

1 **Prioritizing Affordable Spending Through Expansion of Financial Advisory Commission**  
2 **Duties**

3 For the purpose of listing the duties of the Financial Advisory Commission; adding "spending  
4 affordability" to review the City's finances so that spending levels align with the City's income,  
5 and reviewing projected revenue, debt levels, and long-term fiscal outlook; and generally related  
6 to the Financial Advisory Commission.

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8 **CITY COUNCIL OF THE**  
9 **City of Annapolis**

10  
11 **Ordinance 12-25**

12  
13 **Introduced by: Alderman Arnett**

14  
15 **Referred to:**

16 Finance Committee  
17 Financial Advisory Commission  
18 Economic Matters Committee

19  
20 **AN ORDINANCE** concerning

21  
22 **Prioritizing Affordable Spending Through Expansion of**  
23 **Financial Advisory Commission Duties**

24  
25 **FOR** the purpose of listing the duties of the Financial Advisory Commission, adding "spending  
26 affordability" to review the City's finances so that spending levels align with the City's  
27 income, and reviewing projected revenue, debt levels, and long-term fiscal outlook; and  
28 generally related to the Financial Advisory Commission.

29  
30 **BY** repealing and reenacting with amendments the following portions of the Code of the City  
31 of Annapolis, 2025 Edition:

32 **2.48.110**  
33 **2.48.120**  
34 **2.48.130**

35  
36 **SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY**  
37 **COUNCIL** that the Code of the City of Annapolis shall be amended to read as follows:

38  
39 **Title 2 - ADMINISTRATION**  
40 **Chapter 2.48 - BOARDS, COMMISSIONS AND COMMITTEES**

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**Explanation:** ~~Strikethrough~~ indicates matter stricken from existing law.  
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## Article IV - Financial Advisory Commission

### Section 2.48.110 Established—Duties.

~~There is established a Financial Advisory Commission, which may advise the Mayor and Aldermen/Alderwomen on financial issues. These issues shall include, but not be limited to, the review of collective bargaining agreements prior to execution and an annual report on the amount of public debt the City may incur without jeopardizing its bond rating. In carrying out its duties, the Commission may retain consultants, as permitted by the budget.~~

**A. Established.** A Financial Advisory Commission (FAC) is hereby established to advise the Mayor and City Council on financial issues.

**B. Duties.**

**1. Advisory Recommendations.** When appropriate, the Financial Advisory Commission shall make recommendations on:

- a. The City's budget and financial situation;**
- b. The impact of collective bargaining agreements on City finances, and must be provided to the Council before it votes on the agreements;**
- c. Ways to improve the City's budgetary procedures;**
- d. Other related areas are available upon request of the Administration or City Council.**

**2. Reports Required.**

- a. Budget Levels.** On or before October 1 of each year, the Financial Advisory Commission shall submit a report on recommended City budget levels for funding and spending, including:
  - i. Operating and capital expenses for the upcoming fiscal year;**
  - ii. The amount of public debt the City may incur without jeopardizing its bond rating;**
  - iii. Annual tax rates.**
- b. Spending Affordability.** A Spending Affordability Report shall be produced prior to the submission of the Mayor's budget to the Council, pursuant to the report requirements outlined in § 2.48.130;
- c. Commission Expenses.** Commission expense requests, including consultant contract expenses, shall be submitted by the Financial Advisory Commission to the Mayor for inclusion in the Mayor's annual budget submission to the City Council. .

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2 **3. Public Access.**

- 3 a. The Financial Advisory Commission's recommendations and reports shall  
4 be provided to the City Manager, Finance Director, the Mayor, and City  
5 Council.  
6 b. Reports shall be made available for public inspection unless exempted  
7 under the Maryland Public Information Act (PIA), State Government  
8 Article, § 6.5, of the Maryland Code as Annotated.  
9

10 **Section 2.48.120 Composition.**

11 ~~The Financial Advisory Commission, consisting of seven persons with demonstrated~~  
12 ~~knowledge of public finance, shall be appointed by the Mayor and confirmed by a majority vote~~  
13 ~~of the City Council. Each member shall serve a term of four years, commensurate with the term~~  
14 ~~of the Mayor and City Council, or until the member's successor is confirmed. Vacancies shall be~~  
15 ~~filled by the Mayor, subject to confirmation by the City Council, for the balance of the term. Any~~  
16 ~~staff shall be provided by the Department of Finance.~~

- 17 A. The Financial Advisory Commission shall consist of seven members with demonstrated  
18 knowledge of public finance who shall be appointed by the Mayor and confirmed by a  
19 majority vote of the City Council.  
20 B. Each member shall serve a term of four years, commensurate with the term of the Mayor  
21 and City Council or until the member's successor is confirmed.  
22 C. Vacancies shall be filled by the Mayor, subject to confirmation by the City Council, for  
23 the balance of the term.  
24 D. The Finance Department shall provide any staff support to the Commission.  
25

26 **Section 2.48.130 Reserved. - Spending Affordability.**

27 **A. Generally.**

- 28 1. The City's spending affordability refers to the extent to which the City can  
29 sustainably spend based on its financial resources and economic capacity. It also  
30 considers taxpayers' ability to bear the costs, considering the cost of living and  
31 essential needs within the City.  
32 2. The Financial Advisory Commission shall assess City spending against taxpayers'  
33 capacity to fund City services and long-term debt, while also recommending the  
34 City's spending affordability level and potential efficiencies.

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1           3. The Commission's spending affordability review may include additional topics as  
2           requested by the Administration or City Council, as long as they relate to  
3           spending affordability.

4       **B. Report.**

5           1. Report Research. The Financial Advisory Commission shall consider and  
6           address the following issues when developing the Spending Affordability Report:

- 7                   a. Recurring and non-recurring revenue and expenditure projections,  
8                   including expectations for future expenditures;  
9                   b. Debt service obligations;  
10                  c. Expenditures for general and enterprise funds;  
11                  d. Expenditures from the Capital Fund and the Capital Improvement Plan  
12                  (CIP) Fund, which should include suggested amounts for pay-as-you-go  
13                  funding, general obligation bonds, and the use of the capital fund balance;  
14                  e. Reserve fund balances; and  
15                  f. Additional findings or recommendations that the Financial Advisory  
16                  Commission considers appropriate.

17           2. Report Components. The spending affordability report shall include the  
18           following topics:

- 19                   a. Growth and stability of the local and county economy;  
20                   b. Changes in the assessable property tax base;  
21                   c. Taxing capacity;  
22                   d. Estimated revenues from external sources, such as county, state, and  
23                   federal governments;  
24                   e. Income levels of City residents;  
25                   f. Debt affordability indicators, including the ratio of net debt to total  
26                   assessed value, the ratio of debt service to general fund expenditures, and  
27                   debt per capita;  
28                   g. Annual inflation for that year and trends in inflation;  
29                   h. Trends in commercial and housing construction as well as sales of houses  
30                   and commercial properties in the City;  
31                   i. City unemployment levels and trends in the labor force; and  
32                   j. Projected population of the City.

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1 C. **Implementation.** The Mayor in consultation with the City Manager and the Finance  
2 Director will:

3 1. Consider the recommendations from the Spending Affordability Report when  
4 developing the annual proposed operating and capital budgets; and

5 2. Address whether any spending affordability recommendations were considered  
6 and taken into account in the development of the annual budget submitted to the  
7 Council.

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9 **SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**  
10 **ANNAPOLIS CITY COUNCIL** that this ordinance shall take effect on July 1, 2025.

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