

OFFICE OF THE COUNTY AUDITOR

FY22 Proposed Budget Analysis

Michelle Bohlayer, County Auditor

OVERVIEW

- ▶ Introduction
 - ▶ Spending Affordability
 - ▶ Debt Affordability
 - ▶ Revenue Reserve Fund
 - ▶ Revenue Analysis
 - ▶ Operating Budget Review
 - ▶ Utility Funds
 - ▶ Recommendations
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SPENDING AFFORDABILITY

	FY22 (Proposed)	FY21	FY20	FY19	FY18	FY17
General Fund Appropriation Limit:						
SAC Recommendation	\$ 1,714,087,050	\$ 1,698,208,829	\$ 1,582,064,038	\$ 1,515,487,663	\$ 1,455,934,500	\$ 1,386,888,820
Add: Available General Fund Balance	\$ 114,225,200	\$ 37,746,800	\$ 53,014,500	\$ 58,557,300	\$ 54,143,800	\$ 39,104,100
Add: Budgeted Contribution to the Revenue Reserve Fund	\$ 11,000,000	\$ 1,000,000	\$ 5,500,000	\$ 6,500,000	\$ 4,000,000	\$ 2,000,000
Adjusted Recommended Spending	\$ 1,839,312,250	\$ 1,736,955,629	\$ 1,640,578,538	\$ 1,580,544,963	\$ 1,514,078,300	\$ 1,427,992,920
General Fund Spending per Proposed Operating Budget	\$ 1,876,518,000	\$ 1,719,224,300	\$ 1,696,131,500	\$ 1,589,938,300	\$ 1,518,854,800	\$ 1,447,804,100
Proposed Spending in Excess (Below) of SAC Recommendation	\$ 37,205,750	\$ (17,731,329)	\$ 55,552,962	\$ 9,393,337	\$ 4,776,500	\$ 19,811,180
General Fund Debt Limit:						
Recommended General Fund Debt Limit	\$ 1,722,551,438	\$ 1,675,435,728	\$ 1,641,899,277	\$ 1,572,124,954	\$ 1,566,255,688	\$ 1,117,344,000
Estimated Outstanding General Fund Debt (End of FY)	\$ 1,548,439,585	\$ 1,459,797,020	\$ 1,404,292,693	\$ 1,273,332,380	\$ 1,170,775,245	\$ 1,106,933,652
Proposed Debt in Excess (Below) of SAC Recommendation	\$ (174,111,853)	\$ (215,638,708)	\$ (237,606,584)	\$ (298,792,574)	\$ (395,480,443)	\$ (10,410,348)

DEBT AFFORDABILITY

Debt Affordability Extended Projections							
Affordability Ratio	Guidelines	Scenario 1					
		(CIP as Proposed / Outyear Revenue & Capital Increases at 3.5%)					
		FY25	FY30	FY35	FY40	FY45	FY50
Debt Service as % of Revenue	11.5%	9.9%	10.0%	9.5%	10.0%	10.5%	10.4%
Debt as % of Full Value	2.0%	1.6%	1.7%	1.7%	1.8%	1.9%	1.9%
Debt as % of Personal Income	4.0%	3.6%	3.4%	3.3%	3.3%	3.1%	3.0%
Debt per Capita	\$3,000	\$2,828	\$3,134	\$3,564	\$4,066	\$4,525	\$5,006
Affordability Ratio	Guidelines	Scenario 2					
		(CIP as Proposed / Outyear Revenue Increases at 3.5% & Capital Increases at 5%)					
		FY25	FY30	FY35	FY40	FY45	FY50
Debt Service as % of Revenue	11.5%	9.9%	10.0%	9.7%	10.5%	11.6%	12.1%
Debt as % of Full Value	2.0%	1.6%	1.7%	1.8%	1.96%	2.1%	2.3%
Debt as % of Personal Income	4.0%	3.6%	3.4%	3.4%	3.5%	3.5%	3.6%
Debt per Capita	\$3,000	\$2,828	\$3,138	\$3,647	\$4,338	\$5,114	\$6,062

REVENUE RESERVE FUND

- ▶ Bill 25-21 increased the balance limit of this fund from 5% to 6% of general fund revenues.
- ▶ FY22 estimated revenues are \$1,762,292,800, therefore the reserve maximum is \$105,737,500.
- ▶ Our FY21 estimates show an ending balance of approximately \$83.5 million.
- ▶ With the FY22 contribution of \$11 million and projected interest of \$1 million, we estimate an ending balance of \$95.5 million, \$10.2 million short of the new 6% cap.

REVENUE ANALYSIS

▶ Property Tax Rates

- ▶ \$0.933 per \$100 of assessed value for the County
- ▶ \$0.559 per \$100 of assessed value for the City of Annapolis

