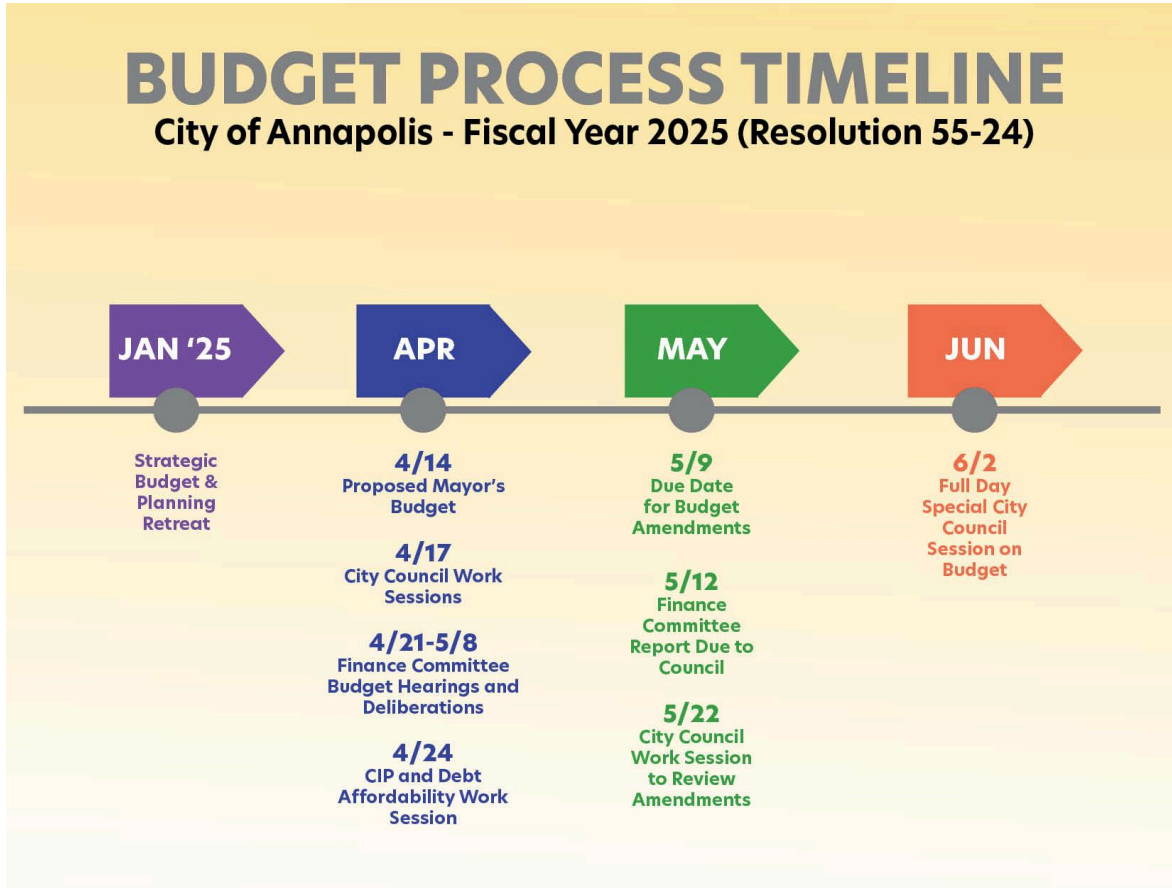


May 12, 2025

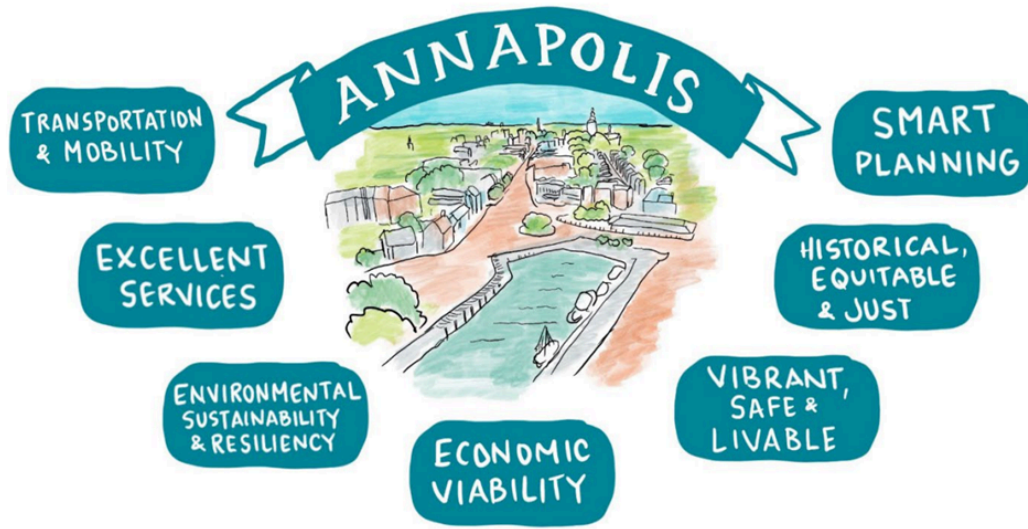
REPORT TO THE CITY COUNCIL – THE FISCAL YEAR 2026 PROPOSED ANNUAL OPERATING AND CAPITAL BUDGET



Council Budget Process Preparation

“We know that budgets are moral documents. Where we choose to invest actually defines our values. And it dictates the course of our future.” -Governor Wes Moore

In December, the council adopted a resolution defining the budget timeline and soon after held a work session to discuss budget priorities. Some of the most commonly mentioned priorities were improving sidewalks, additional support for the council, taking care of the most vulnerable residents, economic development, and public safety, including resiliency and road calming. After the mayor proposed his budget, the Finance Committee reviewed each section with a presentation from the appropriate city leader, deliberated on amendments, and constructed this report.



