



**ANNE ARUNDEL COUNTY
OFFICE OF THE COUNTY AUDITOR**

To: Members of the County Council

From: Susan L. Smith, County Auditor

Date: July 2, 2020

Subject: Legislation to be heard or eligible for vote on July 6, 2020: Bill Nos. 20-20, 44-20, 45-20, 46-20, and 47-20, and Resolution Nos. 17-20, 18-20, 19-20, 20-20, and 22-20.

Bill No. 20-20: Public Ethics – Conflicts of Interest

This bill changes the employee restrictions on providing representation or assistance to a person in any matter before any governmental unit or County employee, or in a matter that the County has an interest. Under the original bill, employees would have been prohibited from assisting or representing parties for contingent compensation in any matter before the County, but not prohibited from assisting or representing parties for compensation that is not contingent on the outcome. This bill was commented on in our letters dated May 29, 2020 and June 14, 2020. As stated in our letter dated May 29, 2020, according to the Administration, the current law has been problematic for appointed members of boards and commissions.

At the June 15, 2020 meeting, this bill was amended to maintain the current stricter restrictions and exceptions on those restrictions for employees providing representation or assistance to a person in any matter before any governmental unit or County employee or in a matter that the County has an interest. The amendment also provides an additional exception to allow non-compensated board and commission members to provide such representation as long as it is not for contingent compensation.

The Anne Arundel County Ethics Commission has reviewed and approved this amendment. This change was submitted to the Maryland State Ethics Commission for approval, as required by law. The change will be reviewed at their next meeting in August 2020. The County Ethics Commission does not foresee a problem with obtaining the Maryland State Ethics Commission approval since this change results in a stricter policy than that originally proposed, which was approved by the Maryland State Ethics Commission. Additionally, the stricter policy for non-compensated board and commission members is currently in effect for all employees. This bill has no fiscal impact.

Bill No. 44-20: Personnel – Classified Service; Exempt Service

This bill changes Article 6 of the County Code based on recently negotiated union agreements, or as requested by the Administration. This bill deletes old pay schedules and adds new pay schedules for certain classified employees; provides the method for certain employees to move to a new pay schedule; provides for pay raises and performance lump sum payments; amends the pay adjustments for promotions and moving between pay schedules; makes additional employees eligible for on-call pay, flight pay, and

allowances for foreign language services; amends the annual and disability leave provisions for certain classified employees; and codifies the Memorandums of Agreement with County unions.

The FY2021 fiscal impact of the salary non-merit or cost of living pay increases and merit pay raises in union agreements are included in Attachment I. These pay increases were included in the FY2021 Approved Operating Budget, with the exception of the full amount of the pay increases for the Sheriff Sergeants and Sheriff Lieutenants. Our estimates for pay increases for Sheriff Sergeants and Sheriff Lieutenants is approximately \$8,300 more than the Office of the Budget estimated in the Approved FY2021 Operating Budget. The Administration agrees with our estimate and stated they should be able to absorb the additional cost in the Approved FY2021 Operating Budget. While the fiscal note stated that the Park Rangers salary increases were not in the Approved FY2021 Operating Budget, they were added as part of the supplemental budget.

The other notable changes in the union agreements, along with the Administration's estimate of the FY2021 fiscal impact when available, are included in Attachment II. There were no corresponding increases in the Approved FY2021 Operating Budget to cover these other notable changes. According to the Administration, they will either be absorbed through current appropriations or a subsequent appropriation request will be made during the fiscal year. Attachment II also provides the pension rates, as the impact on pension expenses will not be incurred until FY2022. Attachment II also lists other changes that will have future fiscal impacts.

This bill makes the following changes to Article 6 of the County Code that are not from union agreements:

- Clarifies current practice that promotions and changes from one pay schedule to another result in an employee being placed on the new pay scale step that provides **at least** a 5% increase above the employee's former pay. The current law states 5% above the employee's former pay. Historically, these pay changes have been absorbed within a department's appropriations.
- Provides a \$1,500 one-time performance pay the first full pay period in FY2021 for non-represented employees and exempt employees. The fiscal impact of approximately \$2.3 million was included in the FY2021 Approved Operating Budget.
- Provides on-call pay for animal control supervisors at the same rate of pay as animal control officers. The current on-call pay is \$20 for the initial 8 hours and then \$2.50 per hour for each hour after the initial 8 hours. There are currently two animal control supervisors. The maximum on-call hours would be 16 hours per day Monday thru Saturday, and 24 hours on Sunday. The fiscal impact will depend on the number of on-call hours. No additional funds have been provided in the Approved FY2021 Operating Budget for this change.
- Provides for non-represented employees in the classified service and exempt employees who are designated by the appointing authority and certified under County policy and procedures to provide foreign language services to receive a per pay period allowance as determined by the appointing authority. The fiscal impact will depend on those employees that qualify for this allowance and the amount of allowance granted by the appointing authority. No additional funds have been provided in the Approved FY2021 Operating Budget for this change. The Council should consider setting a limit for these allowances. For comparison

purposes, the union agreement for Police Officers provides bilingual pay up to \$1,950 annually.