▶ Income Tax

▶ Recordation & Transfer Taxes

▶ Tax Rates

OPERATING BUDGET

Summary of FY22 Proposed Operating Budget

Contingency Account

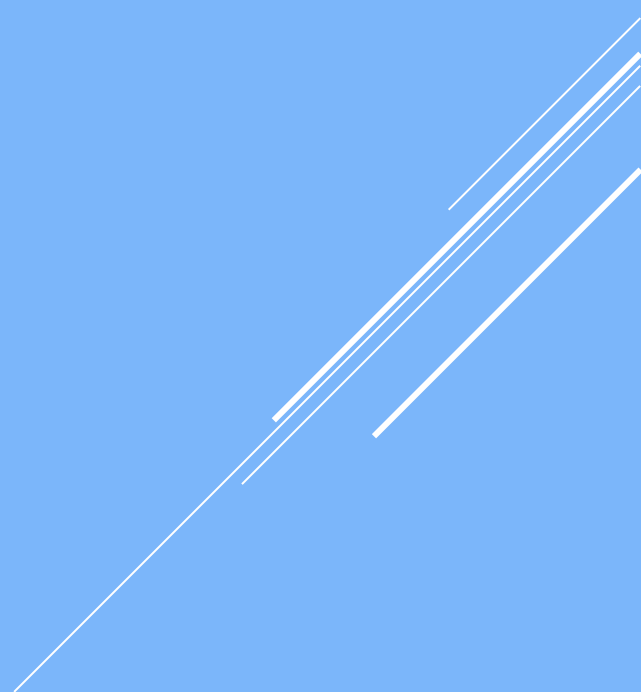
Pay Actions

New Positions

ARPA Funding

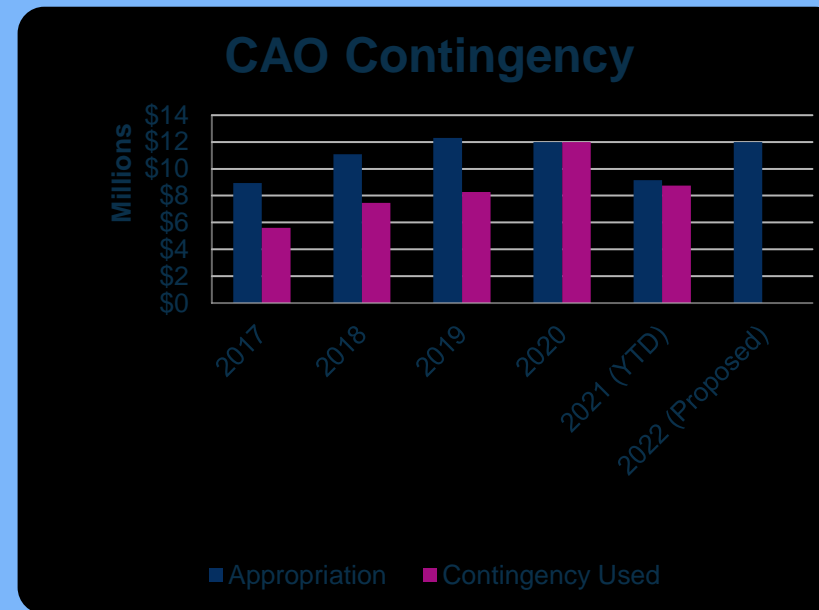
OPEB

Board of Education



CONTINGENCY ACCOUNT

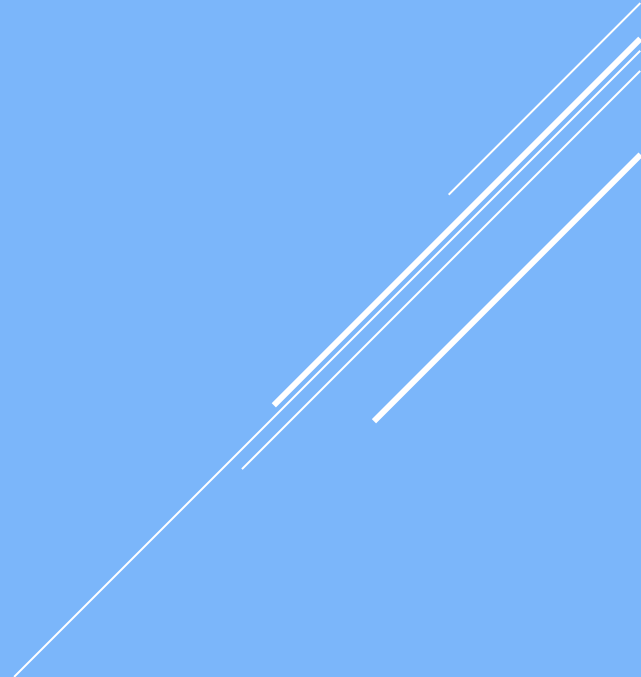
Fiscal Year	Appropriation	Contingency Used	Balance
2017	8,931,000	5,597,000	3,334,000
2018	11,096,400	7,474,500	3,621,900
2019	12,313,500	8,266,200	4,047,300
2020	12,000,000	12,000,000	-
2021 (YTD)	9,165,000	8,739,000	426,000
2022 (Proposed)	12,000,000		



SALARY CHANGES

Average % Increase to Base Salary by Group						
	Employee Group	FY18	FY19	FY20	FY21	FY22
County	AFSCME 2563	4.0%	4.5%	5.0%	5.0%	4.5%
County	AFSCME 582	4.0%	4.5%	5.0%	5.0%	4.5%
County	Correctional Program Specialists	4.0%	4.5%	5.0%	8.0%	4.5%*
County	Detention Officers	7.0%	3.0%	10.0%	6.0%	4.5%
County	Detention Sergeants	8.0%	7.5%	5.0%	7.0%	4.5%
County	Fire	5.0%	8.0%	7.0%	9.0%	8.0%
County	Fire Batallion Chief	6.0%	5.0%	5.0%	5.0%	5.0%
County	Nonrepresented	6.0%	4.5%	5.0%	0.0%	4.5%
County	Park Rangers	4.0%	4.5%	5.0%	5.0%	4.5%
County	Police (FOP)	6.0%	9.0%	5.0%	13.0%	5.0%
County	Police Lieutenants	5.0%	5.0%	8.0%	8.0%	5.0%
County	Police Captains	6.0%	5.0%	8.0%	0.0%	5.0%
County	Police Sergeants	5.0%	5.0%	8.0%	13.0%	5.0%
County	Sheriff Deputies	4.0%	5.0%	5.0%	6.0%	4.5%
County	Sheriff Sergeants	8.0%	8.0%	5.0%	6.0%	6.0%
Library	Library	6.0%	5.0%	5.0%	0.0%	4.5%
AACC	AACC	2.0%	2.5%	3.0%	0.0%	5.0%
BOE	Unit 1 - TAAAC (Teachers)	2.4%	3.5%	6.0%	3.0%	3.0%
*Agreement not ratified						

NEW POSITIONS

- ▶ 33 new General Fund positions
 - ▶ 16 new Child Care Fund positions
 - ▶ 2 new Solid Waste Fund positions
 - ▶ 1 new Self Insurance Fund position
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AMERICAN RESCUE PLAN ACT (ARPA) FUNDING

- ▶ CAO - Community Grants (\$1,800,000)
- ▶ CAO - PayGo to CIP (\$4,000,000)
- ▶ Circuit Court - Jury Office (\$56,800)
- ▶ Fire Department - Advanced Life Support Program (\$1,765,800)
- ▶ Health Department - Public Health Emerging Pathogens Response Program (\$5,000,000)
- ▶ Health Department - Mental Health Agency Support - Alternative Shelter (\$1,817,600)
- ▶ Social Services - Emergency Alternative Shelter (\$1,587,200)
- ▶ Recreation and Parks - Child Care Fund Support (\$2,147,800)

ARPA FUNDING PLACEHOLDERS

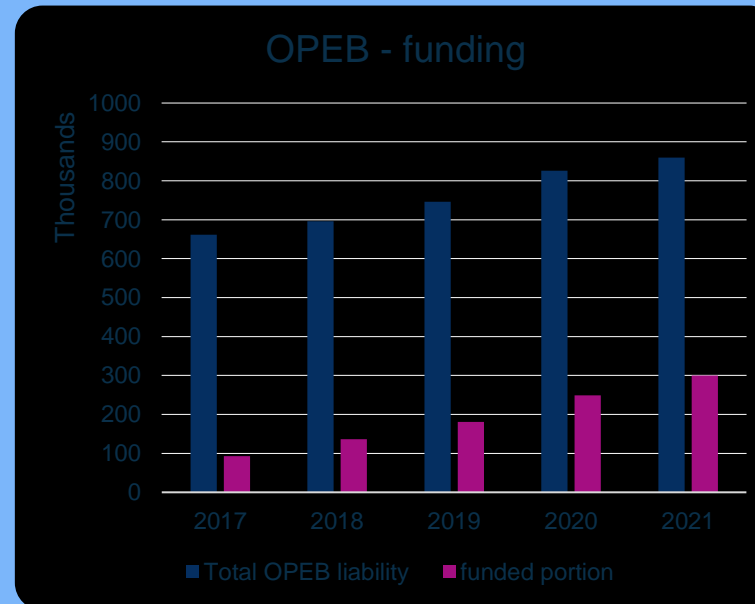
- ▶ Central Services (\$1,000)
- ▶ CAO (\$6,000)
- ▶ Aging and Disabilities (\$7,000)
- ▶ Detention Center (\$1,000)
- ▶ Fire Department (\$2,000)
- ▶ Health Department (\$11,000)
- ▶ Information Technology (\$1,000)
- ▶ Inspections and Permits (\$1,000)
- ▶ Emergency Management (\$3,000)
- ▶ Office of the Sheriff (\$1,000)
- ▶ Office of the State's Attorney (\$1,000)
- ▶ Office of Transportation (\$2,000)
- ▶ Partnership for Children, Youth, and Families (\$1,000)
- ▶ Planning and Zoning (\$1,000)
- ▶ Police Department (\$1,000)
- ▶ Public Works (\$1,000)
- ▶ Recreation and Parks (\$1,000)

OTHER POST EMPLOYMENT BENEFITS (OPEB)

