

**Enhancements not included in the budget:**

- Civil Service conversion - Investigative Support Analyst
- Civil Service conversion - Special Events Coordinator
- Part time to full time contractual conversion - Re-entry team member
- Contractual full time Internal Affairs Investigator
- Contractual full time Body Worn Camera/CCTV reviewer
- PCO I to PCO II conversion
- Part-time Contractual Grant Manager
- Add a crew-van dedicated to the re-entry program. It will be put to good use in other functions. Add \$35,000 One time expense, not recurring
- Add a mental health program teaching officers and civilian staff to recognize and resolve the roots of trauma as opposed to the symptoms. This program could be expanded to other programs. Add \$30,000 one time expense, not recurring

**Human Resources Office**

**FY22 Accomplishments**

- Assisted Public Works with creating the Career Ladder development
- Throughout Covid assisted employees with remote learning, training, mental health awareness
- Participated in Union negotiations
- Continued operations through Covid working with boards and commissions, and the public
- Implemented safe and best practices for safety for City employees during Covid

**FY23 Short Term Goals**

- Maintained Qualified and Diverse City workforce
- Recruit, retain and engage employees through competitive and comprehensive benefits programs
- Ensure employees and retirees are satisfied with access to benefits
- Ensure the city workforce is trained in best practices and latest technology
- Fill key positions in City departments

**Long Term Goals**

- The Finance Committee recommends the HR Office become a Department
- Increasing on-line application ratio to hard copy applications
- Employee access to training
- Diversity out-reach in person due to Covid restrictions

**Performance Measures**

- Cost containment on benefit offerings
- Increasing performance expectation of benefit vendors
- Ensuring benefit offerings meet employee and retiree needs

**Enhancements included in the budget:**

No additional enhancements requested

**Finance Department**

**Highlighted FY22 Accomplishments**

- Completion of timely FY23 Budget
- Issue annual financial comprehensive report for 2022
- Obtained an increase in Moody’s City debt Bond rating to Aa1
- Implemented DebtBook software
- More collaboration between departments to mitigate
- Risk manager worked with City Departments to implement programs to mitigate risk
- Risk Manager developed a site inspection calendar for city facilities
- Purchasing Staff oversaw RFP and IFBs and provided City departments with necessary goods and services
- Notable projects included AMRP, Burtis House, BGE account, SP+, Carr’s Beach acquisition.

**FY23 Short Term Goals**

- Maintain timely and accurate account records. Strengthen, maintain and monitor internal controls
- Provide accurate and timely financial information to city departments
- Provide accurate and timely billings for Utility, CFA and general billing
- Protect City deposits and maximize related earnings
- Improve efficiency in Finance Department operations
- Efficient management of City debt
- Produce accurate and timely reporting of Grants activity
- Minimize risk for City employees and City property
- Increase efficiency in City Spending
- Maximize use of Women and Minority Business Enterprise Vendors
- Expand use and enhance accountability for procurement card

**Long Term Goals**

- Implement MBE/Minority procurement program
- Improvement in OpenGov

**Performance Measures**

They were able to meet all their performance measures.

**Enhancements included in the budget:**

- Grant Administrator
- Budget Analyst
- Position Upgrades
- Audit Committee-Restore full funding

**Department of Public Works**

**Highlighted FY22 Accomplishments**

- Implemented an internal career ladder
- Continued to remain fully operational throughout the COVID Delta and Omicron outbreaks
- Introduced a solid waste web page, city wide waste survey, and collected statistical data
- Resurfaced 3.39 miles of roadway and repaired/replaced 55,550 square feet of sidewalk
- Completed bidding and design services on major City projects related to Stormwater, Traffic, Utilities, and Water Main replacement
- Coordinated and facilitated Capital Projects and Improvements

**FY23 Short Term Goals**

- Provide excellent drinking water
- Maintain high quality street system
- Provide reliable collection of trash, recycling and yard trimmings
- Improve estimating of Capital Projects

**Long Term Goals**

- Achieve national standing for the department and its employees via APWA Certification
- Provide superior customer service to constituents and customers
- Establish a continuous improvement culture
- Establish and implement life-cycle asset management programs for City assets
- Maintain a complete, safe and high quality street system that supports vehicles, cyclists and pedestrians

**Performance Measures**

- Complete linear feet of water main leaks
- Complete linear feet of sewer redlines or replaced
- Completed square feet of sidewalk replaced

**Enhancements included in the budget:**

- Traffic Engineer Independent Contractor (General Fund, Engineer & Construction)

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- Brine Production Machine and Distribution Tanks for Vehicles (General Fund, Snow & Ice)
- Convert Two Contractual Fleet Maintenance Technicians to Civil Service (Fleet Operations)
- Stormwater Management (Watershed Restoration Fund)
- Environmental Inspector
- Stormwater MS4 Measures (Watershed Restoration Fund)

