



## MEMORANDUM

**TO:** Environmental Matters Committee

**FROM:** Dylan Laconich, Environmental Programs Coordinator, Jacqueline Guild, Deputy City Manager, and Resilience & Sustainability

**DATE:** October 7, 2024

**RE: Options for City of Annapolis Assistance to Implement Ordinance 28-23 Gas Powered Electric Leaf Blower Ban**

### **Purpose of Financial Assistance Program**

The purpose of a financial assistance program is to provide residents and landscape/lawn care businesses financial assistance to adapt to the changes imposed by city code created through Ordinance 28-23. Feedback received from several landscape/lawn care business owners indicates that the financial feasibility of changing from gas-powered leaf blowers to electric leaf blowers is their biggest stressor.

### **Recommended Option: Third Party Administration of City-funded Voucher Program to Residents and Landscape/Lawn Care Businesses**

After a review of the approaches of several jurisdictions, particularly Montgomery County, Maryland, a voucher program may be the most effective way to assist and accelerate a transition to electric leaf blowers. A suggested voucher program would provide City-backed vouchers of \$1,000 and \$1,500 (depending on business size) to the 20 Annapolis landscaping companies for 3 years and vouchers of \$50 to 160 detached single family households per ward (1,280 households total) for 1 year. The total cost would be \$94,000 in the first fiscal year, and then \$30,000 in the following two fiscal years (\$154,000 total over 3 fiscal years) plus up to \$30,000 for administration will bring the total to \$184,000. (\$30,000 is the high end estimate of the cost of paying a third party to administer the program.) **NOTE:** This suggested voucher program is described as an example of how a program can be developed. It can be tailored to cover more or less businesses or property owners, a longer or shorter period of time, and/or provide greater or lesser voucher values.

This voucher program would be most expeditiously administered by a third party organization as an intermediary to handle the distribution of funds. The third party removes the administrative burden from City staff in the Department of Finance and the City Manager's Office, while also streamlining the process by avoiding the City's regulatory finance processes (discussed further below). **NOTE:** Montgomery County, Maryland's implementation approach is a mix of staff

and third party administration. More information is being gathered this week from Montgomery County.

While the vouchers will not cover the full cost for all affected, those most burdened will receive relief. Further, long term savings on fuel will recoup the remaining costs to businesses and residents over a variable period of time (1 hour of blower use typically consumes 1 gallon/ \$3; many landscapers use each blower over 600 hours a year, costing \$1800 in fuel/year).

**Third Party Administration of City-funded Voucher Program to Residents and Landscape/Lawn Care Businesses  
Structure:**

Select Third party intermediary to manage funds

The City may relieve the City staffing burden by contracting with an intermediary agency, such as a non-profit with an environmental focus. Similar arrangements have been established between the City and the Annapolis and Anne Arundel Resilience Authority (administering grant programs for the City), the City and the Chesapeake Bay Trust (administering the CBT Anne Arundel County Watershed Restoration Grant Program with City funds), and the City and the Watershed Stewards Academy (administering the Replant Annapolis program).

The intermediary will be responsible for the approval of equipment submitted by retailers and will be responsible for maintaining the partnership with retailers. The intermediary will be able to process the voucher applications and reimbursement to the retailers who have redeemed the vouchers.

Program Administration (an example)

Voucher Application for Residents and Landscapers/Lawn Care Businesses (via a website portal)

Applicant selects the equipment and the retailer, applicant provides their name or business name, address, phone number, email, and proof of residence such as a utility bill, mortgage statement, insurance policy, or driver's license. If claiming low- or moderate-income status, the resident must provide a tax return, social security proof of income, or unemployment documentation. Landscapers must provide their business license in place of proof of residence and likewise must prove business size is under \$250,000 revenue/ year (or under 6 employees) to claim the \$1,500 voucher (instead of the standard \$1,000) in the form of tax returns.

## Voucher Distribution

Vouchers with applicant's name, address, and a unique identification number (UIN) will be provided via mail or email (must be printed). The applicant's name and address will be provided to the retailer which they will use as a reference upon receipt of the voucher for verification purposes.

## Retailer Reimbursements

Retailers will verify the legitimacy of the voucher by checking if the voucher holder's name and address matches that which was provided by the intermediary. By a certain date of each month, the retailer must enter the unique identification numbers on the received vouchers to confirm the legitimacy of the transaction. Once the intermediary confirms the UIN is consistent with the database, the retailer will be provided a lump sum each month of the total dollar value of the redeemed vouchers.

