



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

**To:** Councilmembers, Anne Arundel County Council  
**From:** Michelle Bohlayer, County Auditor  
**Date:** September 29, 2021  
**Subject:** Auditor Review of Legislation for the October 4, 2021 Council Meeting

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**Bill 68-21:  
Public Safety – Animal  
Care and Control –  
Authority to Impound –  
Tethering of Dogs (As  
Amended)**

**Summary of Legislation**

This bill amends the circumstances under which an animal may be impounded and a dog may be tethered outdoors.

We commented on this bill in our letters dated September 1, 2021 and September 14, 2021. At the September 20, 2021 Council meeting, this bill was amended to allow for one period of 15 minutes each day that a dog may be tethered outdoors and not supervised and to reduce the age requirement for a person to supervise a tethered dog. We have no further comments on this bill.

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**Bill 72-21:  
Purchasing – Capital  
Improvement Contracts –  
Prevailing Wage and  
Local Hiring**

**Summary of Legislation**

This bill establishes prevailing wage law requiring that contractors and subcontractors pay their construction employees no less than the prevailing wage established by the State Commission of Labor & Industry for State-Funded contracts in the County. Capital improvement contracts that have either a value over \$250,000 or capital projects that have a County contribution of over \$5,000,000, with certain exceptions, would be subject to this prevailing wage provision. This bill also requires contractors to make best efforts to hire County residents for at least 51% of new jobs required to complete the capital improvement contract or capital project. The local hiring provision is applicable to capital improvement contracts that have either a value over \$1,000,000 or capital projects that have a County contribution of over \$5,000,000. In addition, this bill requires contractors to submit certified payroll records documenting compliance, periodic audits of prevailing wage law, and establish certain penalties.

Note: Certain terms are not defined, including direct and measurable construction work, best efforts, and new jobs. The department and related director that will administer the prevailing wage and local hiring provisions has not yet been determined.

Although a definitive impact on general fund expenditures cannot be determined at the current time, based on existing research performed at the state and County levels, the increase in total projects costs could be between 2% and 15%, as was indicated in the Administration's fiscal note. This range of impact was supported by the Fiscal and Policy Note for Maryland Senate Bill 1068 of the 2014 Legislative Session with the addition of potential inflation. Based on this existing research and the 66 capital improvement contracts that are expected to be bid on during fiscal year 2022 (FY22) per the Department of Public Works (DPW) for an estimated total of \$247 million, total project costs could increase between \$5 million and \$37 million. During our review of similar provisions enacted by Baltimore County, we learned that Pinnacle Economics performed a separate study for Anne Arundel County. This study describes the potential fiscal impacts to the County due to an increase in jobs for construction workers in the County, an increased number of work hours, and additional income that could provide an indirect fiscal impact to the County.

The Office of Central Services Purchasing division has determined that they will not be able to perform oversight with existing resources. They have indicated that they will need three additional positions (one Management Assistant II and two Management Aides) to manage the program and oversee compliance of the proposed legislation for a total potential fiscal impact from \$218,500 to \$416,000 based on the hiring levels. The funding for these positions is not included in the FY22 Budget and is not requested in this bill. A Management Assistant II (NR-17) has a salary range of \$58,500 – \$104,500 (\$84,000 – \$162,300 total compensation). A Management Aide (NR-12) has a salary range of \$43,500 – \$73,900 (\$64,100 – \$123,700 total compensation). These three positions will also require a one-time cost of approximately \$6,300 for laptops and furniture and fixtures. There may also be future costs for a possible technology component that would allow contractors to submit information online, as mentioned in the Administration's fiscal note.

DPW does not anticipate a measurable increase in workload to current staff; however, additional construction management and inspection contracts as a result of this legislation may require additional inspection staff via the contract. The estimated cost of any additional inspection staffing has not been provided at this time.

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**Bill 73-21:  
Approval of Lease  
Agreement for  
Coppermine Tennis  
Facility**

**Summary of Legislation**

This bill approves an agreement to lease County-owned property located at 1580 Millersville Road in Millersville to Coppermine Racquet and Fitness, LLC. This lease agreement is for a term of 25 years from the issuance of the Notice to Proceed by the County indicating the start of the lease and approval to commence construction which shall be issued as an amendment to the lease.