FY26 Budget Summary

General Fund Revenue

The Good News:

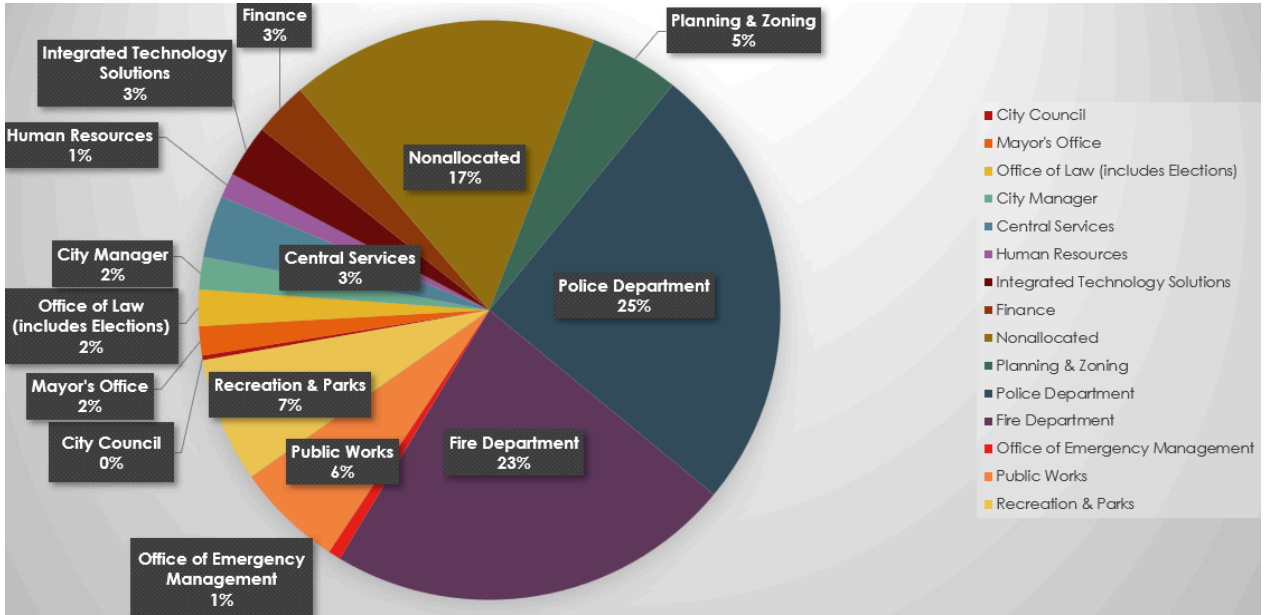
- No property tax rate increase (\$.738 / \$100 & \$1.94 / \$100)
- The assessed value of property and other General Fund revenues have stabilized the General Fund.
- General Fund recurring revenue is projected to increase by \$5.6M over projected FY25.
 - Primarily due to the growth in property tax revenue (\$4.5M)
 - Growth in Administrative Reimbursements (\$2M)
- Fiscal 2025 year-end General Fund Balance is projected to be strong, providing a 15% reserve and additional funding in the three additional reserves.

Challenges:

- Potential downward fluctuation of interest rates
- 61% of revenue is from property taxes, not very diverse.
- Uncertainty of how the City Dock closure will truly impact revenue. (20% loss of revenue budgeted)
- Volatility of income taxes, including a decrease this year
- Potential tightening of state and federal grant availability
- No ARPA funding this year.

- How will the Transportation Fund impact the General Fund in future years?

General Fund Expenditure Projections:



The Good News:

- 4.5% overall growth in General Fund - budget to budget.
- Revenue growth and tightening of expenditures are allowing new initiatives in departmental budgets.
- The class and compensation study is reflected in the budget.

Challenges:

- Inflation and competition for job candidates are causing regular vacancies and challenges to department bandwidths.
- Steady inflation and potential tariffs put pressure on non-personnel expenses
- Health care premiums have increased by 9%

Fund Allocation to Capital Reserve and Replenishing of Budget Stabilization Fund

Per the Fund Balance Policy(R-31-18), the city set aside 15% of the FY26 General Fund, Parking Fund, and Transportation Fund revenues as unassigned fund balances. 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 these reserves at the end of FY26.

- a. General Fund Budgeted Revenue: **\$114,975,000**
- b. Parking Fund Budgeted Revenue: **\$8,716,000**
- c. Transportation Fund Budgeted Revenue: **\$6,646,100**
- d. Total (a+b+c)= **\$130,337,100**

Applicable Fund Balance Requirement 15%

- e. Required Fund Balance Reserve (d x 15%) = **\$19,550,565**
- f. FY26 Projected Fund Balance **\$25,478,220**

Using the formula, g=h+i+j:

- g. Projected Balance above Requirement (f-e)= **\$5,927,655**
- h. Maximize Budget Stabilization Fund: **\$177,015**
- i. 50% of Excess to Capital Reserves (.50 x g)= **\$2,963,828**
- j. Any remaining funds will be allocated to the one-time costs (.50 x g)-h
=**\$2,786,813**

Dept Capacity with Capital Expense Evaluated

Re: Dept Capacity Update provided by Davenport, April 24, 2025

Good News:

- FY26 allocation to Capital Reserve complies with our Debt Service Policy.
- FY26 and FY27 debt service is below the 10% policy target as a percentage of expenditures.
- The calculations below are based on conservative projections of general fund expenditures and debt service costs.

Challenges:

- Rising interest rates mean higher borrowing costs. These increased interest rates affect our loan/debt repayments, potentially reducing the expansion of our Capital Improvement Program (CIP) in future years.
- Annual debt service costs are anticipated to rise in FY27 by approximately 25% and a further 25% between FY27 and FY28.
- Utilizing FY26 as a starting benchmark and increasing the General Fund expenditures by 1%, debt service as % of expenditures exceeds the 10% policy target in FY28 through FY31 by no more than one percentage point.