Other Post Employment Benefits (OPEB)					
Amounts in thousands	2017	2018	2019	2020	2021 (Projected)
Total OPEB Liability	\$ 661,548	\$ 696,318	\$ 746,099	\$ 826,141	\$ 860,000
Funded Portion	\$ 92,887	\$ 135,837	\$ 180,303	\$ 249,106	\$ 300,000
Unfunded Portion	\$ 568,661	\$ 560,481	\$ 565,796	\$ 577,035	\$ 560,000
Funded %	14%	20%	24%	30%	35%
Unfunded %	86%	80%	76%	70%	65%

Methods & Assumptions:

- 6.30% discount/long term investment return rates
- 90% target funding levels
- 20-year target period to reach the goal level (7/1/2040)
- Open group valuation (including future hires)
- 3% payroll growth

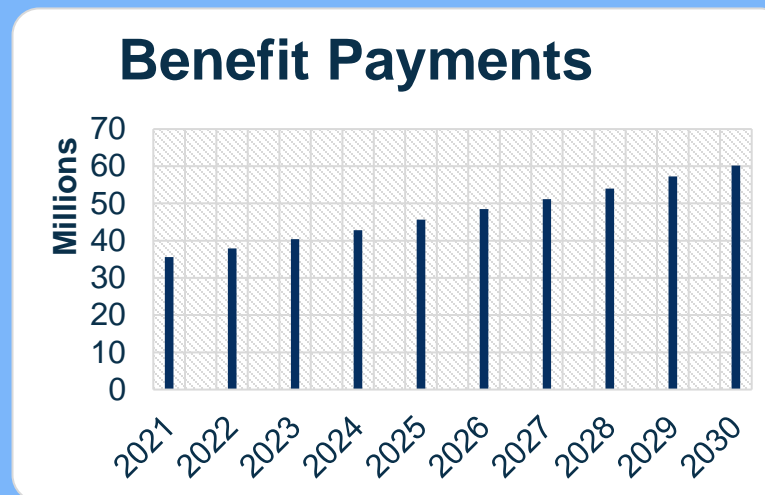


OPEB FUNDING

- ▶ Why do we need to fund the OPEB liability now?
 - ▶ A funding policy can help lower the calculated liability. The ultimate cost of retiree medical benefits can never be known exactly until benefits are actually paid in the future. However, the best estimate of those costs in today's dollars is impacted by how (and if) funds are invested. To the extent that investment returns can help fund future benefit costs, an OPEB trust with higher expected returns can help reduce your calculated OPEB liability.

10 Year Cash Flow Projections - OPEB	
Fiscal year ending	Benefit Payments
2021	\$35,610,000
2022	\$37,908,000
2023	\$40,397,000
2024	\$42,825,000
2025	\$45,641,000
2026	\$48,509,000
2027	\$51,102,000
2028	\$53,991,000
2029	\$57,248,000
2030	\$60,183,000

Source: Draft Actuarial Valuation



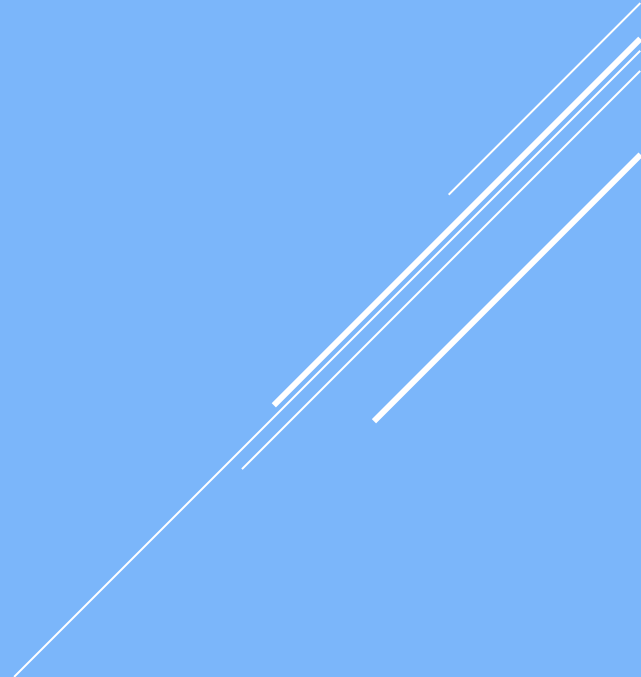
BOARD OF EDUCATION

BOE Maintenance of Effort History						
Fiscal Year	PPE Required	Appropriation Required	Budgeted Appropriation	Amount over MOE	Enrollment	PPE Calculation
2017	\$ 8,021	\$ 626,013,617	\$ 638,003,110	\$ 11,989,493	78,052	\$ 8,174
2018	\$ 8,174	\$ 644,237,925	\$ 657,774,500	\$ 13,536,575	78,814	\$ 8,346
2019	\$ 8,346	\$ 670,593,776	\$ 687,809,300	\$ 17,215,524	80,350	\$ 8,560
2020	\$ 8,560	\$ 692,170,691	\$ 733,315,800	\$ 41,145,109	80,860	\$ 9,069
2021	\$ 9,069	\$ 748,066,152	\$ 749,579,900	\$ 1,513,748	82,486	\$ 9,087
2022 (Proposed)	\$ 9,315	\$ 768,319,269	\$ 784,048,100	\$ 15,728,831	82,486	\$ 9,505

Note: Per HB1372, enrollment for FY2022 MOE is the greater of the full-time equivalent enrollment in September 2019 or the 3-year moving average enrollment of September 2017 through September 2019.