**Review of Fiscal Impact**

According to County records, the lease agreement provides the schedule of monthly lease payments by Coppermine to Anne Arundel County. The lease agreement will increase County revenue by \$2.6 million for the 25 year term of the lease and that the option to renew would increase County revenue by \$4.7 million if exercised. There is an existing capital project (Project #P567100 Millersville Park Tennis Ctr) that began in fiscal year 2016 with \$7.4 million in prior approved funding for the design and construction of roads, parking, utilities, storm water management, and outdoor courts related to a more comprehensive indoor/outdoor tennis facility at the 33 acre Millersville Park site on Millersville Road. The prior approved funding includes \$2.3 million in General County Bonds, \$200,000 in General Fund PayGo, and \$4.9 million in POS funds. As of September 29, 2021, approximately \$605,000 of this funding has been expended or encumbered.

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**Bill 74-21:  
Subdivision and  
Development – Site  
Development –  
Exemptions**

**Summary of Legislation**

This bill exempts agricultural buildings and accessory uses to farming from the requirements for site development. This bill also exempts temporary uses from the requirements for site development.

**Review of Fiscal Impact**

The Office of Planning and Zoning (OPZ) is not aware of any current projects that will be impacted by this bill, and OPZ does not expect a change in workload. This bill has no direct fiscal impact.

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**Bill 75-21:  
Subdivision and  
Development –  
Community Meetings –  
Exemption for In-Kind  
Replacements**

**Summary of Legislation**

This bill exempts in-kind replacement of a deck or accessory structure to residential development from the requirement to hold a community meeting.

**Review of Fiscal Impact**

OPZ is not aware of any current projects that will be impacted by this bill, and OPZ does not expect a change in workload. This bill has no direct fiscal impact.

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**Bill 76-21:  
Finance, Taxation, and  
Budget – Real Property  
Taxes – Credits – Business  
Entities Affected by a  
State of Emergency**

**Summary of Legislation**

This bill establishes a real property tax credit for business entities affected by a declared state of emergency, eligibility criteria for the credit, calculation and duration of the credit, deadline for filing for the credit, and the form of application for the credit.

Maryland Senate Bill 887 passed during the 2021 Legislative Session that authorized the County to grant a certain property tax credit against the County property tax imposed on certain property owned or leased by a business entity affected by a certain state of emergency. The state law does not define a business entity affected by a state of emergency. Per discussion with an analyst at the Maryland Department of Legislative Services, the state did not identify a mechanism to determine revenue to use in the local jurisdiction implementation of this legislation. There was also no discussion of a mechanism to determine revenue discussed during the state budget hearings for this bill. The Fiscal and Policy Note for Senate Bill 887 indicates that as a result of this bill, County property tax revenues may decrease to the extent the property tax credit is granted. According to the State Department of Assessment and Taxation (SDAT) in Exhibit 1 of the fiscal and policy note, the commercial real property tax base for fiscal year 2019 for Anne Arundel County totaled \$21.3 billion, which was 23.4% of the total real property tax base of \$91.1 billion. Exhibit 2 shows that in Anne Arundel County, as of July 2020, there were 4,014 commercial real property accounts and 1,701 commercial condominium real property accounts.

In order to qualify, the business entity would need to pay the real property taxes directly. This could potentially expand the availability of the property tax credit beyond the aforementioned commercial real property tax base, for example, if a business operates out of a residential home.

The bill defines revenue as gross income from whatever source derived, including federal, state, and County grants.

**Review of Fiscal Impact**

The Administration has not provided us with any documentation regarding potential fiscal impact due to the complexity of the legislation. At the current time, the best information we have to estimate the population of potential eligible businesses is to estimate total income from commercial property tax assessments which is 23.4% per the Fiscal and Policy Note from the State Senate Bill 887 of the 2021 Legislative Session. Using this percentage of total income from commercial property tax assessments to the fiscal year 2021 property tax revenues of \$663,800,000, there is a potential total impact of \$155,300,000 as a reduction in property tax revenue. This potential total impact could be increased if home businesses are granted the credit and apply the credit to their residential real property taxes. The fiscal impact will be determined by the amount of businesses that are

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**Bill 76-21 (continued)**

granted the credit. It should also be noted that any reduction in property tax revenue resulting from this legislation would result in the remaining real property tax bills being increased to offset this decrease due to the County's practice of maximizing the property tax revenue under the property tax revenue cap.