## Program tracking and reporting (via public-facing website)

The intermediary will report back to the City on a monthly basis with metrics on the program, which the City will use to display on its website the remaining balance for vouchers to be redeemed.

## Define eligible equipment

Those items which retailers submit and are approved by the City Manager's Office as "electric" and that are 65 dB or below (maximum noise in residential areas during the day).

Examples of battery operated leaf blowers (to be provided to local retailers):

Commercial Grade:

EGO LBPX8004-2

Husqvarna Group 525iB Mark II

Makita CBU02Z

Milwaukee Tool 3009-24HD

STIHL BGA 300

Non-Commercial Grade:

EGO LB7654

Makita GBU01T

Makita XBU02PT1

Makita XBU03SM1

Milwaukee Tool 2724-21HD

Milwaukee Tool 3017-20

STIHL BGA 86

STIHL BGA 60

STIHL BGA 57

## Setting voucher amounts

### A. Local Landscaper/Lawn Care Business Support: \$30,000

The preferred equipment landscaper/lawn care businesses identified is the top-of-the-line STIHL BGA 300, which costs roughly \$3,000 per kit. Following Montgomery County, covering half the cost of these electric leaf blowers would be vouchers of \$1,500 (Montgomery County lowers the amount to \$1,000 if the business has revenue over \$250,000 or has 6 or more employees).

If the program is only for Annapolis-based landscapers (20 are registered with the City), the program would cost a maximum of **\$30,000**.

### B. Broader Landscaper Support: \$30,000

There are a substantial number of businesses that operate in the City but are not registered in the City. The program could be extended to up to 20 landscapers located in Anne Arundel County (limit the number simply for managing costs; there are 60 total landscaping/lawn care businesses in the County). It is recommended that eligibility for Anne Arundel County businesses be set by demonstration of a significant amount of business in the City of Annapolis, \$40,000 in revenue or more (which is believed by staff to be a substantial amount of business). This approach would cost up to **\$30,000**.

### C. Resident Support: \$680,000

If the voucher program is to be extended to residents, then to be consistent with Montgomery County, residents would be eligible for vouchers in the amount of \$100 (half the typical price of residential/ consumer grade leaf blowers). There are an estimated 6,800 detached homes in Annapolis. If all homes are to be included, the program would cost up to **\$680,000**.

### D. Limited Resident Support: \$64,000

A more affordable alternative could be \$50 vouchers per detached household (consistent with Hyattsville's 'buy-back' program), and a maximum of 160 households per ward, costing **\$64,000** rather than \$680,000.

The recipients of the residential vouchers could be first come first serve, however, preference may be granted by household income. This approach could be implemented by guaranteeing that 50% of vouchers are reserved for low- or moderate-income households. (The Department of Housing and Urban Development (HUD) defines low-income as earning less than 80% of the median income for a specific area, while moderate-income refers to those earning between 80% and 120% of that median income.) There could be a time limit for claiming these reserved vouchers after which they would be released to the general pool of vouchers.

E. Three Years Local Landscaper/Lawn Care Business Support: \$90,000 over 3 fiscal years

Montgomery County allows businesses to re-apply for the \$1,500/ \$1,000 vouchers annually for up to 3 years. If this program is followed in Annapolis for local landscapers only (a total of 20 businesses), the total cost would be **\$90,000** over 3 fiscal years.

F. Three Years Expanded (Anne Arundel County-wide) Business Support: \$90,000 over 3 fiscal years

Providing the same annual re-application for \$1,500/ \$1,000 vouchers to 20 landscape/lawn care businesses in the County which demonstrate a significant amount of business in the City of Annapolis, \$40,000 in revenue or more (which is believed by staff to be significant enough). This would cost **\$90,000** over 3 fiscal years.

Math:

A. 20 Landscapers in Annapolis: up to one \$1,500 voucher each:  
**\$30,000**

B. 20 Landscapers in AACo: up to one \$1,500 voucher each:  
**\$30,000**

C. 6,800 residents (detached single family homes): up to one \$100 voucher each:  
**\$680,000**

D. 160 residents (detached single family homes) per ward (1,280 residents total): up to 1 \$50 voucher each  
**\$64,000**

E. Three Years Local Business Support

A. x 3 years: **\$90,000**

F. Three Years Expanded (Anne Arundel County-wide) Business Support

A. x 3 years: **\$90,000**

**Recommended selections:** D. (Limited Residential Support), and E. (Three years Local Business Support): \$154,000 over 3 fiscal years, plus up to \$30,000 for administrative support, **totals \$184,000 over 3 fiscal years.**

Establishing partnerships with local retailers

Intermediary agency will solicit retailers to enter the program to accept the vouchers as a form of full or partial payment. The intermediary will establish a standard form agreement with the retailers in order to reduce complications between parties.