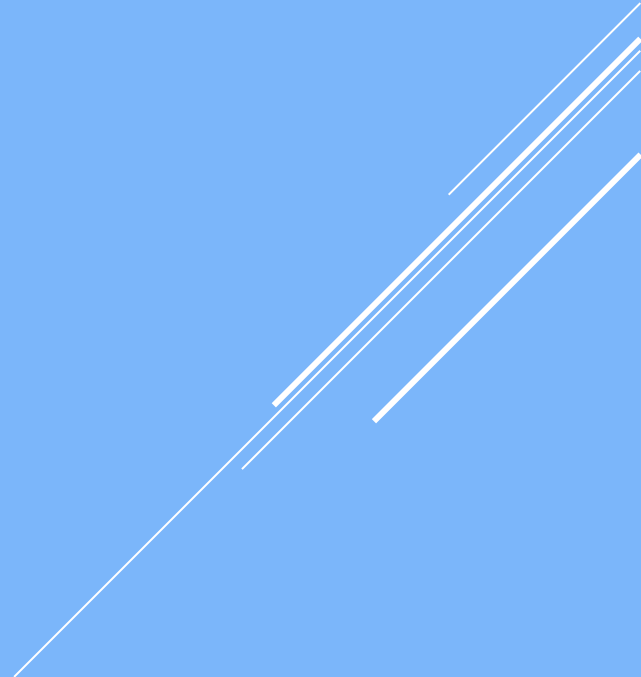
UTILITY FUNDS

Summary of FY22 Proposed Utility Rate Changes

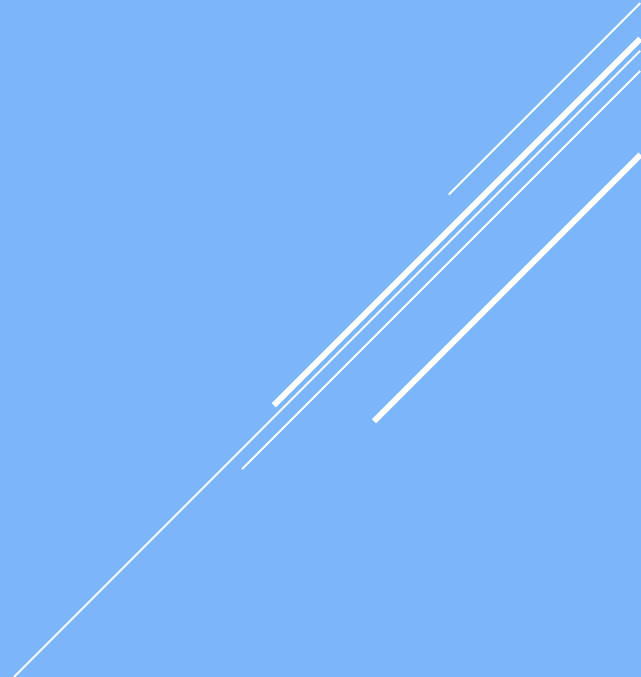


RECOMMENDATIONS - OPERATING

Auditor's Proposed Operating Budget Reductions



RECOMMENDED CUTS - OPERATING

- ▶ Different types of recommendations
 - ▶ By department, by object
 - ▶ We evaluate the support and explanations provided
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Office of Central Services

Bureau 180 – Facilities Management – 7200 – Contractual Services

Object 7222 (Gas – Natural and Propane)

Gas (natural and propane) budgets and actual costs have on average been decreasing historically. As a result, Central Services reduced its object's budgeted amount of \$698,700 in FY21 by 7% to request a budget amount of \$650,000 for FY22. However, actual costs have not crossed \$625,000 since FY18 and been decreasing since then. We recommend revising the budget amount to \$630,000 based on the declining costs. Our calculated estimate considered the actual expenditures for FY20 plus inflation and weather volatility. This method was used due to billing issues with the gas vendor in FY21, which have subsequently been resolved.

We recommend reducing gas - natural and propane by \$20,000.

(Reduce bureau 180 object 7222 (Gas – Natural and Propane) by \$20,000.)

Object 7439 (Other Professional Services)

This object is appropriated to provide contractual security guard services at various County buildings and for document scanning. The FY22 budget request is \$1,316,100 of which one building location, Commerce Park, has an estimated budget of \$179,200. Central Services anticipated that the County would take occupancy starting May 1, 2021, and based its estimate on 250 working days in FY22 and three armed guards providing 9.5 hours of coverage each working day at \$25.07 per hour, per guard.

However, Central Services provided us with an update that occupancy has not taken place at Commerce Park due to construction still ongoing. At best, the County expects to take occupancy by August 1, 2021. Considering the revised move-in date (lease commencement date), we anticipate that security guard services would not begin until August 15, 2021. This would result in a reduction of 31 working days (\$22,000). We recommend reducing the budget by \$22,000 at Commerce Park to reflect Central Services' reduced need of security guard services.

(Reduce bureau 180 object 7439 (Other Professional Services) by \$22,000.)

Office of Central Services – Bureau 180 – Facilities Management – 7200 – Contractual Services (cont.)

Object 7501 (County Facility Repair and Renovation)

This object has a requested FY22 budget of \$800,000 for County facility repair and renovation, which is an increase of \$500,000 from the FY21 budget. Central Services failed to provide a list of needed repairs and renovations along with cost estimates. According to Central Services, the project list is developed over time as the fiscal year progresses even though we have been provided with a project list in the past. Annual expenditures ranged from \$153,800 in FY20 to a high of \$539,500 in FY19. Based on historical expenditures and the lack of Central Services justifying an increased need, we recommend reducing the FY22 budget of \$800,000 to \$600,000.

We recommend reducing County facility repair and renovation by \$200,000. This leaves an increase of \$300,000 for existing and new facility repairs and renovations.

(Reduce bureau 180 object 7501 (County Facility Repair and Renovation) by \$200,000.)

Bureau 185 – Real Estate – 7200 – Contractual Services

Object 7215 (Space and Real Estate Rentals)

The FY22 request of \$1,708,800 for space and real estate rentals consists of rent, monthly operating expenses, and property taxes related to five properties. One of these five properties is Commerce Park, which Central Services budgeted \$1,013,700. Per the lease agreement for Commerce Park, rent costs begin six months after the lease commencement date. Central Services anticipated a lease commencement date starting May 1, 2021. However, Central Services provided us with an update that occupancy has not taken place at Commerce Park due to construction still ongoing. At best, the County expects to take occupancy by August 1, 2021. Considering the revised move-in date (lease commencement date), we anticipate that the first rent payment will begin on February 1, 2022. Therefore, the total rent for Commerce Park for FY22 should be about \$633,600. We recommend reducing the budgeted rent for Commerce Park by \$380,000.

We recommend reducing space and real estate rentals by \$380,000.

(Reduce bureau 185 object 7215 (Space and Real Estate Rentals) by \$380,000.)

Office of Finance (Non-Departmental)

Bureau 155 – Debt Service – 7200 – Contractual Services

Object 7405 (Consultants)

This object is used to pay financial services related to debt service (i.e., bond sales) and for bond sale legal services as well as other small bond related costs.

Finance (Non-Departmental)'s FY22 budget request is \$557,000. Finance's budget estimate contained duplicate consultant expenses related to costs and fees for annual bond sale activity for the water and wastewater debt service, which is separately budgeted in the Water and Wastewater Sinking Fund. As a result, this caused an overestimate of consultant fees totaling \$145,000. We recommend eliminating the duplicate budgeted funds. A similar situation occurred with the water and wastewater debt service budget.

We recommend reducing consultants by \$145,000.

(Reduce bureau 155 object 7405 (Consultants) by \$145,000.)

Office of Transportation

7200 – Contractual Services

Object 7809 (Other Services)

This object has a requested FY22 budget of \$3,300,000 for paratransit services for seniors and adult disabled clients 18 years of age and older throughout the County. This is an increase of \$300,000 from the FY21 budget. Transportation failed to provide a contract supporting the \$3,300,000 budget request. Instead, the only documentation Transportation provided was an agreement stating that the County will pay up to \$1,515,990 for calendar year 2021. According to Transportation, they have a standing practice to budget the maximum of the agreed-upon contract amount.

If we followed Transportation's practice of budgeting the maximum agreed-upon contract amount, we would recommend a cut of approximately \$1,784,000. Instead of taking an aggressive cut to these transit services due to a lack of adequate support, we recommend reducing the FY22 budget to \$3,000,000.

We recommend reducing other services by \$300,000. This removes the increase of the budget from FY21 to FY22.

(Reduce object 7809 (Other Services) by \$300,000.)

Department of Public Works

Bureau 315 – Bureau of Highways – 7200 – Contractual Services

Object 7717 (Street Lights)

Street lights actual costs have been decreasing historically due to the reduction in monthly energy usage and maintenance cost associated with LED street light fixtures. As a result, Public Works reduced street lights budgeted amount of \$5,000,000 in FY21 by 5% to request a budget amount of \$4,750,000 for FY22.

However, actual costs on average have been declining at a higher percentage. We recommend revising the FY22 budget amount to reduce it by an additional \$100,000 (a 7% budget decline from FY21). Our calculated estimate considered the actual expenditures for FY21 plus inflation and energy volatility.

(Reduce bureau 315 object 7717 (Street Lights) by \$100,000.)

Department of Recreation and Parks

Bureau 330 – Recreation – 7200 – Contractual Services

Object 7809 (Other Services)

This object includes expenditures related to bus transportation for summer program participants and year round programs. Recreation and Parks requested a budget of \$420,600 for FY22. Recreation and Parks failed to provide a detailed cost breakdown and supporting documentation to substantiate the budget request. Recreation and Parks only noted that the requested amount is based on the number of camps offered, the participants, and the field trips planned.

