



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

To: Councilmembers, Anne Arundel County Council
From: Michelle Bohlayer, County Auditor
Date: June 2, 2021
Subject: Auditor Review of Legislation for the June 7, 2021 Council Meeting

**Bill 31-21:
Boards, Commissions, and
Similar Bodies – Resilience
Authority of Annapolis
and Anne Arundel County
(As Amended)**

Summary of Legislation

This bill establishes the Resilience Authority of Annapolis and Anne Arundel County (Authority) to undertake and support resilience infrastructure projects in Anne Arundel County and the City of Annapolis (City).

We commented on this bill in our letter dated May 12, 2021. At the May 17, 2021 Council meeting, this bill was amended to:

- Add a grandchild to the list of family of a member, that the Director, or the Chief Financial Officer of the Authority may not have a financial interest in any project over which the authority has jurisdiction or any power or authorization to act;
- Specify that the power of the Authority to charge and collect fees to support its bond issuances is subject to the approval of the County Executive and by resolution of the County Council;
- Require the Authority to submit audited financials annually; and
- Allow the Authority's books, accounts, and records to be examined by the County Controller, County Auditor, County Attorney, and City Manager, or their designees.

We have no further comments on this bill.

**Bill 45-21:
Personnel – Classified
Service – Exempt Service**

Summary of Legislation

This bill adds new pay schedules for certain classified and exempt employees, provides the method for certain classified employees to move to a new pay schedule, provides for increase in pay for certain employees, and provides for certain lump sum payments. This bill modifies pay upon promotion, pay upon movement between pay schedules, disability leave for certain employees, and education assistance for certain employees. This bill also removed certain employees eligible for night differential pay, on-call pay, and allowances.

Review of Fiscal Impact

We agree with the fiscal note that the fiscal impact of this bill is included in the fiscal year 2022 (FY22) Proposed Budget. The changes reflected in this bill are as follows:

- Salary increases of 1.5% COLA on July 1, 2021 and 3% merit on anniversary date and increases to all salary minimums and maximums by 1.5% for the following employee groups: C-3, D-5 through D-8, S-4, F-8, F-9, EL, EX, EE, E, ES, LA, and NR;
- Deleting obsolete pay scales;
- Requiring that employees make at least the minimum rate of pay on the pay schedule; and
- Provisions to address pay compression.

Other changes to salary and benefits in this bill reflect the negotiated agreements. The negotiated agreements added for FY22 are:

- Memorandum of Agreement (MOA) between AA Co. and the Teamsters Union Local 355 Deputy Sheriff's and Deputy Sheriffs Corporals for FY2022
- MOA between AA Co. and the AA Co. Sheriff's Sergeants Association, Fraternal Order of Police, AA Co. Lodge #106 for FY2022
- MOA between AA Co. and the Fraternal Order of AA Detention Center Officers and Personnel, Inc. for FY2022
- MOA between AA Co. and the AA Co. Detention Sergeants Association International Union of Police Associations, Local 141, AFL-CIO for FY2022
- MOA between AA Co. and Teamsters Union Local 355 Battalion Chiefs for FY2022
- MOA between AA Co. and the FOP, AA Co. Lodge 70 for FY2022
- MOA between AA Co. and Local 1563 AA Co. Professional Fire Fighters, International Association of Fire Fighters, AFL-CIO-CLC for FY2022
- MOA between AA Co. and the Teamsters Union Local 355 Park Rangers for FY2022
- MOA between AA Co. and the Teamsters Union Local 355 Correctional Program Specialists for FY2022 – Please note that this union agreement has not yet been ratified.
- MOA between AA Co. and Local 582 of the American Federation of State, County, and Municipal Employees AFL-CIO (affiliated with Maryland Public Employees Council 67) for FY2022
- MOA between AA Co. and Local 2563 of the American Federation of State, County, and Municipal Employees AFL-CIO (affiliated with Maryland Public Employees Council 67) for FY2022

All existing agreements in their second year still remain in effect.