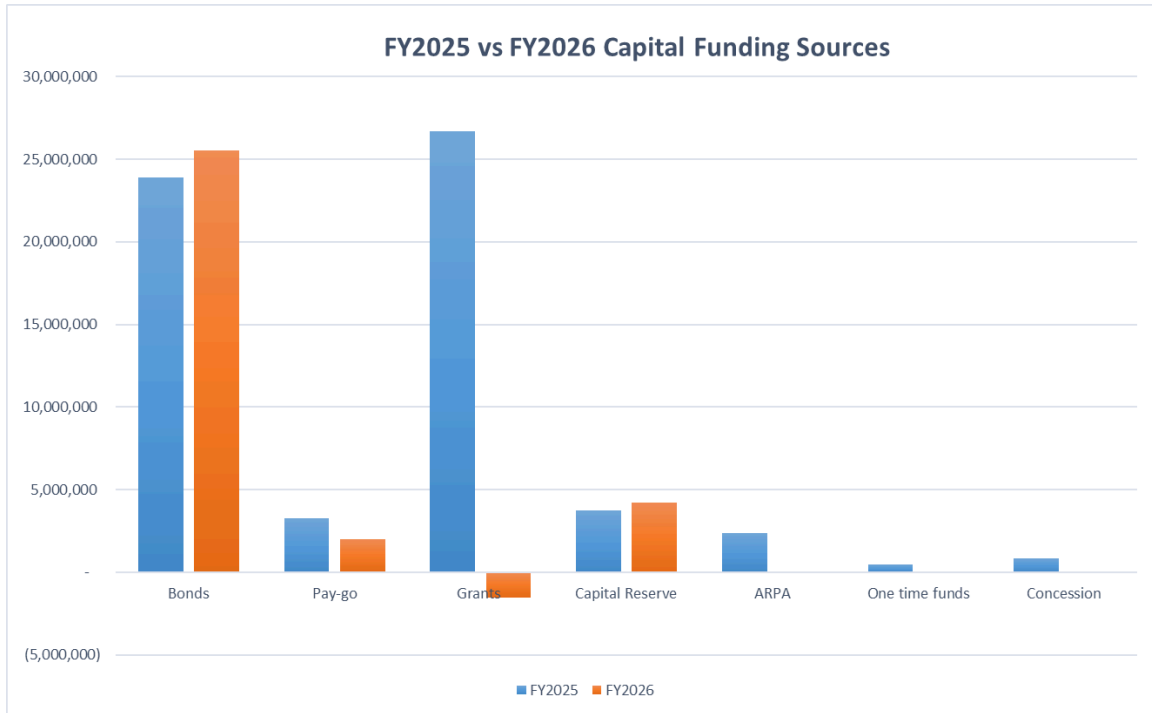
Capital Improvements Budget

The Capital Improvement Program addresses facilities, infrastructure, equipment, and networks that enable or improve the delivery of public sector services.

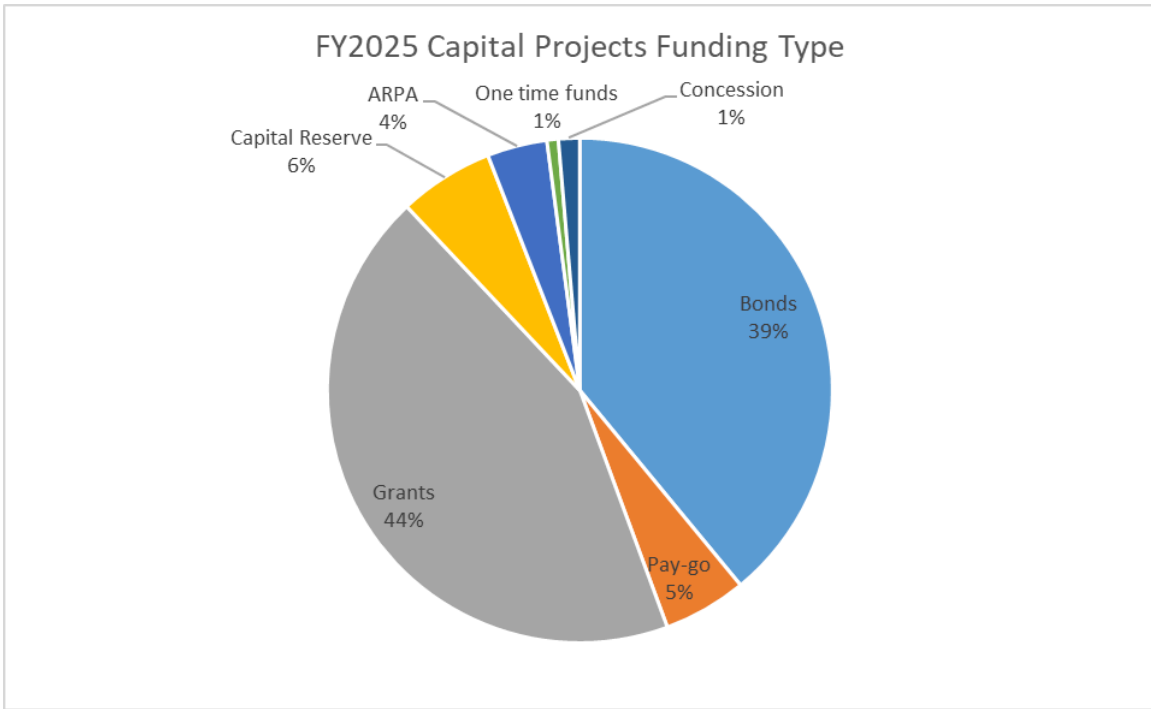
See the Capital Improvement Program in the city code for the process of selecting projects.

Source of Funding

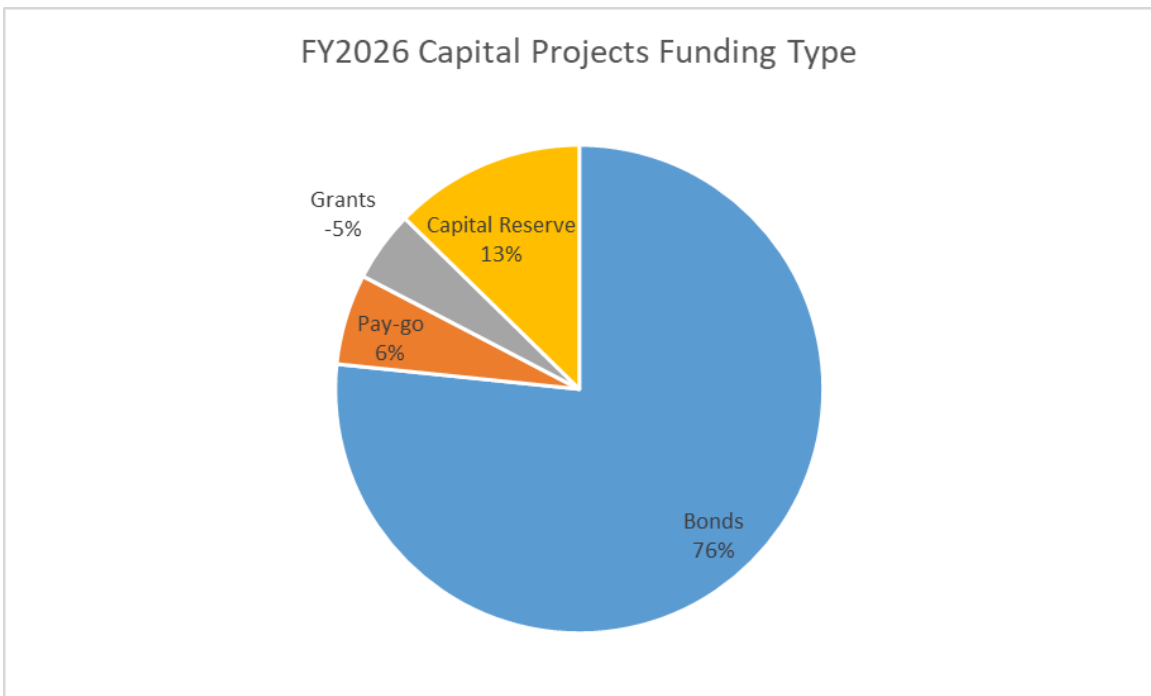
These charts compare the funding allocations between FY25 and FY26. As shown below, the FY26 funding portfolio is heavily reliant on City funding.