### **Enhancements not included in the budget:**

BGE Environmental Sensors (General Fund, Engineer & Construction)

### **City Council and the Office of the Mayor**

#### **Highlighted FY22 Accomplishments**

- Transition to 'COVID normal'
- Resumption of events and in-person programs
- New ways of working and delivering - new demands
- Renewed/continued delivery of outreach and services (NAM, Take Care, LEAD, public information, constituent services)
- Ongoing - be ready and responsive to emerging needs
- Take Care organization was instrumental to getting Covid Vaccines and necessary services to the Hispanic population

#### **FY23 Short Term Goals**

- Annapolis 'open for business' - promoting Annapolis as a business-friendly, destination city

#### **Long Term Goals**

- Major projects - Hillman Garage, City Dock, Choice Neighborhoods, Construction and Improvement projects, events and parades
- Promote diversity and inclusive services
- Drive business investment, employment and a strong economy
- Position Annapolis to meet the challenges of the 21st Century

#### **Performance Measures**

Performance Measures were not provided

### **Enhancements included in the budget:**

- Convert Special Projects/Arts Coordinator to Exempt
- Granicus Software- helping Boards and Commissions

### **Enhancements not included in the budget:**

- Assistant for PIO
- ADA Representative for the City



## **City Manager**

### **Highlighted FY22 Accomplishments**

City Manager's office is responsible for meeting the City Council's objectives through the department heads

- Managed the City during one of the most difficult periods in its history with the global pandemic impacting every facet of the City's operations
- Completed the design stage of the Hillman Garage project, and coordinated the start of construction
- Successfully applied for and received Program Open Space for the acquisition of Carr's Beach
- Obtained \$500,000 of additional State funding for the downtown utilities undergrounding program
- Received \$600,000 of State funding for the upgrade of Stanton Community Center
- Applied for and received \$828,000 of funding for Truxtun Park improvements
- Obtained \$10 million of State funding for the City Dock resilience and revitalization project
- Applied for and received approval of the Choice Neighborhoods grant from HUD
- Managed CARES Act grants to help meet the needs of Annapolis residents during the pandemic
- Collaborated with Anne Arundel County on legislation to create a Resilience Financing Authority

### **FY23 Short Term Goals**

- Develop an updated City Strategic Plan and fully implement a performance management system based on the Strategic Plan
- Continue to strive for diversity across the City's workforce
- Complete the new Hillman Garage on time and budget, and start the City Dock project
- Improve water quality of Annapolis waterways
- Reduce waste to landfill, reduce litter, increase recycling and composting, and reduce food waste
- Mitigate the impacts of and create resilience to climate change
- Reduce the City's greenhouse gas emissions and improve air quality
- Improve the lives of the City's underserved population

### **Long Term Goals**

- Eliminate the City's structural deficit
- Complete the resilience and revitalization project at City Dock
- Achieve diversity in the City workforce such that it mirrors the City's population
- Fully implement the Office of Community Services

## Finance Committee FY 2023 Budget Report

- Enhance the City’s resilience by reducing impacts of climate change: mitigate and build resilience to sea level rise, flooding, severe temperatures, water scarcity, energy resources, essential services, the economy, and social and cultural assets
- Implement progress towards meeting 50% reduction in Greenhouse Gas Emissions by 2035 and Net Zero Emissions by 2050
- Improve water quality of city waterways: Achieve levels that will remove creeks from the Clean Water Act impaired list and implement practices to achieve Bay TMDL.
- Protect and enhance biodiversity; protect natural spaces for humans and wildlife
- EV fleet conversion
- Revisions to building code requirements incorporating Building Performance Standards
- Reduction goals and actions incorporated into the Resilience Plan
- Revisions to stormwater sections of City Cod.

### **Performance Measures**

- MS4 permit requirements on track, including TMDL credit generation, projects initiated by the City and nonprofits/HOA’s, new partnership between City and CBT to fund non-profit/HOA projects
- Sediment and erosion control improvements through revised inspection and enforcement procedures
- Recycling compliance through public education; elimination of plastic bags from landfill; implemented plastic reduction/awareness campaigns – “Plastic Free Annapolis” and “No Butts in the Bay”.
- Curbside collection pilot program in Hunt Meadows and permanent food scrap drop off location in Truxtun Park
- Targeting communities built before stormwater control requirements with stormwater control and restoration projects initiated by the City and funded by the City through CBT; City leading MIRR with AA County and USNA
- Tree planting met Tree City requirements and increased with initiation of Replant Annapolis
- Shoreline and wetland creation/improvement projects in design; a comprehensive conservation easement plan developed, including three large properties; other areas identified to create a city “greenway”
- EV charging units installed and in design; EV bicycle and scooter contract; -Mobility and Bike trail plans

### **Enhancements**

There are no enhancements to this Department’s budget.