**Bill 46-21:
Personnel – Positions in
the Classified Service and
the Exempt Service**

Summary of Legislation

This bill amends the minimum qualifications of the Assistant County Auditor position to include a Master’s degree; amends the pay grades for Police Officer and Police Officer First Class to P-00B; adds two new positions to the classified service (Senior Emergency Management Planner and Deputy Director, Recreation and Parks) including pay grade, work week, and minimum qualifications; and removes the Deputy Director, Recreation and Parks position from the exempt service.

Review of Fiscal Impact

We agree with the fiscal note that the fiscal impact of this bill is included in the FY22 Proposed Budget.

**Bill 47-21:
Zoning – Veterinary
Clinics as a Conditional
Use in Industrial Districts**

Summary of Legislation

This bill allows veterinary clinics, if overnight stays are limited to those necessary for medical treatment without outside runs or pens as a conditional use in W2 industrial districts. The requirements for conditional use are that the facility shall be operated in conjunction with, and on the same lot as, a dog day care facility, a dog grooming parlor, or a commercial kennel facility.

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.

**Bill 48-21:
Zoning – Alcoholic
Beverage Uses as
Accessory to Other Uses**

Summary of Legislation

This bill repeals a requirement for a certain distance between restaurants with an off-sale alcoholic beverage license and other businesses with the same license and repeals certain floor area restrictions and ownership requirements for a restaurant or package goods store with an off-sale alcoholic beverage license. This bill also updates the Maryland Annotated Code reference to the Alcoholic Beverages Article §11-1603, which replaced Article 2B §9-203(c).

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.

**Bill 49-21:
Zoning – Requirements
for Special Exception Uses
– Assisted Living Facilities**

Summary of Legislation

This bill amends the special use exception use requirements for an assisted living facility to require the developer to have unified control of the entire facility, allows assisted care units to be provided in certain additional types of dwelling units, provide that the bulk regulations for an assisted living facility are the only bulk regulations for an assisted living facility, and amends the bulk regulations for an assisted living facility.

Review of Fiscal Impact

OPZ is not aware of any current projects that will be impacted by this bill. There is one development application under review that may be impacted, but the effect is unknown at this time. OPZ does not expect a change in workload from this bill and this bill has no direct fiscal impact.

**Bill 50-21:
Emergency –
Proclamation of Civil
Emergency in Anne
Arundel County –
Termination (Eligible for
Vote)**

Summary of Legislation

This bill amends the termination date of the Proclamation of Civil Emergency by the County Executive established by Bill 24-20 to 48 hours after the effective date of this bill as an emergency ordinance.

We commented on this bill in our letter dated May 12, 2021. At the May 17, 2021 Council meeting, this bill was held until the June 7, 2021 meeting. We have no further comments on this bill.

**Bill 51-21:
Crofton Special
Community Benefit
District – Approval of
Loan and Assignment
Agreement**

Summary of Legislation

This bill obligates the County to levy a special tax on the property owners in the Crofton Special Community Benefit District (SCBD) beginning in FY22 in an amount sufficient to repay a loan for up to \$2,700,000 from Severn Bank to the Crofton Civic Association, Inc. (Association). The loan commitment letter provided by the bank shows the interest rate of 3.99% annually, a loan fee of 0.50%, and the repayment term of 15 years.

The SCBD intends to use the proceeds to acquire real property located on Crain Highway in Crofton. The purposes of the SCBD include the acquisition of community real and personal property approved by a majority vote of the general membership of the Association.

The Association received 1,329 “Yes” petitions needed by community members to constitute a majority of the 2,644 property owners referenced in the Association’s meeting minutes. The petition distributed to community members stated a maximum purchase price of \$2,656,250 for the acquisition of the property. This is inconsistent with the amount provided in the loan commitment letter which states the loan is for an amount up to \$2,700,000, however, the Office of Law stated there is no legal requirement for the loan amount to match the purchase price in the ballot. Specifically, the Code only requires the

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approval of the acquisition of the real property and does not have any specific requirements as to approval of the full loan amount or the annual loan payment. The Association is planning to use the additional funds for closing costs.