Annual expenditures ranged from \$210,500 in FY17 to a high of \$298,200 in FY18. Based on historical expenditures, we recommend reducing the FY22 budget of \$420,600 to \$325,600.

We recommend reducing other services by \$95,000.

(Reduce bureau 330 object 7809 (Other Services) by \$95,000.)

Fire Department

Personal Services – Object 7063 (Special Pays - FICA)

This object is appropriated to capture the FICA costs for objects 7013 (Special Pays) and 7040 (Overtime). The Fire Department's FICA estimate was calculated in error, which resulted in an overestimate totaling \$32,000 in the budget request of \$815,300.

We recommend eliminating the overage error in the estimated calculation.

(Reduce department-wide object 7063 (Special Pays – FICA) by \$32,000.)

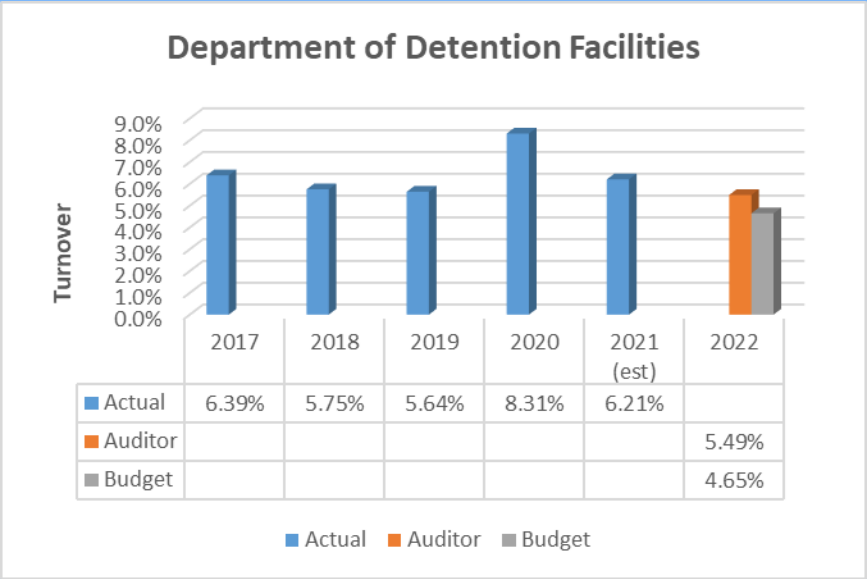
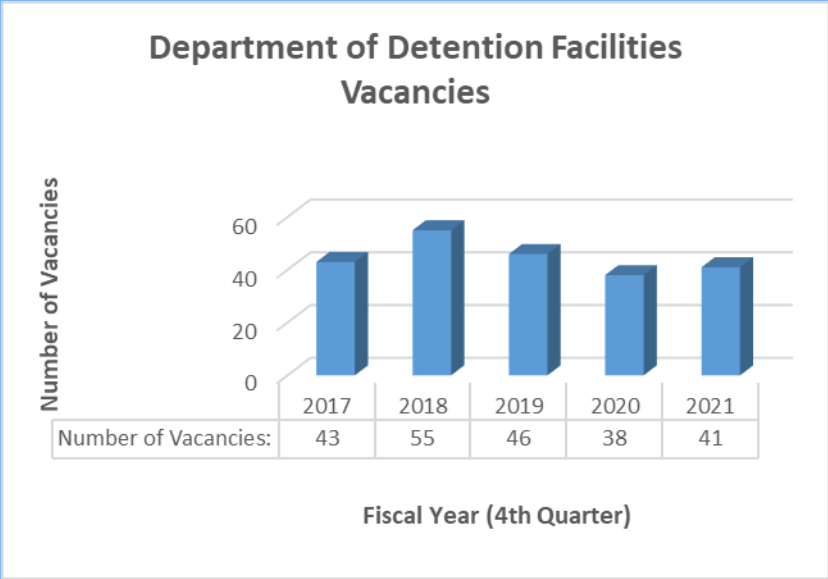
Department of Detention Facilities

Personal Services – Object 7019 (Turnover)

This object is calculated to determine the savings projected to occur in the personal services category due to vacancies. The Administration included a turnover amount of \$2,608,600, or 4.65% of the personal services category. We determined this object should be increased a further (\$400,000), increasing turnover to 5.49% of personal services based on the historical actual turnover rate and the number of department vacancies.

We recommend increasing the turnover request of (\$2,208,600) by (\$400,000) to get close to the lowest historic turnover percentage based on the period of fiscal year 2017 through 2021.

(Increase department-wide object code 7019 (Turnover) by (\$400,000).)



Department of Detention Facilities (cont.)

Contractual Services – Object 7423 (Management Services)

This object is appropriated to provide security services, polygraph testing for new employees, and criminal history background checks. During the Administration's budget formulation, the Detention Center budgeted about \$25,000 for contractual security services related to hospital details. However, the Detention Center did not realize that the security services would need to be negotiated with the union, which they explained is unlikely to occur in FY22. We recommend reducing the management services budget request of \$481,600 by \$25,000 to eliminate the excess funds.

(Reduce department-wide object 7423 (Management Services) by \$25,000.)



Department of Public Libraries

7001 – Personal Services

Object 7011 (Salaries & Wages)

The Public Library did not have an agreement with its affiliated foundation to delineate the structure of the relationship between the library and foundation for key areas such as financial support, purchases, ethics, and investments. The Library's affiliated foundation was created in 2006 by the Library Board of Trustees to provide the Public Library with financial assistance for special collections and special projects which cannot be realized through the basic funding of the Public Library, as provided by the State of Maryland and Anne Arundel County.

According to the Public Library, it paid the salaries and benefits for five of its employees to support the affiliated foundation, which totaled about \$300,000 (estimated) in FY21. The Library's FY22 \$14,762,800 budget request of its salaries and wages includes about \$420,000 for four of its employees to support the affiliated foundation. Establishing a formal agreement between the Library and its affiliated foundation is a recommended best practice for an entity-affiliated foundation relationship. This is evident in the State of Maryland's Office of Legislative Audits relatively recent audit findings between an entity and its affiliated foundation relationship.

We recommend the Public Library's budget request of salaries and wages to support its affiliated foundation totaling \$420,000 be withheld until the Public Library develops a comprehensive agreement with its affiliated foundation addressing key areas as mentioned and the Office of the County Auditor determines that the Public Library has established an adequate agreement.

(Restrict object 7011 (Salaries & Wages) by \$420,000 until the Public Library has established a comprehensive agreement.)

Office of the Sheriff

Bureau 435 – Office of the Sheriff

Personal Services – Object 7011 (Salaries & Wages)

The Sheriff's Office salary estimate for the Deputy Sheriff I and Deputy Sheriff Corporal positions were calculated in error, which resulted in an overestimate to its \$7,164,100 budget request totaling \$68,000.

We recommend eliminating the excess budget.

(Reduce bureau 435 object 7011 (Salaries & Wages) by \$68,000.)

Recreation and Parks Child Care Fund

7001 – Personal Services

Object 7055 (Insurance)

This object includes the insurance benefit costs (i.e., medical and dental). The FY22 request of \$321,800 erroneously included a duplicate of the budget insurance costs of \$120,000 for the 16 new positions, 15 converted child care directors and 1 new child care program specialist. We recommend eliminating the excess budget of \$120,000.