In addition, the Office of Finance informed us that additional positions would be needed to administer this tax credit, but that the number of positions and related costs are unknown at this time to determine fiscal impact.

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**Resolution 41-21:  
Approving Acquisition of  
Real Property Known as  
443 Crain Highway in  
Glen Burnie****Summary of Legislation**

This resolution approves the purchase of real property, consisting of between approximately 0.62 acres and 0.765 acres known as 443 Crain Highway in Glen Burnie, from HB, Incorporated, utilizing funds from the Advance Land Acquisition Capital Project C106700 (ALA). Anne Arundel County Code § 8-3-101(d)(2) requires agreements for purchases of real property utilizing funds from the ALA to be contingent on the approval of the County Council. Additionally, an independent appraisal, environmental study, and a feasibility study are required to be submitted to the County Council for the property being purchased.

The purchase price for the property is \$2,000,000. SDAT's assessed value, as of July 1, 2021, is \$2,095,600. The County received two appraisals. The first estimates the market value of the property at \$1,520,000, as of April 8, 2020. The second estimates the market value of the property at \$1,825,000 for leased fee and \$1,950,000 fee simple, as of June 4, 2020. Fee simple means that the property is not encumbered by a lease, which gives the landlord or owner total control. As the County is the lessee with the anticipation of the County buying the building, the Office of Central Services' management indicated that using the fee simple valuation is most appropriate for this situation. The Central Services Officer indicated that the first appraisal did not select the appropriate valuation method given the details of the property and its uses.

The County signed a lease agreement on May 1, 2019 that terminates on April 30, 2024. The current rent is \$162,000 per year (\$13,500 per month). Per the lease agreement, the County is responsible for all expenses, taxes, and charges attributable to the property, including, but not limited to, real estate taxes, hazard insurance, electrical, HVAC utility, janitorial, interior and exterior maintenance, grounds keeping, and snow removal, however, the County is not responsible for the roof and other structural systems. This lease agreement also provides the County with a right of first refusal to purchase the property.

The environmental study dated February 3, 2021 revealed no evidence of any Recognized Environmental Conditions. Only a single de minimis environmental condition was observed. The environmental study report indicates that "adjacent properties to the north, south, and

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**Resolution 41-21  
(continued)**

east are identified in environmental databases that report underground storage tanks, release incidents, and/or hazardous waste generation.”

The feasibility study prepared by the Central Services Officer summarized that the County is currently using this property for the Department of Aging and Disabilities Northern Service Center, Department of Health’s Adult Evaluation and Review Service program, and an Office of Information Technology satellite office. The property is currently serviced by County water and sewer services and is zoned C-3 General Commercial District. The feasibility study also indicates that the County would like to continue its presence in the northern portion of the County, and if the County were not able to lease or own this property, it would be difficult to relocate based on the lack of availability of rental space in this market. The feasibility study concluded that it is in the best interest of the County to purchase the property.

**Review of Fiscal Impact**

This real property acquisition will cost the County \$2 million. Based on our review of the ALA, there is sufficient appropriation for this purchase.

Based on this purchase, the annual operating budget would be reduced by \$162,000, however, in anticipation of this purchase, the annual rental costs associated with this property were not included in the FY22 Budget. The County will continue to pay operating expenses for this property.

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**Resolution 45-21:  
Appointing a Member to  
the Anne Arundel County  
Ethics Commission**

**Summary of Legislation**

This resolution approves the appointment of Solon Webb to the Anne Arundel County Ethics Commission to serve a term expiring on April 30, 2024.

**Review of Fiscal Impact**

This resolution has no direct fiscal impact.

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**Resolution 49-21:  
In Support of a  
Replacement Bridge at the  
Current Crossing of the  
William Preston Lane Jr.  
Memorial Bridge**

**Summary of Legislation**

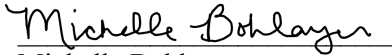
This resolution supports a replacement bridge at the current crossing of the William Preston Land Jr. Memorial Bridge otherwise known as the Chesapeake Bay Bridge.

**Review of Fiscal Impact**

This resolution is non-binding and has no fiscal impact.

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Sincerely,

  
Michelle Bohlayer  
County Auditor