

# FY 2021 Budget Process Lessons Learned



City Council Work Session - July 16, 2020

# Agenda

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- ▶ Input from the Council – Budget Planning and Principles
- ▶ “Balanced Budget” and “Structurally Balanced Budget”
- ▶ Preparation and Introduction of the Budget Documents
- ▶ Finance Committee
- ▶ Council Work Sessions on the Budget
- ▶ Amendment Process
- ▶ Periodic Updates to the Council during the year



# Input from the Council

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- ▶ Guidance from the City Council in the fall timeframe
- ▶ Schedule for introduction of the budget – Is the current budget timeline optimal?
- ▶ Availability of budget books
- ▶ Time and process for Council to become familiar with the budget book



# “Balanced Budget” & “Structurally Balanced Budget”

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- ▶ Code requirement: Balanced Budget - Revenues **plus fund balance** must equal or exceed expenses
- ▶ “Structurally balanced budget”: Recurring revenue covers recurring expenses
- ▶ General Fund – FY19 Actual Fund Balances
  - ▶ Unassigned - \$14.33 million (15% of GF, Parking Fund, Trans. Fund revenue)
  - ▶ Budget Stabilization Fund - \$3.07 million (50% split of flow down after 15% reserve met - limited to 3% of GF, Parking, & Trans. revenue)
  - ▶ Capital Reserve Fund - \$4.69 million (50% split of flow down after 15% reserve)
  - ▶ One-time Uses - \$2.38 million (Flow down from BSF after it reaches 3% limit)
- ▶ To prevent structural imbalance, use of fund balance is generally limited to capital projects and one-time expenses.





# Preparation & Introduction of Budget

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- ▶ Labor intensive task for departments, then Finance Department
- ▶ Schedule for introduction – does current introduction date work?
- ▶ Availability of budget books
- ▶ Time for Councilmembers to become familiar with budget book



# Finance Committee

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- ▶ Budget Book familiarization
- ▶ Department Presentations
  - ▶ Performance measures
- ▶ Joint meeting with FAC?
- ▶ Presentation by Davenport?
- ▶ Community Grants process
- ▶ Number and length of meetings



# Council Work Sessions

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- ▶ How to make better use of the Work Sessions for discussing the budget
- ▶ Timing of the Work Sessions on the budget?
- ▶ Number of Work Sessions on the budget
- ▶ Is input from the FAC and Davenport valuable during the work sessions



# Budget Amendment Process

- ▶ Proposed amendments require full analysis by the Finance Department to account for their impacts
- ▶ The proposed amendments must be managed by the City Clerk to ensure that the public is notified of the amendments being discussed
- ▶ A deadline for the submission of budget amendments should be established





# FY21 Projects

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## ► City Facility Security Upgrades

- Annual funding for the upgrades of security systems in existing City facilities
- Funding proposed to be \$100,000 per year
- This is a new project in FY21
- Many of the City's security improvements, which were installed approximately 10 years ago, are at the end of their service life.



# FY21 Projects

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## ► City Harbor Flood Mitigation

- This project will provide tidal flood protection along Compromise Street.
- The estimated construction cost increased by \$735,000 due to tariffs and scarcity of contractors.
- A State grant for \$700,000 was received from the State in FY21.
- The project design is nearly complete, and construction is expected to start in 2021.



# FY21 Projects

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## ► City Playgrounds and Parks

- This project is the result of a \$350,000 grant from the State.
- This is a new project in FY21
- The playground at Pip Moyer Recreation Center will be upgraded initially.
- Playgrounds at other City parks will be improved with any remaining funds.



# FY21 Projects

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## ► CRAB Boating Facility

- FY21 funding will be \$1.3 million of POS from AA County and \$1 million capital grant from the State
- Project is awaiting approval by DNR for the use of POS funds for the purchase of Port Williams Marina
- The project will provide ADA compliant docks and piers to allow sailing opportunities for disabled persons
- The City committed \$500,000 of POS funding to the project in FY20





- ▶ Eastport Satellite Police and Community Center
  - ▶ Using a residential HACCA unit, project will provide a satellite police and community center in Eastport.
  - ▶ This is a new project in FY21
  - ▶ A total of \$346,000 is requested for design, construction and City overhead





## ► Fitness Equipment Replacement

- This project will start the annual replacement of aging fitness equipment that has been in use since Pip Moyer Rec Center opened in 2010.
- This is a new project in FY21
- A total of \$50,000 per year is requested for the next four years, followed by \$25,000 per year thereafter.