FY2025



FY2026



**Funding sources for capital projects are only reflective of FY26 or FY25 funding sources, not total funding for each capital project.*

Capital Projects Overview

The Good News:

- Completion of the following projects and removal from the CIP:
 - CRAB Boating Facility
- The following projects were added to the FY26 CIP, totalling \$4.5M:
 - Bus Shelter Rehabilitation - \$78,000 / year
 - Dam Repairs, Waterworks - \$498,000
 - Knighton Garage Elevator - \$438,000
 - Northwest Street Park - \$1,286,000
 - Pip Moyer Restroom Upgrade - \$ 288,000
 - Tolson Street Park - \$924,000
 - Waterway Imp. Burnside Street - \$425,000
 - Wells Cove - \$105,000
- The following projects had significant changes in funding or scope:
 - Annapolis Walk Parking
 - Carr's/Elktonia Beach Park
 - Cedar Park Sidewalks
 - City Dock Resilience
 - College Creek Connector
 - Connecting Communities
 - Electric Annapolis Mobility Plan
 - Farragut Road Sidewalk
 - Griscom, Collison, & Weems Whelan Ballfields
 - Hawkins Cove
 - Parks Maintenance Facility

Challenges:

- Completing the environmental review for the City Dock project to receive funding and begin construction, other than utility work.
- Securing community and financial support and investment in the Eastport Choice Neighborhood Initiative (CNI), as it is a major revitalization of Annapolis' largest public housing communities, Eastport Terrace and Harbour House, and potentially the City-owned property on Spa Road that formerly housed the Department of Public Works facilities.
- Continuing challenges to complete capital projects on schedule, due to procurement, project management, or other bottlenecks.

Committee's Recommendations:

- Remove \$200,000 from the bond funding line in the Capitol Improvement Project (CIP) "Acton Cove Waterfront".
- Remove \$200,000 from the Capitol Improvement Project (CIP) "Traffic Signal Rehabilitation".

- Remove \$100,000 from Capitol Improvement Project (CIP) “Pip Moyer Restroom Upgrade”
- Add \$500,000 to the "General Sidewalk Fund".

DPW Enterprise Funds Accounts

Water and Sewer

Rates were adjusted to cover operating expenses, existing debt requirements, and future capital investments. The rate increases were explained using the STANTEC Enterprise Rates Fund Rate Study. Revenue sufficiency was evaluated for respective expenses (eg, Capital, Debt, and O&M costs). Operating expenses were reviewed with City Staff.

- *Sewer Rates – Increase by 4.75%*
- *Water Rates – Increase by 4.75%*
- *Watershed Restoration (Stormwater) – Increasing by 15%*
- *Solid Waste Rate increasing by 10%*

The Good News:

- The City of Annapolis water & sewer bill remains competitive against comparable cities.
- Completed Eastport phase 2 water line replacement

Challenges:

- A 33% increase in the cost of the sewer contract with the county, due at least in part to \$50+ million Capital Projects by 2030 at the Annapolis Water Reclamation Facility.
- Complete the Southgate water and sewer replacements.
- With current expenses, the city will need to continue to escalate stormwater fees to meet capital needs and restore the cash balance.
- Control O&M expenses in stormwater funds that have increased 17% over FY25.

Committee’s Recommendations:

- Recommend the city implement an alternative stormwater charge structure for non-residential in FY26. (Transition to actual measure of impervious footprint vs. current tier system.)
- Investigate the additional cost from Anne Arundel County for the sewer contract.

Fees & Fines

Committee Recommendations:

- Fine 7.12.100.C - Public Consumption and Possession strike "or imprisonment for not to exceed 90 days or both" from "Fine for Initial Offense" and "Fine for Repeat or Continuous Violations".
- Fine 7.12.100.C - Public Consumption and Possession strike "\$500" under "Fine for Initial Offense" and insert \$100.
- Fine 12.08.140 - Speed Monitoring Systems, strike "not to exceed" from both offenses and make the first offense \$50.00 and the second offense \$100.00.
- Fine 12.24.130 - Parking at Expired Meter, Strike \$50 and replace with: Off-Street Violations: \$25 + Amount Due for Parking Session + Processing Fee of \$5.25.

Department Presentations

All departments presented to the Finance Committee from April 21st to May 9th, 2025. Each department was asked to focus its presentation on their performance measures and how requested funds will allow it to achieve these specific performance measures. They were also encouraged to provide some highlights from FY25 and considerations or context for the year ahead.

For detailed information on each department's presentation, see the **Google Drive Folder** titled "**FY26 Finance Committee Budget Presentations**".

Generally, there was a 2.6% increase in each department's budget due to inflation. Departments were asked to request only 'mission essential' enhancements.

Mayor's Office

The Mayor serves as the Chief Executive, responsible for the delivery of municipal services and implementing the vision supported by voters. The Mayor's office handles community stakeholders (like boards and commission members) and government relations, public information and communication (including City of Annapolis TV), ombudsman and constituent services (acting as the front line for phone calls and emails), and community outreach. The office also delivers some community programs like the Naptown Anti-Dope Movement. The office is currently focused on completing priority projects and solid transition planning ahead of the approaching end of the current Mayor's term.

The Good News:

- The Mayor's office team is considered well-positioned to meet future challenges due to changes in workflow, such as sharing responsibilities more fluidly, which has delivered efficiencies.
- The budget maintains funding for Community Initiatives (\$70,000) for outreach, events, and festivals, and for the Annapolis United Public Safety Program (\$221,000) for initiatives across departments, including Police, Fire, OEM, and Parks & Rec.
- Consistently adding funding for supplies for the boards and commissions training conducted by existing staff.

Challenges:

- The office faces workload pressures associated with completing and rolling out priority projects and planning for the transition ahead of the approaching end of the Mayor's term
- The Mayor's Office is working to document all procedures, capture appropriate records, and prepare briefs in anticipation of a new Mayor.

Committee's Recommendation:

- Eliminate the "Constituent Services - Equity" position from the Mayors Office.
- African American Program Administrator and Hispanic Administrator positions should be changed back to "Liaisons" instead of Program Administrators.
- Support adopting the Salary Review Commission's recommendations to increase alderman pay, increase alderman expenses, and provide optional funding for cell phones.

Office of Law

The Office of Law is a full-service municipal law office consisting of the City Attorney, Assistant City Attorneys, Legislative and Policy Analyst, and Legal Assistant. The City Attorney's primary role includes providing legal advice and counsel to the Mayor and Aldermen of the City of Annapolis and to all City Departments and agencies. The City Attorney is also the Director of the Office of Law.