There are (likely) only 2 retailers in the City proper that sell lawn care equipment (1 may be permanently closed):

K&B True Value

Annapolis Lawn & Garden - May be permanently closed

It is recommended that participation in the program be expanded to stores within 7 miles of the City, including:

Cape Ace Hardware  
HOME DEPOT 2557  
HOME DEPOT 2589  
BOWENS FARM SUPPLY INC  
Green Industries  
Costello's Ace Hardware  
SiteOne Landscape Supply  
PARK HARDWARE  
ROMMELS ACE HARDWARE HOME CTR

## Retailer Eligibility

To receive vouchers, retailers need to provide required documentation of good standing with the State and confirm their business premise address.

## Fraud Prevention

The intermediary agency will process requests for vouchers through the portal and generate unique codes and maintain these in a database.

When residents and landscapers apply for vouchers, they will select the equipment and retailer which they are redeeming. The applicant will receive a unique identification number (UIN) upon approval from the intermediary. With that approval, the retailer which is to redeem the voucher will receive notification of the potential customer, their name, equipment, and address (which will be included on the voucher). However, the retailer will not be aware of the UIN until the customer provides the voucher at the point of sale. When the retailer seeks reimbursement for the voucher, they must enter the UIN in order for the intermediary to verify the legitimacy of the transaction.

Failure to ensure that the name, equipment, and address of the customer were as provided via the notification is not the fault of the City or the intermediary agency.

This process prevents bad actors from using vouchers at multiple locations (and thus duping retailers who are not aware that the voucher will not be reimbursed again later). Further this closed loop approach reduces the need for retailers to do extensive database interaction during the point of sale. A secure system reduces risk to the retailers as well as liability and staff time on the City/ intermediary voucher program administrator. Withholding the UIN from the retailer prevents retailers from fraudulently claiming the redemption of vouchers that were not indeed redeemed.

## **Potential Funding Sources:**

### Grants

EPA - Community Change program includes rebate programs for transition to zero-emission technologies as an eligible cost.

### City budget allocations/ amendment



## **Alternative Programs**

### I. 'Buy-back' program

Description: Certain jurisdictions such as Hyattsville have opted to create 'pop-up' events in which residents bring their gas-powered equipment to be 'bought back', dismantled, and recycled by the jurisdiction in exchange for \$50. Local landscapers could be eligible for \$1500. Residents and landscapers would be responsible for providing proof of residence or businesses premise address.

#### Responsibilities of City Manager's Office:

- Promote and coordinate the event

#### Responsibilities of Department of Public Works:

- Bring staff and equipment to collect the equipment

#### Responsibilities of the Department of Central Purchasing:

- Process the applicants as vendors (up to 1,300 vendors)

#### Responsibilities of the Department of Finance:

- Establish the accounts for payment.
- Approve payments to residents and landscapers

#### Pros:

- Buy-back programs guarantee that participants will not continue the use of their gas equipment.
- Buy-back programs ensure that disposed equipment is recycled instead of used elsewhere or thrown into a landfill.

Cons:

- Buy-back programs are very taxing on staff time and resources.
- Buy-back programs are far more time limited, as they are limited to specific events, whereas voucher programs are ongoing until exhaustion of funds.
- City will need to establish new vendor numbers for each resident and landscaper (residents and landscapers will have to do more paperwork, taxing Central Purchasing).
- Residents and landscapers may use the funds to purchase equipment which does not meet the criteria established in Ordinance 28-23.

II. Receipt reimbursement

Description: Landscapers and Residents fill the W-9 and Vendor form, processed by the Department of Central Purchasing. Finance clerks then verify proof of purchase and provide reimbursement to residents in the amount of up to \$50 and landscapers of up to \$1500 who also provide proof of residence or business license.