We recommend reducing insurance by \$120,000.

(Reduce object 7055 (Insurance) by \$120,000.)

Object 7066 (Contractual FICA)

This object includes FICA expenses for the contractual positions. The FY22 budget request for contractual pay is \$4,184,000, so the contractual FICA should be about \$320,100 ($\$4,184,000 \times 7.65\%$). Recreation and Parks erroneously calculated the budgeted amount at \$352,800. We recommend eliminating the excess budget (\$32,000).

We recommend reducing contractual FICA by \$32,000.

(Reduce object 7066 (Contractual FICA) by \$32,000.)

Recreation and Parks Child Care Fund (cont.)

8000 – Supplies & Materials

Object 8331 (Other Supplies & Materials)

This object provides for games, educational kits, food service utensils, plates, etc. The FY22 budget request is \$634,300. According to Recreation and Parks, the FY22 calculated request is based on FY19 expenditures (pre-COVID) and the estimated costs associated with the 10 new additional child care sites.

We re-calculated Recreation and Parks' FY22 estimate, which totaled about \$86,000 less than the budget request. Instead of recommending an \$86,000 reduction to the overestimated budget request, we added inflation and a buffer to recommend a reduction of \$55,000.

We recommend reducing other services & materials by \$55,000.

(Reduce object 8331 (Other Supplies & Materials) by \$55,000.)

Grants Special Revenue Fund

Bureau 460 – Disposition of Litigation – 7001 – Personal Services

Object 7051 (Pension)

This object is used to pay the employer contributions to the Pension Trust Fund for employees under the Circuit Court grant account. The budgeted amount is set by the actuary each fiscal year. A reconciliation between the pension budget and the pension totals set by the actuary disclosed that the pension was erroneously budgeted \$181,000 more than the amount set by the actuary. We recommend eliminating the error in this object.

We recommend reducing the pension budget of \$339,400 by \$181,000.

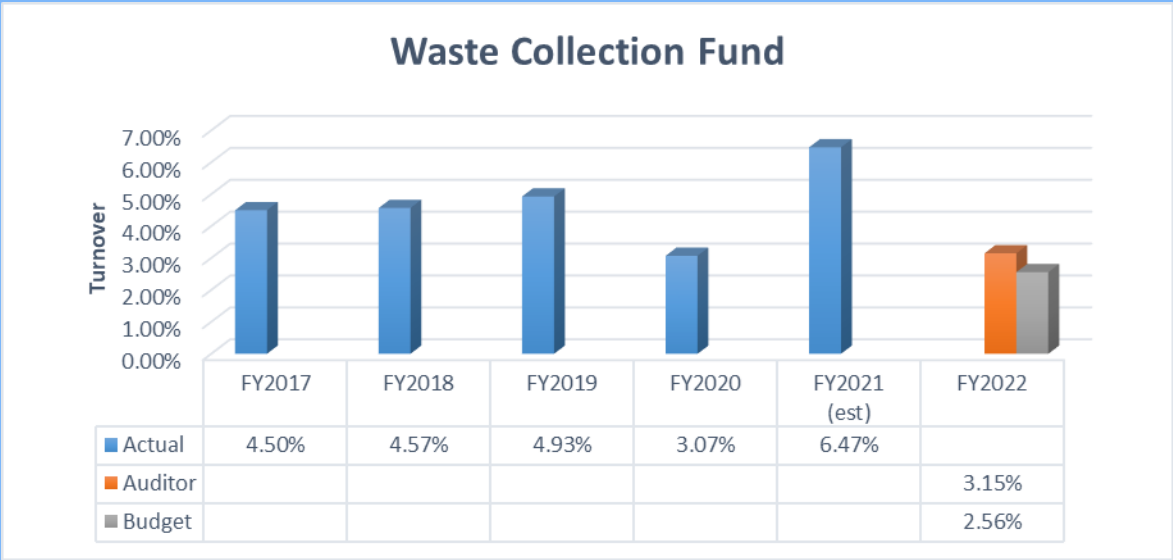
(Reduce bureau 460 object 7051 (Pension) by \$181,000.)

Waste Collection Fund

Personal Services – Object 7019 (Turnover)

This object is calculated to determine the savings projected to occur in the personal services category due to vacancies. The Administration included a turnover amount of (\$235,800), or 2.56% of the total personal services for FY22. As of May 20, 2021, this fund had nine vacancies of which eight are in various stages of the hiring process and one is pending reclassification. We recommend increasing the FY22 turnover by (\$50,000) to 3.15% for a total of (\$285,800). Our recommendation considers the historical turnover rate and the number of department vacancies.

(Increase object 7019 (Turnover) by (\$50,000).)



Waste Collection Fund (cont.)

Grants, Contributions & Other – Object 8721 (Unanticipated Needs)

The Fund's FY22 budget for unanticipated needs is \$300,000. Although Public Works stated that budgeting for unanticipated needs has been a long-standing practice in which funding gets reallocated to various objects as part of budget adjustments, this use of funding as a contingency removes the Council's oversight. In addition, Public Works has other budgeted built-in allowances within its other objects of this fund that could be used for unanticipated needs.

We recommend deleting unanticipated needs to subject this fund to the same oversight the Council practices with using contingencies in the General Fund.

(Delete object 8721 (Unanticipated Needs) of \$300,000.)

Water and Wastewater Sinking Fund

Bureau 675 – Water and Wastewater Debt Service – 7200 – Contractual Services

Object 7405 (Consultants)

This object is used to pay financial services related to debt service (i.e., bond sales) and for bond sale legal services as well as other small bond related costs.

The Fund's FY22 budget request is \$383,000. Finance's budget estimate contained duplicate consultant expenses related to costs and fees for annual bond sale activity for the County's general fund debt service, which is separately budgeted in the Office of Finance (Non-Departmental). As a result, this caused an overestimate of consultant fees totaling \$230,000. We recommend eliminating the duplicate budgeted funds. A similar situation occurred with the County's general fund debt service budget.

We recommend reducing consultants by \$230,000.

(Reduce bureau 675 object 7405 (Consultants) by \$230,000.)

Water and Wastewater Operating Fund

Bureau 670 - Water & Wastewater Finance & Admin – 8700 – Grants, Contributions & Other

Object 8721 (Unanticipated Needs)

The Fund's FY22 budget for unanticipated needs is \$515,000. Although Public Works stated that budgeting for unanticipated needs has been a long-standing practice needed to be able to actively respond to emergency situations in which funding gets reallocated to various objects as part of budget adjustments, this use of funding as a contingency removes the Council's oversight. In addition, Public Works has other budgeted built-in allowances within other objects of this fund that could be used for unanticipated needs.

We recommend deleting unanticipated needs to subject this fund to the same oversight the Council practices with using contingencies in the General Fund.

(Delete bureau 670 object 8721 (Unanticipated Needs) of \$515,000.)

Two Reconciling Items – Changes from Recommendations

Bureau 150 – Pay-As-You-Go – 8700 – Grants, Contributions & Other

Object 8761 (Pay-As-You-Go)

Pay-as-you-go is the use of general funds to support capital projects rather than borrowing funds.

The Finance (Non-Departmental)'s budget for pay-as-you-go is \$65,000,000. We recommend reducing pay-as-you-go by \$5,048,000 to reflect total pay-go reductions in the capital budget.

(Reduce bureau 150 object 8761 (Pay-As-You-Go) by \$5,048,000.)