The Good News:

- The office has been successfully defending the City in a wide range of litigation, achieving multiple dismissals, summary judgments, and a defense verdict, saving the City an estimated hundreds of millions of dollars.
- We have produced 16 legal opinions and 30 ordinances/resolutions that were introduced by the City Council.
- The Office of Law assisted in the management of 26 current City leases, the purchase of one property, and the processing of 86 MPIA requests.

Challenges:

- The Public Housing Resident Lawsuit against the City proceeds to trial in U.S. District Court.
- The Office of Law is seeing an increase in litigation activities.
- There is inadequate office space for staff.

Committee's Recommendations:

- Reduce the City Council Associate position back to one.

City Manager

The mission of the City Manager's Office is to successfully oversee City operations to fulfill the City's goal of providing comprehensive quality services to a diverse population of residents, businesses, and visitors through a broadly representative, accessible, and accountable city government recognized for its professionalism, stewardship of resources, and efficiency.

The Good News:

- The City Managers have completed and implemented the city-wide Classification and Compensation study, which is intended to eliminate the impact of longevity steps and support career growth.
- The collective bargaining agreements were completed with the City's four labor unions.
- Successfully oversaw the hiring of new directors for key departments such as Finance and Central Services, managing leadership transitions within the city government.
- The new community calendar, "With," was implemented, improving city communication capabilities and offering new features for outreach and notification.
- The City Managers are overseeing the purchase of 25 Shaw Street, a move anticipated to help alleviate office space constraints and reduce the need for outside leases.

Resiliency and Sustainability

The Good News:

- The major resilience project at City Dock is close to the construction phase.
- Inventory completed of Land and Marine Fleet Vehicles and Electric Vehicle Strategy to guide city fleet replacement, transit, and marine vessel purchasing and funding.

- Installation of grant-funded EV charging infrastructure for City facilities and utility pole charging.

Challenges:

- Maximize the leverage with various partners to address flooding challenges and improve the city-wide resiliency efforts.
- With less federal funding, greater reliance on state and local funding for resilience projects. Staff capacity will be stretched.

Harbormaster

The Good News:

- Achieved significant cost savings for the City by undertaking various projects in-house, rather than engaging external contractors, such as transportation of fireworks barges to and from the West River, execution of deck and dock repairs, and completion of dockside plumbing and electrical repairs.
- Coordinates and actively participates in 10-12 special events annually at City Dock, ensuring the safety and operational efficiency of these events
- Administered over \$1.34M in grants designated for dock and shoreline improvements, including dredging, \$82K for pump-out boat operations, and \$25K for the removal of derelict vessels and debris.
- In response to public demand, a Kayak rack pilot program is being implemented by the Harbormaster's team, with installation scheduled for completion by May 15th, 2025.

Challenges:

- As the Annapolis City Dock project continues to progress, power outages and construction may change the amount of available docking, mooring activity, and revenue.
- We expect the number of abandoned boats to rise due to a combination of economic hardship, lack of safe boat ownership.
- Temporarily relocating the Harbor Master office during the City Dock construction.

Office of Community Services

The Good News:

- Developing relationships with trusted community partners that will help

extend the reach of services, share resources, and improve access for underserved populations.

- Providing case management services as needed, connecting residents with local resources and services.
- Maintain accurate records and reports related to social work services, grant activities, and program outcomes.
- Conduct needs assessments and evaluate program effectiveness to ensure continuous improvement.

Challenges:

- There is still an ongoing high demand for rental and utility assistance.
- There is still a high need for tenant rights education within the community.
- Residents are unaware of the Office of Community Services or confuse it with other organizations.

Committee's Recommendations:

- Keep the Lobbyist position in the City Manager's Office.
- Move the Harbor Master's Office from the Recreation & Parks Department to the City Manager's Office.

Central Services

The Central Services Department oversees Purchasing, Facilities Management, Fleet Operations, and replacement. The Facilities Management Division is responsible for all administrative buildings and Police and Fire stations throughout the City. Central Purchasing ensures compliance with purchasing policies and assists departments with competitive bidding and other purchasing processes to ensure efficient use of City funds. Fleet Operations and Replacement is responsible for vehicle maintenance and replacement.

Good News:

- The department has funding for each building to have a concierge.
- The department's budget includes funding to advance capital projects.
- Continuing to finalize plans for Shaw Street Property - opening up space for the Finance Department, Central Services.

Challenges:

- Conducting the Facilities Condition Assessment and planning for unforeseen expenses.
- The procurement process needs to be streamlined for it to become more efficient.

Committee's Recommendations:

- No Recommendations.

Human Resources

The Human Resources administers the provisions of the City Charter and Code that pertain to employee appointments and promotions, recruitment and retention, benefits and wellness, classification and compensation, performance and training, personnel records, separation and retirement, and employee and labor relations.

The Good News:

- The Human Resource Office will continue the internship program.
- The transition to the Applicant Tracking System (NeoGov) has been completed.
- Alongside the City Manager's Office, we have been managing a city-wide Classification and Compensation study.

Challenges:

- The city has had an increase in health care premiums.
- We are having trouble recruiting for certain positions.
- Currently facilitating the Tuition Reimbursement Program finalized guidelines.

Committee's Recommendations:

- No Recommendations.

Integrated Technology Services (ITS)

The Integrated Technology Services Division (ITS) is dedicated to delivering high-quality, technology-based services, most cost-effectively, while providing excellent customer service to all city staff.

The Good News:

- The department has funding for ADA remediation.
- The department is creating a strategic plan to ensure that ITS is reaching its full potential as a department.

Challenges:

- Working on improving the public's access to the GIS map.

Committee's Recommendations:

- Under Goal "Productivity In City Agencies" in the budget, add a new performance measure of "Percentage of City Employees within the Mayor's Office, City Manager's Office, and Department Directors using generative Artificial Intelligence (AI) on a weekly basis."

Finance Department

The Finance Department oversees all financial transactions in the city, including its budget development and tracking. Included in the Finance Department Budget is a placeholder for 'non-allocated funds'. Non-allocated is composed of items that cannot be specifically allocated to other departments within the general fund. It contains debt service, community grants, contributions to Other Post-Employment Benefits (OPEB), contributions to self-insurance, contingency, inter-fund transfers, compensation contingency, and other smaller accounts. These are not addressed in our review of the finance department's budget below.

The Good News:

- Continued high bond ratings, achieving a Fitch AA+, Moody's Aa1, and S&P Global AA+ this year.
- The external audit reported that the department met all generally accepted accounting principles (GAAP) without any corrective action needed.
- Improved the City's budget process by utilizing OpenGov for departmental budget entry.
- Managed to fill the Budget Analyst position in time for Budget season..

Challenges:

- New Department Director getting acquainted during Budget season, and a need to fill the deputy director position.
- The audit letter identified a lack of resources within the Finance Department to complete the ACFR on time.
- Before the move to Shaw Street, the Finance records need to be digitized.
- Preparing to move the whole department to Shaw Street.