- Provides that the following classified employees would receive an adjustment to increase their pay to a step based on what it would have been had their promotions received in FY2017 or FY2018 or under the former Memorandum of Agreement had been made under the terms of the Memorandums of Agreement in effect in FY2019 and FY2020. These additional salary increases were not included in the Approved FY2021 Operating Budget:
 - 7 Fire Fighter/Emergency Medical Technician Paramedics - \$33,408
 - 12 Fire Lieutenants promoted from a rank other than paramedic - \$95,478
 - 8 Police Sergeants - \$19,643
- Provides for the following salary increases for certain employees. These additional salary increases were not included in the Approved FY2021 Operating Budget:
 - 1 Sheriff Sergeant shall have the base rate of pay adjusted to a comparable Deputy Sheriff Corporal with similar years of service with the Sheriff's Office - \$1,801
 - 1 Detention Sergeant shall have the base pay adjusted to the step applicable to the years of service with the County - \$2,289
 - 3 Fire Battalion Chiefs whose pay rate after COLA and merits is less than 7% above the rate of pay of a Fire Captain hired at the same time will receive an increase in pay to a step that is at least 7% above the rate of pay of that Fire Captain - \$12,739

Bill No. 45-20: Licenses and Registrations – Short-term Residential Rentals

This bill amends requirements for short-term residential rentals as it relates to hosting platforms. Specifically, this bill:

- Rescinds the requirement that hosts provide a phone number to the hosting platforms.
- Rescinds the requirement that hosting platforms not advertise, list, post, or facilitate a booking transaction for a short-term residential rental without first verifying that the host has a valid, current registration for the rental address. Also, rescinds the requirement that they re-verify upon notification of the County or if it has been more than 12 months. Instead, this bill will only require the hosting platform have a field for the host to enter their registration number and prohibit the hosting platform from facilitating reservations or advertising, listing, or posting a short-term residential rental if the host fails to enter a registration number.
- Removes the time frame a hosting platform needs to remove an advertisement, list, or post upon notification that the host's registration has been suspended or revoked, changing it from a three-day requirement to "as promptly as possible".
- Provides the hosting platforms six months after the effective date of the bill to add the registration field.

This shifts the responsibility of verification off of the hosting platform to be consistent with the U.S. Communications Decency Act Section 230. At least one major hosting platform has expressed concerns that leaving the former requirements could result in hosting platforms not doing business in the County which could result in less revenue subject to taxation. Neither the Department of Inspections and

Permits or the Office of Finance expects these changes to result in additional work being performed by the County that would result in additional costs to the County.

Bill No. 46-20: Residential Rent Increases during Catastrophic Health Emergency

This bill prohibits residential rent increases in excess of 3% at the renewal date of a lease from the effective date of this bill to 120 days following the expiration or termination by the Governor or Maryland General Assembly of the current catastrophic health emergency proclaimed by the Governor. Bill No. 38-20 had a similar restriction on residential rent increases during a catastrophic health emergency but was introduced as emergency legislation and was defeated, as it did not receive the five votes required to pass emergency legislation.

The Arundel Community Development Services, Inc. has received in excess of 950 calls for an Eviction Prevention Program established as a result of the current catastrophic health emergency, but could not identify how many were the result of rent increases. This bill will reduce County expenditures for services that would otherwise be needed to assist those tenants that would not be able afford rent increases in excess of 3%. This bill will also reduce the County's income tax attributable to those rent increases that would have exceeded 3%.

Bill No. 47-20: Annual Bond Ordinance

This bill authorizes the sale and issuance of bonds, bond anticipation notes, and Maryland Water Quality Loans consistent with the Fiscal Year 2021 Proposed Capital Budget. The Administration introduced the bill before the Council finalized and approved the capital budget and plans to introduce an amendment at the July 6th meeting to make the bill consistent with the Fiscal Year 2021 Approved Capital Budget. We will comment on the amended bill in our next letter.