*Responsibilities of City Manager's Office:*

- Promote the program

*Responsibilities of the Department of Central Purchasing:*

- Process the applicants as vendors (up to 1,300 vendors)

*Responsibilities of the Department of Finance:*

- Establish the accounts for payment.
- Approve payments to residents and landscapers
- Verify the proof of purchase and the equipment purchased as eligible.

Pros:

- Does not need dedicated pop-up events like the buy-back program.
- Does not require a complicated voucher award system.

Cons:

- Very taxing on finance clerks.
- Does not guarantee the disposal of gas-powered equipment.
- City will need to establish new vendor numbers for each resident and landscaper, (landscapers and residents will have to do more paperwork, taxing the Department of Central Purchasing).
- Creates higher risk of fraud (customer may return product after City reimbursement or may fake proof of purchase).
- Finance Clerks will have to exercise discretion over the proof of residence/ business premise, and will have to confirm the equipment meets the criteria.

III. Voucher Program, administered In-house

Description: The voucher program described above may be possible to administer by City staff. The Office of Law and the Department of Central Purchasing find that such a program would not violate policies and regulations; however, would be more complicated and would require a significant investment of staff time.

*Responsibilities of the City Manager's Office:*

- Solicit participation from retailers, coordinate the establishment of formal partnership - may total 40 hours.
- Review and verify the eligibility of submitted electric leaf blower equipment from retailers for voucher applicability - may total 3 hours over the life of the program.
- Process voucher application requests from residents and landscapers: Staff will ensure the applicant has not submitted before, review attached documents of proof, create and send vouchers with generated UIN to applicant, send notification to the chosen retailer. May require review of 1,340 different applications - may total 65 hours over the life of the program.
- Handle complaints and communications with retailers - may total 10 hours in the first year.
- Enter Requests for Check from each retailer on a monthly basis on a variable degree, likely to average 4 retailers a month for the first year, then 1 a month for the subsequent years. This will likely require 15-30 hours of staff time over the life of the program.

*Responsibility of the Department of Central Purchasing:*

- Will need to process the retailers as vendors (up to 10).

*Responsibilities on Department of Finance:*

- Establish the accounts for payment.
- The Department of Finance must authorize payments established by the City Manager's Office - about 15-30 hours of staff time over the life of the program.

*Responsibilities of the Department of Central Purchasing:*

- Must establish vendor numbers for each recipient of funds - about 5 hours of staff time.

*Responsibilities of Office of Law:*

- Establish a standardized contract for retailers to enter for responsibility of adherence to the prescribed procedure - about 10 hours of staff time.

Pros:

- Lowers the cost of the program by not having to pay a third party for the service of processing the program.
- Program is continuous
- Program minimizes the potential for fraud
- Program reduces the potential for ineligible equipment to be reimbursed by the City unintentionally.

Cons:

- Inefficient due to government finance regulations
- Taxing on City staff

**Note on rules regarding City's administration of funds to businesses:**

Statement from Ashley E. Leonard, Esq. Assistant City Attorney, City of Annapolis Office of Law:

We defer to the Procurement Officer, but legally this does not appear to be a procurement, as defined either by the City Code or at a State level, so procurement laws would not apply.

It is not a fee or a tax, so state laws and related case law would not govern.

Ethics laws apply to individual decisions made by government officials or staff, so as long as this program is formally adopted with established guidelines/parameters, and approved with City Council budgeting the funds, then there appear to be no ethics issues. Although we would advise **inviting as many businesses that want to apply to be considered, and then have a rational basis for which ones are selected.**

Finally, Md. Local Government Code Ann. § 5-205 (b) states that:

- (1) *A municipality may spend money for any public purpose and to affect the safety, health, and general welfare of the municipality and its occupants.*
- (2) Except as provided in paragraph (4) of this subsection, a municipality may not spend money under paragraph (1) of this subsection if the money was not appropriated at the time of the annual levy.
- (3) Except as provided in paragraph (4) of this subsection, a municipality may spend money only for the purpose for which the money was appropriated.
- (4) A municipality may spend money for a purpose different from the purpose for which the money was appropriated or spend money not appropriated at the time of the annual levy if approved by a two-thirds vote of all the individuals elected to the legislative body.

The state law requirements (similar to City Code requirements in Chapter 6,16) are that the money must be appropriated in advance, used for the purpose it was appropriated, and be for a public purpose related to safety, health and welfare.

...

**The Department of Central Purchasing does not believe a voucher program such as this qualifies as procurement (as the City is not procuring goods or services) but rather functions like a grant to selected participants.**