Committee's Recommendations:

- Adopt the Finance Committee's recommendations for Community Grants.

Planning and Zoning

The Department of Planning and Zoning is a full-service municipal agency responsible for all development review, permitting, inspections, and licensing relating to all facets of the City Code. This includes construction, rental housing, zoning, Critical Area compliance, and construction trades. The department is also responsible for long-range planning, historic preservation, economic development, and community development activities.

The Good News:

- This budget adds funding for a Mechanical Inspector Backup, critical to ensure projects progress promptly.
- Adds funding to digitize records - will free up space in the office and make research easier.
- Moves the tree program to the Watershed Restoration Fund.

Challenges:

- Working on creating a more user-friendly permitting platform with more person-to-person contact.

Committee's Recommendations:

- Change the "Economic Diversity Specialist" back to "Small & Minority Business Liaison".
- Change the code to move the Arts in Public Places Commission (AIPPC) to the Planning & Zoning Department.

Police Department

The Annapolis Police Department shall be an impartial and just partner to every citizen it serves, vigorously and constitutionally enforcing the law to protect its residents and others. We shall operate effectively, efficiently, ethically, and equitably, focused on community relationships. The mission of the Annapolis Police Department is multifaceted, encompassing law enforcement, community partnerships, stewardships, and support for individuals.

The Good News:

- Violent crime response and investigation, clearing 60% of the homicides within the city, which is above the national average.
- Collaboration with partnering agencies, such as state and federal law enforcement.

- The Positive Impact Program, which is the department's reentry program, continues to graduate new classes of returning citizens.
- APD has signed and been awarded state and federal grant funding to assist with crime and community initiatives.
- The Department's CALEA accreditation has been completely restored.
- The Chief highlights promoting officer wellness, which encompasses both physical and cycle alternative health.

Challenges:

- Trying to overcome shortfalls in staffing and filling vacancies.
- There is a need to redistribute officer staffing to address violent crimes.
- APD(Annapolis Police Department) would like to have all employees participate in more training and receive the proper equipment to perform everyday functions within the department.
- Supervisory capacity for new initiatives presents a hurdle for the Annapolis Police Department's goals.

Committee's Recommendations:

- Include the "Adopt a Community Grant" program, "Downtown Ambassadors," and an administrator in the Community Policing program within the Police Department.
- Once additional information is received, the Finance Committee supports adding additional funding, if needed, for additional speed cameras in the city.

Fire Department

The Annapolis Fire Department (AFD) exists to provide a safe environment for the community by minimizing the impact of fire and injury through public education, quality service, emergency preparedness, and an overall culture of safety. The mission of the Annapolis Fire Department centers on providing essential services, ensuring community safety, and maintaining internal excellence.

The Good News:

- No fire fatalities for 14 years.
- Receiving Capital funding to address obsolete equipment.
- The department has benefited from upgrades, facilities, and equipment.
- Providing personnel training and development.
- Maintaining high service standards is addressed by the lack of complaints from the community.
- Outreach and public education initiatives, such as CPR, Narcan training, and

- Stop the Bleed Training.
- Successful legal defense.
- Maintaining a high ISO rating.

Challenges:

- Staffing shortfalls, especially in paramedics and ALS personnel.
- Aging stations that require continual repair and maintenance.
- Lack of a dedicated IT professional within the department.
- Lack of planning for future residential development and the projected increase in needs.

Committee's Recommendations:

- Present an estimate to the committee for how much it would cost to staff the new IT position.

Office of Emergency Management (OEM)

The City of Annapolis Office of Emergency Management provides vision, direction, and subject matter expertise to coordinate the City's all-hazards emergency preparedness, response, recovery, and mitigation efforts and develop an overall culture of safety. The mission of the Office of Emergency Preparedness is to provide vision, direction, and subject matter expertise to coordinate all hazards, emergencies, preparedness response, recovery, and mitigation efforts, and develop an overall culture of safety in the City.

The Good News:

- Maintained Emergency response and coordination with other Public Safety teams.
- Preparedness for the resilience building going on in the City.
- Improved and maintained the community programs and outreach within the department.
- Accrued more grant funding and resources for the department.
- More staff professional development for the staff in the department.

Challenges:

- The department has staffing shortages and vacancies.
- Maintaining updated plans, of which there are more than 50.
- Navigating uncertainty in federal grant funding.
- Addressing the impact of increasingly severe weather.
- Struggling with fatal overdoses throughout the City.

- Redirecting perceptions and coordination of properly placed, or improperly placed, programs such as winter relief, and cyber resiliency

Committee's Recommendations:

- No Recommendations.

Department of Public Works

The American Public Works Association defines “public works” as “ the combination of physical assets, management practices, policies, and personnel necessary for the government to provide and sustain structures and services essential to the well-being and acceptable quality of life for its citizens. In the City of Annapolis, the Department of Public Works (DPW) provides infrastructure and related services essential for a modern city via enterprise funds and the general fund.

The Good News:

- Completed approximately 2.83 miles of road resurfacing and are ahead of schedule on their most recent four-year paving plan
- Several key capital projects were completed, such as the Whiton Court sewage pump station upgrade and the Pip Moyer Basketball Courts Renovation project
- Achieved a significant number of fire hydrant inspections in FY25 YTD, progressing towards the 100% benchmark.
- Acquired a camera truck in FY25, enhancing the department's in-house capability to inspect sewer lines and potentially reduce reliance on external contractors
- Successfully submitted the MS4 Annual Report and are actively continuing the development of a stormwater maintenance program
- Well exceeded performance benchmarks for providing high-quality and safe drinking water.

Challenges:

- Long-term trash collection contract expires at the end of FY26 and will be rebid
- Implementing a life cycle asset management system for streets, sidewalks, and utilities will improve performance and longevity.
- Speed execution of capital improvement projects through procurement improvements and staffing increases.

Committee's Recommendations:

- Move \$189,000 from under "Contractual Services" to "Salaries and Benefits" for a Project Manager for the CIP Projects.
- Provide a quarterly update to the City Council on the status of Capital Improvement Projects.
- Cut expenses in the Water Restoration Fund to enable less of a fee increase.

Recreation and Parks

The Department of Recreation and Parks develops and implements quality recreation and leisure programs, activities, and events for all citizens of Annapolis, regardless of financial, economic, or educational status. The mission of the Department of Recreation and Parks is to enrich the quality of life for the Annapolis community by providing recreational, educational, and wellness programs within facilities, parks, and natural open spaces. The Department develops and implements quality recreation and leisure programs, activities, and events for all citizens of Annapolis, regardless of financial, economic, or educational status, on land and sea.