Resolution No. 17-20: Charter Amendment – Removal of 1500 Hour Limit on Contractual Employees in Exempt Service

This resolution will place a Charter amendment before the voters to remove the 1,500-hour limit per calendar year on hourly contractual employees in the exempt service. A similar charter amendment was proposed in Resolution No. 18-18, but that resolution was defeated.

Positions in the exempt service are "at will." Employees in exempt service positions can be terminated at any time for any reason, whereas employees in classified service positions can only be terminated for certain documented circumstances, such as incompetent or inefficient performance, as outlined in the Anne Arundel County Charter § 808. Further, classified service employees have the right to organize and bargain collectively through representative employee organizations under the Anne Arundel County Charter § 811, where these exempt positions do not.

Positions in the classified service are governed by the County Code and Charter, and other personnel rules established by the County Executive and approved by the County Council, which dictate such things as required minimum qualifications, salary ranges, hours worked, availability of leave, and merit or other wage increases. The County Council approves the number of classified service positions in each classification as part of the budget approval process, and no changes can be made to the position count during the fiscal year without Council approval, except under specified circumstances defined in the Anne Arundel County Code § 6-1-110. The terms and conditions of employment for contractual employees in the exempt service, such as salaries, hours worked, availability of leave, and other benefits

as agreed to, are established by contract between the County and the contractual exempt employee. These terms and conditions are not subject to County Council oversight, and the County Council does not approve the number of contractual exempt positions.

During calendar year 2019, there were 1,746 contractual exempt positions assigned to general fund business units that were paid approximately \$20.5 million. According to the Administration, some of these contractual exempt positions were not paid entirely with general funds. However, the portion paid with non-general funds cannot be readily determined. The fiscal impact of these changes will depend on which departments hire these contractual exempt employees for more than 1,500 hours.

Resolution No. 18-20: Charter Amendment – Permitting County Council to Increase Limits for Minimum Purchases and Contracts Subject to Full Competitive Procurement

This resolution will place a Charter amendment before the voters that will allow the Council to set the minimum requirement for full competitive bidding anywhere from \$25,000 to \$100,000. The current upper limit of \$50,000 was the result of a Charter amendment proposed in Resolution No. 15-18 that increased the prior limit.

The 2018 Charter amendment also required the County to conduct procurements greater than \$5,000 up to the minimum amount using a simplified competitive procurement process, unless the law allows some other method of procurement. The term simplified competitive procurement process is not defined. Anne Arundel County Code § 8-2-105 for small procurements specifies that procurements from \$5,000 to \$25,000 require the Purchasing Agent, wherever practical, to attempt to secure at least three quotes. Oral quotes are acceptable and must be confirmed in writing by bidders. The bids can also include prices from sellers on the Internet.

The 2018 Charter Amendment also required the County Purchasing Agent to publish on the County website all awards of contracts through the full and simplified bidding processes for capital improvements, contractual services, professional services, or supplies of \$5,000 or greater awarded by the County. The current wording uses the terms “simplified competitive process” and “simplified bidding process.” We recommend that the Council amend the bill to use the same terms within this section for consistency.

During FY2019, the Office of Central Services Purchasing Division had a total of 16 procurements totaling \$1,185,666 between \$50,000 and \$100,000 that would be impacted by this legislation. During FY2020, the Office of Central Services Purchasing Division had a total of 9 procurements totaling \$696,914 between \$50,000 and \$100,000 that would be impacted by this legislation. During FY2019, there were 141 contracts from 99 procurements in excess of \$100,000 totaling \$146,481,966. During FY2020, there were 140 contracts from 104 procurements in excess of \$100,000 totaling \$112,456,730. The Office of Central Services does not anticipate any fiscal impact from this legislation, but rather, they anticipate that this change would reduce the workload to allow the purchasing and agency staff to focus on more critical procurement needs.

Resolution No. 19-20: Charter Amendment – Probationary Period for Public Safety Employees

This resolution will place a Charter amendment before the voters to not count paid or unpaid leave exceeding 80 consecutive hours towards the probationary period of a new employee in the classified service and to extend the probationary period for new full-time classified sworn employees of the Police

Department, Fire Department, Office of the Sheriff, and Department of Detention Facilities from 6 months to 12 months. Probationary periods may still be extended another 6 months upon the request of the appointing authority.

Union contracts already require 12 month probationary periods for police officers, deputy sheriffs, entry-level fire fighters, and detention officers. This resolution has no fiscal impact on the County.