# FY21 Projects

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## ► General Roadways

- This annual project provides \$3 million for the street paving program in Annapolis
- The City has a total of roughly 90 miles of streets
- The performance goal is to resurface 4.5 miles per year, to allow for City streets to be on a 20 year paving cycle.
- The total paving completed annually is dependent on the condition of the street base after milling is completed, among other factors.



# FY21 Projects

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## ► Maintenance Facilities (DPW)

- This project will fund design and construction of the new DPW facility on Hudson Street.
- The project cost increased due to inflation, increased stormwater management, addition of a new salt barn at Hudson St, and removal of the fuel system at Spa Road.
- Design completion is expected in 2021, with construction completion in 2022.
- DPW will continue operating at Spa Road until completion of the project at Hudson St.



# FY21 Projects

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## ► Maynard Burgess House

- Project design is nearly complete.
- A \$100,000 grant from the African American Heritage Preservation Program is expected in FY21. A 100% match from the City is required.
- Completion of construction is expected in FY21.





- ▶ S. Southwood Sidewalk and Stormwater Management
  - ▶ Planning will begin in FY21 to determine what rights of way are needed for stormwater management.
  - ▶ Construction is expected to begin in FY23 after the completion of planning, land acquisition and design.
  - ▶ Funding of \$52,500 is requested in FY21 for planning and City overhead.





## ► Standard Specifications and Construction Details

- Work preparing updated standard specs and details is ongoing by the project consultant
- Additional funding of \$110,250 is required to complete the work on this project. This project is a mix of General Fund, Water Fund and Sewer Fund funding.
- It is anticipated that work on this project will be completed in December 2020.



## ► Trail Connections

- This project will implement recommendations from the City's Bicycle Master Plan and improve connectivity through the city.
- Project funding will be used for planning, land acquisition, design and construction of the West East Expressway (WEE) and other trail segments throughout the city.
- Approximately \$331,582 of grant funding is expected from MDOT and DNR



## ▶ Truxtun Park Tennis Courts

- ▶ This project will refurbish 12 tennis courts located in Truxtun Park.
- ▶ Construction has commenced on all 12 courts. During the removal of the surfaces of all courts, unanticipated site conditions, including inadequate subbase below a number of courts, was encountered. The courts that could be completed are scheduled to be finished this spring.
- ▶ Additional funding of \$420,000 is required to complete the remaining courts.



## ► Tucker Street Boat Ramp

- This project will demolish the existing deteriorated ramp and build a new ramp, an ADA compliant dock and a kayak launch.
- Design is expected to start during 2020, followed by permitting, bidding and construction.
- Additional funding in the amount of \$170,250 is required for construction and City overhead.





# FY21 Projects

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## ▶ Waterway Improvement Projects

- ▶ Annual funding is received from DNR via State Waterway Improvement Grants.
- ▶ Potential projects include floating docks at Third Street, Conduit Street, Amos Garrett Park, Cheston Avenue and Thompson Street.
- ▶ Funding in the amount of \$99,000 is provided annually.





# FY21 Projects

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## ▶ Weems-Whelan Field

- ▶ This project will mitigate the disposal of trash incinerator ash at the site in the 1940s.
- ▶ Site sampling and analysis has been completed, and MDE is reviewing the data to determine the extent of mitigation.
- ▶ This is a new project in FY21
- ▶ Funding in the amount of \$52,500 is requested in FY21 to complete planning and any additional required testing.