The Good News:

- The strength of the overall team and the leadership of the employees in the department
- The new user experience/ticket system has become seamless in our everyday operations.
- Program development and community engagement
- Developing a new pilot greeting program.
- Executing the following events: the girls' play initiatives, the Juneteenth celebration, the Easter egg hunt, and the Carrs Beach Reunion.
- The lights on the Pickleball court have been updated successfully.
- Had a groundbreaking for our new state-of-the-art skate park.
- Using our available space as an inclusive space within the department.
- Recognition by the Maryland Recreation and Parks Association for Greenscape.

Challenges:

- Having trouble with staffing difficulties, especially lifeguards and seasonal employees.
- The buses designated for Recreation & Parks are reaching their life expectancy limit.
- The failing dam at Waterworks Park.
- Start and meet completion timelines for Robert Eades Park.
- Enduring further delays of the Weems Whalen field project.
-

Committee's Recommendations:

- Reallocate “\$32,000 - Football and Sports Officials” to a contractual agreement with after-school programming.

Department of Transportation

The Annapolis Department of Transportation (ADOT) provides two core services: (1) public transportation services, and (2) parking management and enforcement. The department plans, develops, and provides all public transportation services for the City. It also establishes routes, schedules, and fares for all transportation services provided by the department, subject to the requirements of the Maryland Public Service Commission and the approval of the City Council.

The Good News:

- Delivery of two heavy-duty battery electric buses, ordered two small cutaway electric buses, and 6 smaller cutaway gas-powered buses for microtransit service.
- Zero fatalities per 100,000 vehicle service miles.
- Transit Development Plan (TDP): update is underway and will be finalized by early 2025.
- Implemented a pilot Micro Transit service that replaces the service on the Orange Route and Purple Route.
- The collection rate on fines from issued violations was 75%.

Challenges:

- The budget does not include bus replacement funds.
- Addressing the reduction in State grants.

Committee’s Recommendations:

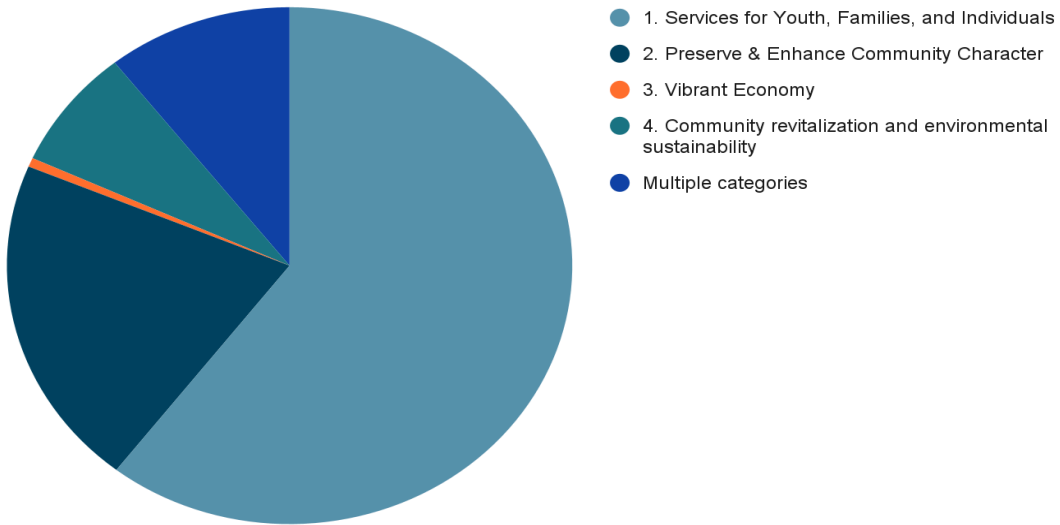
- No Recommendations.

Community Grants

Community grant proposals must meet one of the following priorities:

- Provides services that sustain and empower youth, families, and individuals to move towards an improved quality of life and self-sufficiency.
- Provides programs that preserve and enhance a community's character.
- Provides programs that contribute to a vibrant economy; or
- Promotes programs that are integral to community revitalization, economic development, and environmental sustainability.

Community Grant Recommendations by Category



A Grant Review Team was organized under the Office of Community Service (OCS) leadership. The review team considered all of the applications submitted and made recommendations to the Finance Committee via the City Manager’s budget.

Fiscal Year 2026 Applications Overview:

- 46 applications;
- 4 new applications that were not submitted in FY25;
- Total requests \$995,996;
- Previous request in FY25 was \$1,237,313;
- The funding pool the panel was asked to work with was \$370,750.

Summary:

- 46 proposals totaling \$995,996
- 46 awards totaling \$417,500

Committee’s Recommendations:

- The Finance Committee voted unanimously to favorably recommend the FY26 Community Grant Chart below to the Council.

Finance Committee FY 2026 Budget Report

	FY25 Council Adopted	FY26 Grant Request	FY26 Committee Recommendation	FY26 Finance Committee Recommendation	FY26 Council Adopted
Food Programs for Children/Youth					
Anne Arundel County Food Bank, Inc	\$5,000	46,950	15,000	18,000	
HBC Food Pantry	2,000	5,000	5,000	5000	
Heritage Baptist Church (Backpack Buddies)	5,000	7,000	7,000	7000	
Education Programs for Children/Youth					
Annapolis All-Stars II, Inc	17,000	56,250	17,000	17,000	
Annapolis Area Imagination Library	6,000	20,000	8,000	8000	
Annapolis & Anne Arundel Scholarship Trust	9,000				
Annapolis Kappa Scholarship Fund, Inc	5,000	30,000	5,000	5000	
Annapolis Pride	7,000	30,000	7,000	8000	
Anne Arundel County Public Library Foundation(Busch-Annapolis and Eastport Annapolis Neck Library Branches)	2,000				
Anne Arundel County Literacy Council Inc	2,000	4,000	4,000	4000	
Annapolis H2O 4 Life	12,000	40,000	19,000	12000	
Boys and Girls Club of Annapolis & AACo	8,000	28,022	8000	9000	
Charting Careers	13,000	40,000	15,000	15,000	
Chesapeake Children's Museum		20,000	2,000	2000	
Compass Rose Studio Theatre	2,500	25,000	4,000	4000	
Good Vibes Only (GVO) back-to-school drive	5,000				