Impact Fee Special Revenue Fund

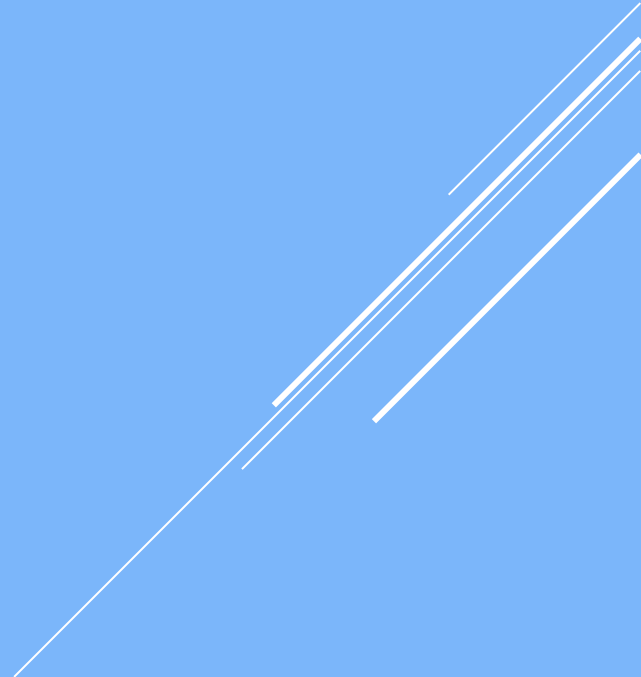
Object 8761 (Pay-As-You-Go)

This recommendation is to reduce the amount appropriated in the Impact Fee Special Revenue Fund to correspond with the impact fee amounts show as revenue in the Capital Project Fund.

(Reduce Impact Fee Special Revenue Fund object 8761 (Pay-As-You-Go) by \$15,000,000.)

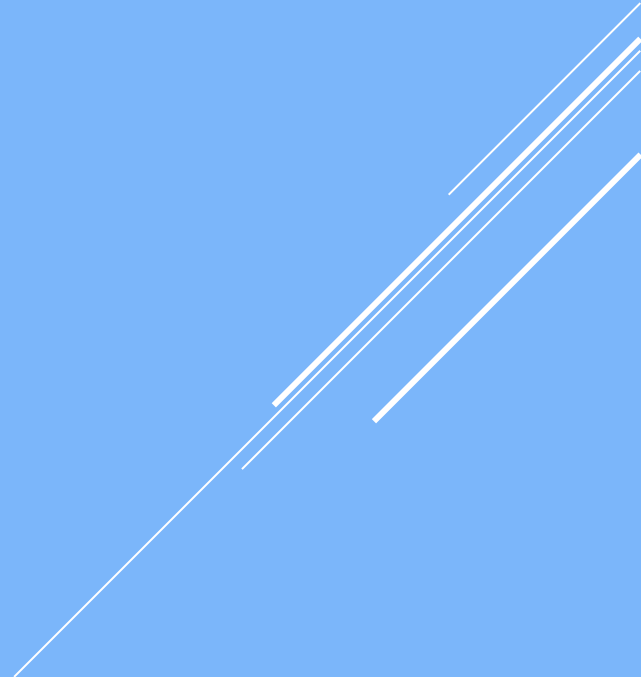
RECOMMENDATIONS - CAPITAL

Auditor's Proposed Capital Budget Changes



RECOMMENDED CUTS - CAPITAL

- ▶ These are recommendations that have already been agreed upon by the Administration



Board of Education

E524100 All Day K and Pre K

This project provides for permanent facility space to accommodate all day Kindergarten at all elementary schools and Pre-Kindergarten at certain elementary schools.

The amount of IAC funding available for FY22 is \$2,593,000 more than the budget request and the amount of IAC funding available for FY23 is \$2,593,000 less than the budget request. To correct the amount of IAC funding available, we recommend increasing the FY22 IAC funding by \$2,593,000, reducing the FY23 IAC funding by \$2,593,000, and increasing FY23 general county bonds by \$2,593,000.

(Increase FY22 IAC funding by \$2,593,000; reduce FY23 IAC funding by \$2,593,000; and increase FY23 general county bonds by \$2,593,000.)

E538200 Building Systems Renov

This project provides for matching projected State funds for approved systemic building component replacement projects at various schools.

The amount of IAC funding available for FY22 is \$2,276,938 more than the budget request. To correct the amount of IAC funding available, we recommend increasing the FY22 IAC funding by \$2,276,938.

(Increase FY22 IAC funding by \$2,276,938.)

Board of Education (cont.)

E538500 Relocatable Classrooms

This project provides for relocatable classrooms to provide adequate programmatic space and/or reduce class size.

A portion of this project is eligible to be funded by education impact fees district 7 and impact fee funds are available for this project. We recommend reducing the general fund paygo by \$180,000 and replacing it with education impact fees district 7. If the Council chooses to replace the funding for this project, the Administration will need to request the impact fee funding in the supplemental budget.

(Reduce FY22 general fund paygo by \$180,000.)

E539300 Aging Schools

This project provides support for a State initiative to assist school districts in accomplishing necessary repair or maintenance projects.

The amount of grant funding available for FY22 is \$34,000 less the budget request. To correct the amount of grant funding available, we recommend reducing the grant funding by \$34,000 and increasing the FY22 general county bonds by \$34,000.

(Reduce FY22 grants by \$34,000 and increase FY22 general county bonds by \$34,000.)

Board of Education (cont.)

E549300 Athletic Stadium Improvements

This project provides for design and construction funding for athletic facility enhancements.

The amount of grant funding available for FY22 is \$100,000 more than the budget request. To correct the amount of grant funding available, we recommend increasing other state grants by \$100,000.

(Increase FY22 other state grants by \$100,000.)

E569100 Old Mill West HS

This project provides for a new high school within the Old Mill feeder zone.

A portion of this project is eligible to be funded by education impact fees district 5 and impact fee funds are available for this project. We recommend reducing the general fund paygo by \$1,300,000 and replacing it with education impact fees district 5. If the Council chooses to replace the funding for this project, the Administration will need to request the impact fee funding in the supplemental budget.

(Reduce FY22 general fund paygo by \$1,300,000.)

Board of Education (cont.)

E572500 Quarterfield ES

This project provides for a replacement school for Quarterfield ES.

The amount of IAC funding available for FY22 is \$2,288,000 more than the budget request. The amount of IAC funding available for FY23 is \$2,288,000 less than the budget request. To correct the amount of IAC funding available, we recommend increasing the FY22 IAC funding by \$2,288,000 and reducing the FY22 paygo by \$2,288,000. We also recommend reducing the FY23 IAC funding by \$2,288,000 and increasing FY23 general county bonds by \$2,288,000.

(Increase FY22 IAC funding by \$2,288,000 and reduce FY22 paygo by \$2,288,000. Reduce FY23 IAC funding by \$2,288,000 and increase the FY23 general county bonds by \$2,288,000.)

E809200 West County ES

This project provides for a new elementary school within West County.

The Board of Education has determined that the project funding can be reduced by \$834,000. We recommend reducing FY24 general county bonds by \$834,000.

(Reduce FY24 general county bonds by \$834,000.)

Board of Education (cont.)

E522200 Benfield ES

This project provides for modernization of and an addition to Benfield ES.

The Board of Education has determined that the project funding can be reduced by \$49,000. We recommend reducing prior approved general county bonds by \$49,000.

(Reduce prior approved general county bonds by \$49,000.)

E539400 TIMS Electrical

This project provides for dedicated panels, circuits, and receptacles where needed to accommodate electrical loads associated with the FY01 and FY02 Technology in Maryland Schools (TIMS) initiative in accordance with MSDE Standards for Telecommunications Distribution Systems at various schools.

