ANNE ARUNDEL COUNTY
OFFICE OF THE COUNTY AUDITOR

To:	Councilmembers, Anne Arundel County Council
From:	Michelle Bohlayer, County Auditor
Date:	January 12, 2024
Subject:	Auditor's Review of Legislation for the January 16, 2024 Council Meeting

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Bill 84-23: Subdivision and Development – Zoning – Boards, Commissions, and Similar Bodies – Finance, Taxation, and Budget – Public Works – Odenton Town Center – Odenton Town Center Master Plan (As Amended)

Summary of Legislation

This bill repeals the 2016 Odenton Town Center Master Plan and adopts the Odenton Town Center Master Plan, dated October 2023; renames the Odenton Town Center Growth Management Area the Odenton Town Center (OTC); adds uses established since 2016 in other planning areas; eliminates some permitted uses from the OTC Core and OTC Historic Zoning Districts; requires developers to conduct noise mitigation studies and provide noise mitigation measures for specified developments; requires a specified number of electric vehicle charging stations; establishes parking requirements; establishes signage requirements; revises certain standards and procedures related to adequate public facility tests, mitigation plans, an incentive program, and outdoor noise mitigation to be consistent with the Parole Town Center Master Plan; modifies provisions concerning an advisory committee; and requires the OTC Master Plan to be kept in specified locations. The bill places various provisions currently in the 2016 OTC Master Plan into the County Code.

We commented on this bill in our letters dated November 30, 2023, December 15, 2023, and January 2, 2024. At the January 2, 2024 Council meeting, this bill was amended to modify the trip generation offset, on previously developed property, for vehicle trips generated by any prior uses that are being replaced on the site that exist or existed from 5 to 10 years of the date of the development application. This bill was also amended to change the proposed future zoning district from OTC West Core and Historic Village Mix to OTC Industrial and Historic Village Mix and the configuration of the future zoning for 1405 Odenton Road. We have no further comments on this bill.

Bill 91-23: Finance, Taxation, and Budget – Real Property Taxes – Tax Credits – Public Safety Officer Property Tax Credit (As Amended)	**Summary of Legislation** This bill amends the property tax credit for public safety officers by expanding eligibility to retired public safety officers, aligning the County tax credit with a new state law that requires counties to define who is a public safety officer and authorizes counties to establish the credit amount. This bill also increases the tax credit cap to $3,000 in tax year 2024 and $3,500 in tax year 2025 and subsequent tax years. We commented on this bill in our letter dated January 2, 2024. At the January 2, 2024 Council meeting, this bill was amended to expand eligibility for the tax credit to members of certain volunteer organizations and individuals eligible for the length of service award program as a result of service to certain volunteer organizations. This bill was also amended to require that the application for the tax credit include verification that the applicant is a retired public safety officer or employed as a public safety officer. Because this amended bill expands eligibility and requires applicants to verify eligibility, the number of tax credits is expected to increase; however, some of this will be offset by the decrease in workload due to the application verification requirements.
Bill 92-23: Subdivision and Development – Zoning – Small Business Districts (As Amended)	**Summary of Legislation** A Small Business District (SBD) is designed to allow conversion of residential structures in areas of transition to small commercial business uses that will serve existing communities. The residential character is to remain as the uses transition residential to commercial. This bill exempts development in approximately half of the County's 80-85 SBD zoned properties from specified architectural feature requirements, adds certain uses as permitted or conditional uses in SBDs, and amends the bulk regulations applicable in SBDs to allow for larger structures on these properties. We commented on this bill in our letter dated January 2, 2024. At the January 2, 2024 Council meeting, this bill was amended to repeal the sign requirements in SBDs and apply the sign requirements for commercial and industrial districts for uses other than dwellings and small business complexes to signs located in a SBD. This bill was also amended so bulk regulations applicable in SBDs allow the maximum floor area of a principal structure of a religious facility, on property with frontage on a minor arterial road or higher, to be 15,000 square feet. We have no further comments on this bill.