Seeds 4 Success	12,000	26,000	12,000	12,000	
Start the Adventure in Reading (STAIR)	10,000	15,000	10,000	10,000	
Street Cred Education Consultants, Inc.	2,000				
Superior Future	6,600	8,500	6600	6600	
Tennis Alliance of Anne Arundel County	5,000	5,000	5000	5000	
The Live Water Foundation	14,000	16,340	14,000	15000	
World Class Grads- <i>New</i>		28,000	0	2000	
Education Programs for Adults					
Co-op Arundel	10,000				
OIC of Anne Arundel County	19,000	60,000	25,000	20000	
Homelessness/Addiction Programs					
Anne Arundel County CASA	2,000	10,000	2,000	4500	
Anne Arundel County Department of Social Services		32,675	20,000	10000	
Blessed in Tech Ministries, Inc	4,000	15,000	8,000	8000	
He Opens Paths to Everyone (HOPE for All)	7,000	12,000	10,000	7000	
The Light House Shelter	20,000	40,000	20,000	20,000	
Serenity Sistas	9,000	34,580	9,000	9000	
Street Angel Project	5,750				
We Care and Friends	17,000	39,100	17,000	17000	
Services for Youth and Adults					
Annapolis Maritime Museum	9,000	31,810	9,000	4500	
Maryland Therapeutic Riding	3,000	15,000	3,000	3000	

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Assistance League of the Chesapeake, Inc	3,000	11,000	5,000	5000	
Newtowne Community Development Corporation	5,000	22,669	5,000	5000	
Organization of Hispanic/Latin Americans of Anne Arundel County, Inc. (Bridge the Gap)	4,000	30,000	7,000	7000	
Partners In Care	6,000				
Walk the Walk Foundation		10,000	2,000	2000	
Wellness House of Annapolis	6,000	20,000	6,000	6000	
Category 1 Subtotal	279,850	834,896	311,600	292,600	-
CATEGORY 2					
Provide programs that preserve and enhance a community's character					
Anne Arundel County Community Action Agency	25,000	25,000	25,000	25,000	
Banneker-Douglass Museum Foundation	5,000	20,000	5,000	10,000	
Clay Street Community Development Corporation	2,000				
Historic Annapolis Foundation	4,000				
Friends of Eastport Volunteer Fire Company	3,000	10,000	4,000	4000	
Kunta Kinte-Alex Haley	4,000	4,000	4,000	5000	
Kunta Kinte Celebrations Inc.	10,000			5000	
Maryland Hall for the Creative Arts	20,000	0	0		
Maryland Latinos Unidos(MLU), a MD nonprofit program	2,000	5,000	2,000	2000	
One Annapolis, Inc	10,000				
The Ballet Theater of Maryland		10,000	2,000	3000	
Wiley H Bates Legacy Center	28,000	28,000	28,000	28000	
Category 2 Subtotal	113,000	102,000	70,000	82,000	

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CATEGORY 3					
Provides programs that contribute to a vibrant economy					
Housing Initiative Partnership, Inc - <i>New</i>		25,000	2,000	2000	
South Forest Drive Business Association, Inc(dba SoFo Annapolis)	2,400	2,600	2,400	2400	
Category 3 Subtotal	2,400	27,600	4,400	4,400	0
CATEGORY 4					
Provide programs that are integral to community revitalization, economic development, and environmental sustainability					
Chesapeake Crossroads Heritage, Inc. (Formerly Annapolis Londontown/4 Rivers)	28,000	28,000	28,000	28000	
Blacks of the Chesapeake Foundation Inc	4,000			5000	
Chesapeake Region Accessible Boating, Inc	3,500	3,500	3,500	3500	
Category 4 Subtotal	35,500	31,500	31,500	36,500	0
GRAND TOTAL	\$430,750	\$995,996	\$417,500	\$415,500	

Finance Committee Final Recommendations/Amendments

Mayor's Office

- **Eliminate the "Constituent Services - Equity" position from the Mayors Office.**
- African American Program Administrator and Hispanic Administrator positions be changed back to "Liaisons" instead of Program Administrator.
- Support adopting the Salary Review Commission's recommendations to increase alderman pay, increase alderman expense, and provide optional funding for cell phones.

Office of Law

- **Reduce the City Council Associate position back to one.**

City Manager's Office - Office of Community Services

- Keep the Lobbyist position in the City Manager's Office.

Central Services Department

- No Recommendations.

Human Resources

- No Recommendations.

ITS Department

- Under Goal "Productivity In City Agencies" in the budget, add new performance measure of "Percentage of City Employees within the Mayor's office, City Manager's Office, and Department Directors using generative Artificial Intelligence (AI) on a weekly basis."

Finance Department

- No Recommendations.

Planning & Zoning

- Change the "Economic Diversity Specialist" back to "Small & Minority Business Liaison".
- Change the code to move the Arts in Public Places Commission (AIPPC) to the Planning & Zoning Department.

Police Department

- **Include the “Adopt a Community Grant” program, “Downtown Ambassadors,” and an administrator in the Community Policing program within the Police Department.**
- Once additional information is received, the Finance Committee supports adding additional funding, if needed, for additional speed cameras in the city.

Fire Department

- Present an estimate to the council for how much it would cost to staff the new IT position.

Office of Emergency Management

- No Recommendations

Department of Transportation

- No Recommendations

Recreation and Parks

- **Reallocate “\$32,000 - Football and Sports Officials” to a contractual agreement with after-school programming.**

Dept. of Public Works

- **Move \$189,000 from under “Contractual Services” to “Salaries and Benefits” for a Project Manager for the CIP Projects.**
- Provide a quarterly update to the City Council on the status of Capital Improvement Projects.

Community Grants

- **The Finance Committee voted unanimously to recommend favorably to the Council the FY26 Community Grant Chart.**

Capital Improvement Budget

- **Remove \$200,000 from the bond funding line in the Capitol Improvement Project (CIP) "Acton Cove Waterfront".**
- **Remove \$200,000 from the Capitol Improvement Project (CIP) "Traffic Signal Rehabilitation".**
- **Remove \$100,000 from Capitol Improvement Project (CIP) “Pip Moyer Restroom Upgrade”**

- **Add \$500,000 to the Capitol Improvement Project (CIP) "General Sidewalks".**

DPW Enterprise Funds Account

- Trim expenses in the Water Restoration Fund to enable less of a fee increase.
- Recommend the city implement an alternative stormwater charge structure for non-residential in FY26. (Transition to actual measure of impervious footprint vs. current tier system.)

Fees & Fines

- **Fine 7.12.100.C - Public Consumption and Possession strike "or imprisonment for not to exceed 90 days or both" from "Fine for Initial Offense" and "Fine for Repeat or Continuous Violations".**
- **Fine 7.12.100.C - Public Consumption and Possession strike "\$500" under "Fine for Initial Offense" and insert \$100.**
- **Fine 12.08.140 - Speed Monitoring Systems, strike "not to exceed" from both offenses and make the first offense \$50.00 and the second offense \$100.00.**
- **Fine 12.24.130 - Parking at Expired Meter, Strike \$50 and replace with: Off-Street Violations: \$25 + Amount Due for Parking Session + Processing Fee of \$5.25**