## ► Multi-Space Parking Meter Kiosks

- This project will replace existing single-space parking meters with multi-space meters.
- Replacements include 14 single-space meters on one side of Main Street with two multi-space kiosks between Market Space and Gorman Street, and six single space meters on the other side of Main Street between Green Street and Gorman Street with one multi-space kiosk.
- This is a new project in FY21
- Funding in the amount of \$131,250 is requested via the Parking Fund.



## ► Organics Resource Recovery Facility

- A feasibility study concluded that an organics composting facility located on the closed Gomoljack Landfill would be viable. The City will partner with the County on the project.
- Feeder stock will include yard waste, wastewater organic waste, and food waste.
- This is a new project in FY21
- Funding in the amount of \$625,250, split evenly between the sewer and refuse funds, is requested in FY21 for planning and design.



## ► Water Distribution Rehabilitation

- This annual project replaces components of the aging water distribution system. Water assets are replaced in accordance with the comprehensive analysis plan developed using asset management practices.
- Funding in the amount of \$4 million is requested in FY21 via the Water Fund. Annual funding is expected to increase to \$4.9 million starting in FY22.
- The requested funding will be split between \$2.8 million of bond financing and \$1.2 million of pay-go funding.





## ► Stormwater Management Retrofit Projects

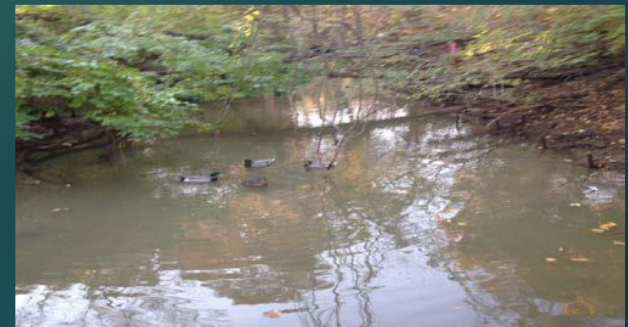
- This annual project replaces components of the storm drain system. The funds are typically used to repair failures in the system.
- Funding in the amount of \$100,000 is requested annually from the Watershed Restoration Fund. The funding is pay-go from the Fund.





## ► Stormwater MS4 Permit Compliance

- This annual project funds water quality projects to comply with the City's National Pollution Discharge Elimination System/ Municipal Separate Stormwater Sewer System (NPDES/MS4) permit.
- New and retrofit Best Management Practices (BMPs) will be developed, designed, and constructed to meet MS4 permit goals.
- Funding in the amount of \$1,050,000 is requested annually from the Watershed Restoration Fund. The funding is pay-go from the Fund.



## ▶ Truxtun Heights Storm Drainage Improvements

- ▶ This project will address flooding along the streets and on private property.
- ▶ Preliminary watershed analysis studies are scheduled to begin during the spring of 2020.
- ▶ This is a new project in FY21
- ▶ Funding in the amount of \$345,000 is requested from the Watershed Restoration Fund to allow design to be initiated using the results of the watershed studies. The funding is bond financed with repayment from the Fund.



# Funding Source – FY22-26 CIP

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▶ General Fund projects	FY22	FY23	FY24	FY25	FY26
▶ Bonds – GF	\$5,463,600	\$6,586,500	\$7,890,900	\$4,300,000	\$4,300,000
▶ Grants	\$ 199,000	\$1,564,000	\$ 199,000	\$ 199,000	\$ 199,000
▶ Capital Reserve Fund	\$ 79,150	\$ 160,000	\$ 160,000	\$ 30,000	\$ 30,000
▶ Resilience Authority	\$ -	\$4,000,000	\$ -	\$ -	\$ -
▶ TOTAL	\$5,741,750	\$12,310,500	\$8,249,900	\$4,529,000	\$4,529,000
▶ Enterprise Fund projects					
▶ Bonds	\$7,966,250	\$14,705,000	\$5,005,000	\$5,005,000	\$5,005,000
▶ Pay-Go	\$3,295,000	\$ 3,595,000	\$3,345,000	\$3,295,000	\$3,295,000
▶ TOTAL	\$11,261,250	\$18,300,000	\$8,350,000	\$8,300,000	\$8,300,000