Bill 93-23: Pensions – Participation – Transferred Service – Employees' Retirement Plan – Fire Service Retirement Plan – Police Service Retirement Plan	**Summary of Legislation** This bill authorizes certain participants of the Fire Service Retirement Plan (FSRP) and Police Service Retirement Plan (PSRP) hired after a certain date to purchase service credit for prior participation in certain other plans; establishes criteria for and methods of purchasing prior service credits; provides for the calculation and application of the previous plan credit; authorizes employees of the Resilience Authority of Annapolis and Anne Arundel County (Resilience Authority) to participate in the Employees' Retirement Plan (ERP); amends certain termination criteria for vested participants of the ERP; amends certain disability criteria for participants of the ERP; adds three position classifications to the FSRP; and authorizes rehired participants of FSRP and PSRP to restore prior plan service credit under certain conditions. In part, this bill implements certain provisions agreed upon during negotiations, including allowing the purchase of up to five years of FSRP and PSRP service from a local retirement or pension system and permitting a redeposit of accumulated employee contributions for an employee who terminates service from the FSRP and returns to the plan within 12 months. The Pension Oversight Commission reviewed this bill in accordance with the County Code, stated its opposition to the bill as currently written, and offered amendments for consideration. **Review of Fiscal Impact** The Office of Personnel does not anticipate a significant change in workload and any additional resources from this bill. An actuarial study evaluated adding a service transfer provision to the FSRP and PSRP and concluded it would increase the maximum pension payable gradually as lateral transfer provisions would only apply to future employees, but the actual impact would depend on how many lateral employees exercise this option as well as the number of years transferred. The study also concluded that this provision of the bill would result in a future benefit payment that is 77% funded by the lateral employee and 23% funded by the County, based on the assumptions used in the study. The Administration advised there were 35 lateral hires within the Police Department since 2022, and there were 4 lateral hires in the Fire Department in 2019. For example, assuming there are 15 lateral hires annually with five years of service and using an average County cost of $21,000 per hire, the County would incur an estimated $315,000 in additional annual contributions costs. Please note the estimated number of hires uses an approximate average of lateral hires per year based on the data available, and the average County cost was based on an example

Bill 93-23 (continued)

in the study to provide this example as context for the potential impact because the actual impact is unknown. To the extent this bill prompts additional transfers, the additional annual contribution costs will increase.

While the fiscal impact of authorizing former FSRP and PSRP participants to redeposit withdrawn funds to restore prior service credit will depend on the number of employees who select this option, it is not expected to have a significant fiscal impact as employees are responsible for this cost. Three employees since fiscal year 2021 would have been eligible. The fiscal impact of allowing specified participants to restore their prior plan credit by repaying contributions refunded to them will also depend on the number of employees who select this option; however, this is also not expected to have a significant fiscal impact on pension costs because employees are responsible for this cost. Five participants are expected to be eligible for this benefit.

This bill authorizes employees of the Resilience Authority to participate in ERP and would result in a fiscal impact of approximately $60,600 annually, assuming current staffing and salary levels and actuarial determined contributions for fiscal year 2024.

We agree with the Administration's fiscal note that the fiscal impact of authorizing employees to receive specified pension payments if they terminate service before their normal retirement date will depend on the number of employees who select this option as well as their age and years of service. To the extent employees defer pension payments, County expenditures will decrease annually; however, the payments will be larger once they begin. The County has had 24 early retirements since fiscal year 2021, which suggests this provision would only impact a small portion of participants. For employees hired before January 1, 2014, employees must be receiving a pension in order to be eligible for retiree health insurance; therefore, the deferral of pension payments with no penalty would only be an option for employees that do not want or need retiree health insurance until the time that their pension payments begin. For employees hired after January 1, 2014, employees that elect to defer retirement will not be eligible for retiree health insurance once that employee retires.

While this bill eliminates limitations on eligibility for service-connected disability retirement pension, the fiscal impact of this provision would depend on the number of impacted employees and their final average pay. Since service credit is included in the calculation to determine post-retirement health insurance eligibility, this bill may increase the County's retiree health costs.

Bill 94-23: Zoning – Requirements for Conditional Uses – Business Complexes in a Residential District	**Summary of Legislation** This bill amends the conditional use requirements for business complexes in residential districts to allow business complexes located on specified volunteer organization property as of the effective date of this bill. This bill also expands where such business complexes may be located to property immediately adjacent to (1) property owned by a governmental entity or volunteer organization or (2) specified property owned by a governmental entity or volunteer organization that is in the business complex. The Office of Planning and Zoning (OPZ) advises this bill only affects the Earleigh Heights Volunteer Fire Company property located at 161 Ritchie Highway, Severna Park; however, this research is still ongoing **Review of Fiscal Impact** OPZ does not anticipate a change in workload and needing additional resources to meet the requirements of this bill. There are no pending permits that would be impacted by this bill and given the limited number of impacted volunteer organizations, the number of permits is expected to be minimal.