### **Community Grants**

Per code 6.16.060 “The community grants shall provide support for the day to day cost of running a non profit organization. Subject to the availability of funds, the City will consider

funding an operating or capital grant to a non profit organization upon submission of an application that meets the requirements. The committee consists of: the Mayor's designated staff person; the Finance Director's designated staff person; and two at large staff persons'. This year there were six staff members. Thirty six proposals were received and 36 awards were given. (See appendix A)

**Enterprise Funds Accounts**

Using the STANTEC Enterprise Rates Fund Rate Study, the increases in rates were justified. This logic was explained against a backdrop of escalated costs in public water and sewer costs<sup>3</sup>. The MS4 permit requirements will continue to be more challenging and therefore more costly. Refuse fees were also predicted to increase 8% annually. Our consultants compared Annapolis to other jurisdictions and Counties and we are in the median range of fees charged. The Finance Committee concurs with STANTEC's recommendations.

**Capital Budget**

In his presentation, the DPW director has included a proactive Plan to budget, design, and manage projects to ensure that they are built on time and on budget. We reviewed the FY23 - FY28 Capital Budget and Improvement Program Project Summary budget and accepted the recommended projects and funding.

This legislative year the following Federal Grants and State Grants were received to support the following projects:

**Federal Grants**

\$2,000,000.00	Carr's Beach
\$9,357,000.00	City Dock Resilience and Revitalization
<b>Total:</b>	\$11,357,000.00

**State Grants**

\$60,000.00	Annapolis Gateway Park
\$75,000.00	Burtis House
\$4,867,923.00	Carr's Beach
\$10,000,000.00	City Dock Resilience and Revitalization
\$1,200,000.00	Stanton Center
\$828,000.00	Truxtun Park Improvements
\$500,000.00	Undergrounding of Service Conductors & Communications Wiring
\$125,000.00	Waterway Improvement -Cheston
\$809,000.00	West East Express Bikeway
<b>Total:</b>	\$18,464,923.00

**Fees**

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<sup>3</sup> Director Johnson advised that the Ductile Iron Pipes (DIP) market is anticipated to rise at a considerable rate during the forecasted period.

The Schedule of Fees, R-23-22, were reviewed in their entirety. The departments with changes to their fees were:

- Police Department revisions included costs for requests (body camera, 911 calls, photographs, etc.)
- DPW fees were adjusted to represent the Stantec Report on Enterprise Fund Rate Studies
- Harbormaster revisions addressed additional staff and maintenance time
- Parks and Recreation adjusted program fees and space rentals

### **Fines**

The Schedule of Fines, R-24-22, were reviewed in their entirety. The departments presenting their revisions were:

- Harbormaster increased fines for mooring violations
- Public Works fines were introduced for stormwater discharge violations in line with state mandates and per Ordinance O-38-21

### **Finance Committee Final Recommendations**

**We make the following recommendations to FY23:**

- We have had the benefit of ARPA funds, however by FY25 ARPA funds will not be available to utilize. At that time we should be considering how we will adjust to a decrease in revenue. The City Council must consider additional revenue growth or conserve expenses to address this
- Use of one-time funds of \$70,000 for the Substance Abuse Disorders program - ***Finance Committee amendment***
- \$63,000 net add for additional attorney for Office of Law - ***Finance Committee amendment***
- Use of one-time funds of \$100,000 Pilot crime prevention program for Recreation and Parks - ***Finance Committee amendment***
- Community Grant amendment - Increase South Forest Drive Business Association (SoFo) from \$1000 to \$2000 - ***Finance Committee amendment***
- Community grants - adhering to City code 6.16.070 -requiring and receiving quarterly reports form nonprofits seeking community grants
- Code Change for Arts in Public Places Commission (AIPPC) re: City funding
- Upgrade HR to Department
- Upgrade MIT to Department
- Better coordination between departments in pursuing grants
- Dedicate staff member(s) to their respective department grant
- Sidewalk code be reexamined by the City Council
- Review workload of HPC Chief for expanded review with outside dining and upcoming City Dock revitalization

## Finance Committee FY 2023 Budget Report

- Start and complete analysis of permit process from start to finish with \$20,000 allocated last fiscal year (Discussed in evaluating non funded enhancement)
- The Mayor's Office provides the structure of their outreach efforts and the respective assigned staff. Ex. Organization chart (Discussed in review of staff transfer to Office of Community Services.
- Define future use, staffing and budget of police substations aka resource centers (Discussed in review of City Manager office)

### **Appendix A**

[Community Grants - Awards Summary.xlsx](#)