Resolution No. 20-20: Charter Amendment – Initial Term of Acting Chief Administrative Officer or Department Heads

This resolution will place a Charter amendment before the voters to amend the term limit for temporary appointees for any acting Chief Administrative Officer or acting head of any office or department from a limit of 60-days to a limit of 120-days. Additionally, this resolution amends the extension that a temporary appointee is able to obtain, by vote of the County Council, from one extension for a period of four months to two extensions, by two separate resolutions, of six months each.

A temporary appointee that is a subordinate officer in the office or department to which he is designated as acting head is not required to possess all of the qualifications of the office, but other temporary appointees must possess such qualifications. This resolution has no fiscal impact on the County.

Resolution No. 22-20: Charter Amendment – Anne Arundel County Human Relations Commission

This resolution will place a Charter amendment before the voters to require the Anne Arundel County Human Relations Commission. This bill has no current fiscal impact because this commission is operational. If passed by the majority of qualified voters in the General Election in November 2020, this commission would be required in all future years.



Susan L. Smith, CPA, CFE
County Auditor

FY21 County Pay Packages - Salary Changes						
Union	Class Covered	COLA / Non-Merit	Merit (on Anniversary Date with Satisfactory Performance)	Range of Salary Increases (Min - Max)	Avg. Salary Increases	FY21 Cost for Paypackage Increase
Police Supervisors	Police Supervisors	2% to 18% increase (Movement to new pay scale first full pay period in FY21; new pay scales will remove 3 or 4 steps)	2% to 4% (1 step increase)	2% to 22%	11% (in total) 8% (Police Lieutenants) 13% (Police Sergeants)	\$ 1,192,300
Fraternal Order of Police, Lodge #70, Inc.	Police	3% to 16% increase (Movement to new pay scale first full pay period in FY21; New pay scales remove 3 steps)	2% to 4% (1 step increase)	3% to 20%	13%	\$ 5,561,000
Anne Arundel County Professional Fire Fighters, International Association of Fire Fighters, AFL-CIO- CLC	Fire Fighters	1% to 13% (filled position) 28% (vacant position) (Movement to new pay scale first full pay period in FY21)	4% (1 step increase)	1% to 17% (filled position) 28% (vacant position)	9%	\$ 4,292,200
Anne Arundel County Sheriff's Association, Fraternal Order of Police, Anne Arundel County Lodge #106	Sheriff Sergeants & Lieutenants	None (Pay scale increases 6% first full pay period of FY21, but no movement to scale until merit)	6% (Movement to same step on the new pay scale)	6%	6%	\$ 22,600
Teamsters Union Local 355	Deputy Sheriffs and Deputy Sheriff Corporals	3% (Pay scale increases first full pay period after Jan 1, 2021)	3% (1 step increase)	3% (vacant) 6% (filled)	6%	\$ 123,600
Teamsters Union Local 355	Fire Battalion Chief	2% (filled positions) (Minimum salary increases 24% to \$81,650, and maximum pay increases 2%)	3.5%	2% to 6% (filled positions) 28% (vacant position)	5% (in total) 4% (for filled positions) 28% (for vacant position)	\$ 85,000
Teamsters Union Local 355	Correctional Program Specialist I and II	1% (Pay scale increases first full pay period of FY21)	3% to 30% (Movement to new pay scale step based on years of service)	1% (vacant) 4% to 31% (filled)	8%	\$ 120,500
Teamsters Union Local 355	Park Rangers	2% (Effective first full payperiod in FY21; Minimum and maximum pay also increases 2%)	3% (Employees at maximum pay will receive lump sum bonus)	2% to 5%	5%	\$ 38,100
International Union of Police Associations Local 141, AFL-CIO	Detention Sergeants	3% (Pay scale increases first full pay period after Jan 1, 2021)	3% to 6% (Movement to new pay scale step based on years of service)	3% to 9%	7%	\$ 90,000
Fraternal Order of Anne Arundel Detention Center Officers and Personnel, Inc.	Detention Officers and Detention Corporals	None (Pay scale increases 4% first full pay period of FY21, but no movement to scale until merit)	1% to 21% (Movement to new pay scale step based on years of service)	1% to 21%	6%	\$ 497,100
Local 582 of the American Federation of State, County and Municipal Employees AFL-CIO	Labor Maintenance Employees	3% (flexible workers) and 2% (non-flexible workers) (Pay scale for flexible workers increase 3% and minimum pay for others increase 2% first full pay period in FY21)	3% for Non-Flexible Workers (Maximum pay increases 3%)	5%	5%	\$ 1,459,800
Local 2563 of the American Federation of State, County and Municipal Employees AFL- CIO	Office Support	2% (Effective first full pay period in FY21; Minimum Pay also increases 2%)	3% (Maximum pay increases 3%)	5%	5%	\$ 505,100
Total:						\$ 13,987,300

