

O-22-17
Capital Budget Fiscal Year 2018

Littmann Proposed Amendment

Amendment #1

In the attachment to Ordinance 22-17: Capital Budget Fiscal Year 2018, titled “Capital Funding Improvement Program Plan”; under Section General Fund, FY 2018 Proposed Funding, Project 40006 – General Roadways, strike “\$2,000,000” under Bonds and insert “\$2,000,000” under Operating.

If the City Council approves GT-10-17, which reduces the necessity for additional Roadways funding from \$2,000,000 to \$1,000,000, the amount to insert under Operating would be \$1,000,000.

In the attachment to Ordinance 22-17: Capital Budget Fiscal Year 2018, titled “Capital Funding Improvement Program Plan”; under Section Sidewalk Revolving, FY 2018 Proposed Funding, Project 40007 – General Sidewalks, strike “\$600,000” under Bonds and insert “\$680,000” under Operating.

Rationale:

Transfer all expenses for sidewalk and road repair from being paid from new bonds to being paid from operating expenses.

Amendment #2

In the attachment to Ordinance 22-17: Capital Budget Fiscal Year 2018, titled “Capital Funding Improvement Program Plan”; under Section General Fund, FY 2018 Proposed Funding, Project 20013 – City Facility Improvements, strike “\$350,000” under Bonds and insert “\$350,000” under Operating.

Rationale:

Transfer all expenses for City Facility Improvements from being paid from new bonds to being paid from operating expenses.

Amendment #3

In the attachment to Ordinance 22-17: Capital Budget Fiscal Year 2018, titled “Capital Funding Improvement Program Plan”; under Section Stormwater Fund, FY 2018 Proposed Funding, Project NEW – Stormwater MS4 Permit Compliance, strike “\$1,000,000” under Bonds and insert “\$1,000,000” under Operating.

Rationale: The City of Annapolis charges residents and commercial property owners a quarterly fee that is used for projects that improve and restore the watershed, meaning creeks and streams in the City which eventually lead to the Chesapeake Bay. The fees collected are low, relatively, and are not sufficient to make substantial progress. For instance, homeowners pay \$40 for the whole year and the largest commercial properties pay \$540 for the whole year.

For the past 4 years, FY 2014 to FY2017, the amount of money collected has gone up by just 7%, from \$831,557 to \$892,500, and it even went down this year. However, in the past 3 years, the portion of those funds used for salary and benefits has gone up by 235%, from \$179,677 to \$602,630. As a result, the amount of money remaining for operating funds has gone down significantly.

Concurrently, last year, the City completed a comprehensive review of projects that are needed to meet federal and state requirements and local interests for cleaner creeks, streams, and the Chesapeake Bay. The total cost of these projects, roughly \$25M, is proposed to be spent over 10 years in the City's Watershed Implementation Plan (WIP).

These projects can be paid for with "today's dollars" by adjusting the amount of the fees mentioned above or by borrowing money through bonds. The City's bond debt has already increased from \$44M in FY 2017 to an estimated \$180M in FY 2018, an increase in total debt of 309% in just 11 years. More debt is not responsible.

Therefore, this legislation is proposed to fund these expenses with today's dollars by increasing the residential rate by \$10 per quarter, or \$40 per year and similar increases for commercial properties. It is a responsible increase for necessary projects and saves ratepayers in the long run by not asking you to pay interest on borrowed money. In addition, I am proposing that the name of these fees and the associated fund be referred to as "Watershed Restoration" to better reflect the intent of these funds.

Source Documents:

FY 2014-FY 2016 Comprehensive Annual Financial Reports

FY 2017-FY 2018 Proposed Annual Budget Submission