An updated FY22 budget request for Crofton SCBD was submitted to the Office of the Budget to include the repayment of the loan of \$240,535 which results in an updated requested tax rate of \$0.093 on each \$100 of assessed valuation of each platted lot and a total budget of \$1,848,722. The Administration intends to introduce amendments to Bills 32-21 and 33-21 to reflect these changes.

Review of Fiscal Impact

We agree with the fiscal note that any cost associated with administering the Crofton SCBD loan payment will be offset by the administrative fee charged by the County when taxes are collected. The County does not commit its full faith and credit to the repayment of the loan.

**Bill 52-21:
Emergency – Current
Expense Budget – Fourth
Quarter Fund Transfer
and Supplementary
Appropriations****Summary of Legislation**

This bill transfers appropriations of funds in the General Fund and makes supplementary appropriations from unanticipated revenues.

Review of Fiscal Impact

This bill transfers \$8,243,800 in funding, including \$2,100,000 from the Office of Finance (Non-Departmental) the remaining \$426,000 in the Contingency Account, and \$5,717,800 in unappropriated fund balance.

On June 30, 2020, the unappropriated General Fund balance was \$111,176,486. The fiscal year 2021 (FY21) approved budget appropriated \$37,746,800 of this balance on July 1, 2021 and Bill 22-21 appropriated an additional \$1,200,000, leaving a remaining balance of \$72,229,686 available to appropriate.

These transfers are being made to the following supplementary appropriations:

- \$250,000 to the Board of Elections due to bills from the State Board of Elections that were higher than anticipated. These increases were primarily due to the increase in mail-in voting and the associated expenses;
- \$5,000,000 to the Health Department to transfer grant fund expenditures to qualify for FEMA reimbursement;
- \$10,000 to the Orphan's Court for recording equipment;
- \$85,000 to the Office of Information Technology for unrealized turnover, however, based on our analysis, we estimate excess in their total department appropriation that could cover this additional expenditure;

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- \$150,000 to the Office of Emergency Management for unrealized turnover, however, based on our analysis, we estimate excess in their total department appropriation that could cover this additional expenditure;
- \$200,000 to the Office of Finance for unrealized turnover;
- \$1,250,000 to the Police Department for overtime and a FAST Fund transfer of costs due to a lower amount of revenue currently being generated; and
- \$1,298,800 to the Department of Public Works for snow removal costs, however, based on our analysis, we estimate excess in their current appropriation that would cover these additional expenditures.

This bill also transfers unappropriated fund balance of the following funds:

- \$58,000 of the Garage Vehicle Replacement Fund for mobile data computer (MDC) software. The existing appropriation was used for a higher than anticipated amount of MDC replacements;
- \$344,000 of the Self Insurance Fund for software to replace the current STARs system. This project was moved forward due to the health of the Self Insurance Fund;
- \$8,000,000 of the Health Insurance Fund for healthcare claims and an OPEB transfer;
- \$18,400 of the National Business Park – North Tax Increment Fund for a transfer to the general fund for revenue generated beyond the amount needed to pay debt service; and
- \$50,000 in the Grants Special Revenue Fund for the Community Health Outreach Worker Grant from the Maryland Department of Health’s Office of Minority Health and Health Disparities.

The controller certified that these funds are available for appropriation.

**Bill 53-21:
Emergency – Current
Expense Budget – Board
of Education –
Supplementary
Appropriation and
Transfers of Funds****Summary of Legislation**

This bill transfers appropriations of funds in the General Fund and makes supplementary appropriations from unanticipated revenues to the Local Education Fund for the Board of Education (Board). This bill will be amended to reflect the budgetary changes adopted by the Board at their meeting on May 19, 2021.

