



STAFF REPORT AND FISCAL IMPACT NOTE

Resolution: R-25-19

Title: City Ownership of Marina on Bembe Beach Road

Date: May 13, 2019

STAFF REPORT

The purpose of this resolution is to support the City's ownership of a marina on Bembe Beach Road. It states the marina would be purchased as a "City-County-State" partnership utilizing Program Open Space monies, but it resolves that the City be the owner of the marina. The proposed use of the marina is for the Chesapeake Region Accessible Boating's (CRAB) adaptive boating center.

The "Whereas" clauses in the resolution include:

- That Anne Arundel County has pledged approximately \$1,500,000 in their own Program Open Space funds in support of the acquisition, improvement, and use of said property for use by CRAB;
- That the City has \$1,240,517 in Program Open Space monies available for use in fiscal year 2020 for various projects providing for public use and "will finalize the distribution of those funds in its final FY2020 budget";
- That the City owning the property would be in the interests of the citizens of Annapolis with mental and physical disabilities, wounded warriors, the elderly, and local children from at-risk communities; and
- That the City owning the property would ensure the marina remained available for the disabled, elderly, wounded warriors, and at risk residents, thereby directly serving the taxpayers; and
- That the City ownership "would have minimal impact to the taxpayers since, if the property is leased to CRAB, they would be responsible for improving and maintaining the property for the duration of the lease."

The resolution resolves that (1) the City of Annapolis supports the utilization of a portion of our Program Open Space acquisition funds to partner with Anne Arundel County and the State of Maryland in acquiring a marina on Back Creek off of Bembe Beach Road for future use by Chesapeake Region Accessible Boating, and (2) that the City of Annapolis supports owning the marina off of Bembe Beach road.

City Manager Comments:

The County has advised me that they have earmarked \$1,240,517 of their Program Open Space (POS) acquisition funds for the City's use. The Mayor's budget proposes to use \$250,000 of this amount towards the marina, provided the State will own it. The County Executive's staff has advised me that the County is unwilling to own the marina, and the Mayor has not proposed that the City own the marina for the reasons discussed below.

With respect to Anne Arundel County's contribution, Chris Trumbauer, the County Executive's Senior Advisor for Policy and Communications, has advised me that the maximum amount the County is willing to contribute towards the purchase of the marina is \$1,300,000, not \$1,500,000 (see the attached email from Mr. Trumbauer).

One cannot conclude that City ownership would have minimal impact to the taxpayers. No independent analysis or feasibility study has been done to evaluate the economic viability of CRAB improving, maintaining, and, presumably, operating this particular marina. (The resolution does not mention operating costs other than maintenance.)

Using POS funds to acquire the property means the City would own a marina in perpetuity for the public's use, or if the City chose to sell the property, the City would have to replace "the land with land of at least equivalent area and of equal recreation or open space value" under POS regulations.

In other words, if CRAB defaulted on the lease or simply decided they did not want to continue the lease at the end of its term, the City would still have to (1) operate, or contract with another provider to operate, a marina open to the public, or (2) sell the marina and purchase an equivalent area of equal recreation or open space value. It is for this reason that I have recommended to the Mayor that while this is a worthwhile effort that the City may be willing to support through the use of its POS acquisition funding in some amount, it is not in the taxpayers' best interests for the City to own the marina because the City has no expertise in such matters.

The State Department of Natural Resources Program Open Space management staff has advised me that they will evaluate whether the CRAB proposal is eligible for POS funding if and when the City or County formally submits a project for their review. They will not opine in advance on whether restricting the use of the marina to the disabled, the elderly, wounded warriors, or at-risk residents meets the POS requirements that properties purchased with open space funds must be open for public use. If the use of the marina will be restricted to use by the physically and mentally disabled, wounded warriors, elderly, and at-risk families, the State will undoubtedly want to know whether the marina will be open to all disabled, elderly, and at-risk families or whether its use will be restricted only to those who participate in CRAB programs and offerings.

Also, if the marina's use will be restricted to certain segments of the public, the State may ask how the City will distinguish those with mental disabilities or unobservable physical disabilities from those who are not disabled, how the City will identify families are "at risk" from those who are not, and how "elderly" will be defined and documented.

Finally, the Mayor's proposed budget appropriates \$250,000 of the City's available POS acquisition \$1,240,517 allocation. This amount was derived after meeting with Mr. Trumbauer and CRAB in which Mr. Trumbauer, based on appraisals obtained by the County, advised us the estimated total cost of the marina is \$2,500,000. With the State contributing \$1,000,000 and the County contributing a maximum of \$1,300,000, only \$250,000 of City POS acquisition funding would be needed for the project, regardless of who owns it.

The Mayor wants to set aside the remaining \$990,517 of the City's \$1,240,517 POS acquisition funds allocation for trail connections, pending DPW completing the planning phase of the Trail Connections capital project. Any of the \$990,517 appropriated for the marina would make less funding available for trail connections, one of the Mayor's priorities to connect communities in "One Annapolis."

Prepared by: Teresa Sutherland, City Manager

FISCAL IMPACT

This resolution declaring the City Council's support for the City owning a marina on Bembe Beach Road has no fiscal impact in and of itself. The \$250,000 in the Mayor's proposed budget, when combined with \$1,000,000 from the State and as much as \$1,300,000 from the County is anticipated to be enough for the City, the County, or the State to purchase the marina based on the estimated cost provided by the County.

If the City were the owner of the property, the City would also be responsible for future operating costs if CRAB or another provider was unable to operate the marina in perpetuity with no subsidy from the City. We are unable to determine the fiscal impact of this possibility.

Prepared by: Jodee Dickinson, Finance Director

May 11 email from Chris Trumbauer, Senior Advisor for Policy and Communications to County Executive Stuart Pittman, to Teresa Sutherland, City Manager. "Rick A" is Rick Anthony, County Director of Recreation and Parks.

Chris Trumbauer

to me

Rick A says \$1.3M is still our ceiling. He also says we don't need a supplemental because we have "flexibility" with POS throughout the year...

Feel free to call him if you want to get specific details... I just traded quick emails with him this morn.

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