FY21 County Pay Packages - Other					
Union	Class Covered	Other Notable Changes	Other FY21 Costs (per Admin)	Total FY21 Pay Package Cost	Current Pension Contribution Rate
Police Supervisors	Police Supervisors	\$100/\$150 for on-call pay Shift differential increase to 14% for midnight shift Roll-over 480 hours of comp time Addition of Police Lieutenants to earn flight pay	\$ 234,000	\$ 1,434,000	39%
Fraternal Order of Police, Lodge #70, Inc.	Police	Move starting pay to \$55,000, with 4%, 3.5%, and 2% steps 10% acting pay for one or more days Fitness training allowance 15% of Corporal step 12 On-call 15% of Corporal step 12 Bilingual pay to \$1,950 annually for any language Convert annual leave over 35 days to disability leave, potentially increasing retirement pay-outs	\$ 379,300	\$ 5,979,300	39%
Anne Arundel County Professional Fire Fighters, International Association of Fire Fighters, AFL-CIO-CLC	Fire Fighters	Bring starting pay closer to market average by 2nd year. Transition to 3.5% step scale in FY22, maintain 5% between ranks FY22, new ALS (old EMT-P); EMT-I must certify as EMT-P or voluntarily demote to EMT-III by end of 2nd year Step placement maintained upon any proficiency advancement or promotion Paramedic replacement Holdover pay 2x on certain holidays Increase on-call pay to \$20 per 8-hour period FY21; \$30 per 8-hour period FY22 Increase union leave by 150 hours (total 1,350) Increase life insurance options Movement to new pay scale in FY22	\$ 30,900	\$ 4,330,900	32%
Anne Arundel County Sheriff's Association, Fraternal Order of Police, Anne Arundel County Lodge #106	Sheriff Sergeants & Lieutenants	Eliminate physical fitness and retention bonus On-call pay \$40 per day Movement to new pay scale in FY22	\$ 5,000	\$ 27,600	31%

FY21 County Pay Packages - Other					
Union	Class Covered	Other Notable Changes	Other FY21 Costs (per Admin)	Total FY21 Pay Package Cost	Current Pension Contribution Rate
Teamsters Union Local 355	Deputy Sheriffs and Deputy Sheriff Corporals	Also includes 1 step merit advancement (3% increase) in FY22 Increase on-call pay to \$25 per day Maintain phys. fitness allowance of \$750	\$ 10,000	\$ 170,000	31%
Teamsters Union Local 355	Fire Battalion Chief	Adjustment for Battalion Chief experiencing pay compression with Fire Captain Increase to extra shift bonus pay (based on top pay rate for Fire Captain - 2% increase) Interest in the 6th year of DROP	\$ -	\$ 85,000	32%
Teamsters Union Local 355	Correctional Program Specialist I and II	Limited DROP \$1,000 to employee not receiving step movement on anniversary date \$500 Wellness Reimbursement Program 1 year agreement	\$ 12,000	\$ 133,000	31%
Teamsters Union Local 355	Park Rangers	Lump sum amount equal to 3% of salary for employees at max salary before merit	\$ -	\$ 38,100	21% (avg.)
International Union of Police Associations Local 141, AFL-CIO	Detention Sergeants	SORT/firearms stipend \$500 per year for 19 Sergeants Changed the max amount of annual leave carryover from 30 days to 35 days Year 2: 3% scale adjustment 3% merit/step	\$ 10,000	\$ 110,000	31%
Fraternal Order of Anne Arundel Detention Center Officers and Personnel, Inc.	Detention Officers and Detention Corporals	Shift diff. \$1.45 (from \$1.10) SORT/firearms stipend \$500 per year for 86 officers New step 0 added to the D1 pay scale Increase life insurance options	\$ 115,000	\$ 615,000	31%
Local 582 of the American Federation of State, County and Municipal Employees AFL-CIO	Labor Maintenance Employees	Continuance of longevity awards totaling \$2.361 million in FY21 Add 3% to the maximum pay rate on LM and 3% increase to all pay grades and steps of the FW scales	\$ -	\$ 1,459,800	22% (avg.)
Local 2563 of the American Federation of State, County and Municipal Employees AFL-CIO	Office Support	Continuance of longevity awards totaling \$1.027 million in FY21 Add 3% to the maximum pay rate on OS pay scale	\$ -	\$ 505,100	22% (avg.)
Total:			\$ 796,200	\$ 14,887,800	