Review of Fiscal Impact

This Board approved FY21 Fourth Quarter Operating Budget Supplemental and Fund Transfers includes the following transfers:

- \$3,244,100 from Mid-Level Administration due to savings realized from turnover and salary lapse and the state’s guidance

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realigning technology expenses to the Operations of Plant category;

- \$2,635,700 from Instructional Salaries & Wages due to savings from a reduced usage of substitute teachers and professional development stipends as a result of COVID-19;
- \$1,508,200 from Special Education due to savings realized from reduced grant expenditures due to COVID-19. Grant funds will carry over into FY22;
- \$89,300 from Pupil Services due to unused stipends as a result of COVID-19;
- \$203,200 from Health Services due to lower than anticipated costs associated with providing a full time Registered Nurse at nine community schools due to COVID-19;
- \$17,616,100 from Pupil Transportation due to reduced payments to transportation vendors as a result of significantly reduced transportation services due to COVID-19;
- \$1,448,600 from Fixed Charges due to lower than anticipated costs in restricted grants; and
- \$104,600 from Community Services due to reduced community activities due to COVID-19.

And the following increases:

- \$377,300 for Administration to purchase additional IT services and security due to district operations because of COVID-19;
- \$14,433,100 for Textbooks/Instructional Supplies to purchase chromebooks and technology, athletic supplies, and an additional supply stipend for teaching staff during the COVID-19 shutdown;
- \$5,368,400 for Other Instructional Costs to purchase COVID-19 and non-COVID-19 related IT infrastructure in schools, athletic equipment, and actual Charter and Contract school expenses;
- \$3,089,900 for Operation of Plant for COVID-19 related school sanitization, additional school security cameras, additional outdoor Wi-Fi access points, IT infrastructure, and personal protective equipment;
- \$3,416,300 for Maintenance of Plant for COVID-19 related items and HVAC preventative maintenance and other deferred maintenance backlog projects that were accelerated because schools were not occupied in the first two marking periods;
- \$59,900 for Food Service for additional grant fund revenue from the County Coronavirus Relief Fund Grant Program to provide supplies for curbside meal pickup; and
- \$1,223,000 for Capital Outlay to purchase and install classroom door security locks and other security related upgrades.

The net impact of these transfers and supplementary appropriations is an increase of \$1,118,100. This bill recognizes \$173,300 in additional federal revenue from an increase in Federal Impact Aid of \$926,000 that was offset by a reduction in restricted grant and health care federal

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revenue. It also recognizes \$944,800 in additional state revenue from an increase in unrestricted Non-Public Placement, Out of County Tuition, and Quality Teacher Incentive revenues offset by a \$79,000 reduction in restricted grant revenue.

The controller certified that the funds for the amended total of \$27,967,900 are available for appropriation.

**Bill 55-21:
Zoning – General
Provisions – Uses and
Structures – Temporary
Uses**

Summary of Legislation

This bill extends the temporary use authorization for outdoor seating at restaurants granted by Executive Order #46. This bill allows all outdoor seating as a temporary use relating to food and beverage service for a food service facility (facility) in operation as of the date this bill was introduced shall be allowed as a temporary use without the necessity of obtaining a temporary use authorization. This will remain in effect until November 1, 2021 and, unless the facility obtains all authorizations and permits and permission required by law, the outdoor seating facilities shall be removed by November 10, 2021.

Review of Fiscal Impact

This bill has no direct fiscal impact.

**Bill 56-21:
Emergency – Food Service
Facilities – Outdoor
Seating**

Summary of Legislation

This bill allows outdoor seating for a food service facility (facility) as a temporary use under certain circumstances. This will remain in effect until October 31, 2021 and, unless the facility obtains all permits and permission required by law, the outdoor seating facilities shall be removed by November 7, 2021.

Review of Fiscal Impact

This bill has no direct fiscal impact.

**Resolution 29-21:
Urging the County
Executive to Reopen Anne
Arundel County Buildings**

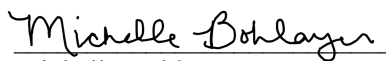
Summary of Legislation

This resolution urges the County Executive to immediately reopen County buildings, subject to any remaining safety protocols.

Review of Fiscal Impact

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

Sincerely,


Michelle Bohlayer, CPA
County Auditor