The Board of Education has determined that the project funding can be reduced by \$500,000. The FY22 request includes a reduction of general county bonds and an offsetting increase in another funding source. We recommend reducing prior approved general county bonds by an additional \$500,000.

(Reduce prior approved general county bonds by an additional \$500,000.)

Board of Education (cont.)

E543200 Northeast HS

This project provides for the revitalization of and an addition to Northeast HS.

The Board of Education has determined that the project funding can be reduced by \$154,000. We recommend reducing prior approved other sources by \$101,000 and prior approved impact fees of \$53,000.

(Reduce prior approved other sources by \$101,000 and impact fees by \$53,000.)

E549800 High Point ES

This project provides for a modernization of and an addition to High Point ES.

The Board of Education has determined that the project funding can be reduced by \$600,000. We recommend reducing prior approved general county bonds by \$600,000.

(Reduce prior approved general county bonds by \$600,000.)

E549900 George Cromwell ES

This project provides for a revitalization and an addition for George Cromwell ES.

The Board of Education has determined that the project funding can be reduced by \$1,000,000. We recommend reducing prior approved general county bonds by \$1,000,000.

(Reduce prior approved general county bonds by \$1,000,000.)

Board of Education (cont.)

E550000 Jessup ES

This project provides for a replacement school for Jessup ES.

The Board of Education has determined that the project funding can be reduced by \$200,000. We recommend reducing prior approved general county bonds by \$200,000.

(Reduce prior approved general county bonds by \$200,000.)

E550100 Arnold ES

This project provides for a replacement school for Arnold ES.

The Board of Education has determined that the project funding can be reduced by \$875,000. We recommend reducing prior approved general county bonds by \$875,000.

(Reduce prior approved general county bonds by \$875,000.)

E568600 Edgewater ES

This project provides for a revitalization and an addition for Edgewater ES.

The Board of Education has determined that the project funding can be reduced by \$1,000,000. The FY22 request includes a reduction of general county bonds and an offsetting increase in other funding sources. We recommend reducing prior approved general county bonds by an additional \$1,000,000.

(Reduce prior approved general county bonds by an additional \$1,000,000.)

Board of Education (cont.)

E568700 Tyler Heights ES

This project provides for a revitalization and an addition for Tyler Heights ES.

The Board of Education has determined that the project funding can be reduced by \$2,000,000. The FY22 request includes a reduction of general county bonds and an offsetting increase in other funding sources. We recommend reducing prior approved bonds by an additional \$2,000,000.

(Reduce prior approved general county bonds by an additional \$2,000,000.)

E568800 Richard Henry Lee ES

This project provides for a revitalization and an addition for Richard H. Lee ES.

The Board of Education has determined that the project funding can be reduced by \$1,000,000. The FY22 request includes a reduction of general county bonds and an offsetting increase in other funding sources. We recommend reducing prior approved general county bonds by an additional \$1,000,000.

(Reduce prior approved general county bonds by an additional \$1,000,000.)

Board of Education (cont.)

E568900 Crofton Area HS

This project provides for a new school on the proposed site, adjacent to 2301 Davidsonville Road in Gambrills, Maryland.

The Board of Education has determined that the project funding can be reduced by \$5,000,000. The FY22 request includes a reduction of general county bonds and an offsetting increase/decrease in other funding sources. We recommend reducing prior approved general county bonds by an additional \$5,000,000.

(Reduce prior approved general county bonds by an additional \$5,000,000.)



Roads & Bridges

H575600 Jumpers Hole Rd Improvements

This project will design, acquire rights of way, and construct improvements along Jumpers Hole Road from Benfield Boulevard to Earleigh Heights/Kinder Road/Kinder Park. Improvements include a shared use path along the west side, a sidewalk along the east side and bike lanes along the road.

The budget estimate developed for this project included an error that results in a reduction of \$886,000 in the project cost. We recommend reducing FY25 general county bonds by \$886,000.

(Reduce FY25 general county bonds by \$886,000.)

H575700 MD 214 & Loch Haven Road

This project will design, acquire rights of way, and construct improvements consisting of an additional westbound travel lane along MD 214 from MD 468 to east of Loch Haven Road.

The budget estimate developed for this project included an error in the construction cost estimate that results in a reduction of \$379,000 in the project cost. We recommend reducing FY24 general county bonds by \$379,000.

(Reduce FY24 general county bonds by \$379,000.)

Roads & Bridges

H581400 Route 2 Improvements

This project will design, acquire rights of way, and construct a third northbound travel lane, shoulder, and sidewalk along MD 2 between US 50 and MD 648.

The budget estimate developed for this project included an error in the construction cost estimate that results in a reduction of \$665,000 in the project cost. We recommend reducing FY24 PPI bonds by \$665,000.

(Reduce FY24 PPI bonds by \$665,000.)

H581600 Route 3 Improvements

This project will design, acquire rights of way, and construct improvements along MD 3 from Saint Stephen Church Road to MD 175/Millersville Road by adding a 3rd travel lane in each direction including shoulders, and related intersection improvements where required.

The budget estimate developed for this project included an error in the construction cost estimate that results in a reduction of \$690,000 in the project cost. We recommend reducing FY24 PPI bonds by \$690,000.

(Reduce FY24 PPI bonds by \$690,000.)

Roads & Bridges (cont.)

H583500 Oakwood/Old Mill Blvd Roundabo

This project will design, acquire land, and construct a 1 lane roundabout at the intersection of Oakwood Road and Old Mill Boulevard.

The budget estimate developed for this project included an error that results in a reduction of \$182,000 in the project cost. We recommend reducing FY24 PPI bonds by \$182,000.

(Reduce FY24 PPI bonds by \$182,000.)

H583700 Pleasant Plains Rd Safety Im

This project will address “running off the road” crashes along Pleasant Plains Road.

The budget estimate developed for this project included an error in the construction cost estimate that results in a reduction of \$258,000 in the project cost. We recommend reducing FY24 general county bonds by \$258,000.

(Reduce FY24 general county bonds by \$258,000.)

Roads & Bridges (cont.)

H583800 Duvall/Outing Access Improvements

This project provides improved pedestrian accessibility and mobility through pedestrian infrastructure upgrades along Outing Avenue from MD 177 to Duvall Highway and along Duvall Highway from Outing Avenue to MD 173 for better access to High Point Elementary School, George Fox Middle School, and Northeast High School.

The budget estimate developed for this project included an error in the construction cost estimate that results in a reduction of \$1,353,000 in the project cost. We recommend reducing FY25 PPI bonds by \$1,353,000.

(Reduce FY25 PPI bonds by \$1,353,000.)

Additionally, this project is eligible to be funded by highway impact fees district 2 and impact fee funds are available for this project. We recommend deleting the PPI bonds for the remainder of this project funding and replacing it with highway impact fees district 2. If the Council chooses to replace the funding for this project, the Administration will need to request the impact fee funding in the supplemental budget.

(Delete FY22 PPI bonds of \$738,000; delete FY23 PPI bonds of 369,000; delete FY24 PPI bonds of 853,000; and reduce FY25 PPI bonds by 3,584,000.)

H529700 Riva Rd at Gov Bridge Rd

This project provides improvements at the intersection of Riva Rd. at Governor Bridge Rd.

The construction contract for this project is significantly less than the construction amount estimated in the project budget. This results in excess project funds. Therefore, we recommend that prior approved general county bonds be reduced by \$184,000.

(Reduce prior approved bonds by \$184,000.)

Library

L561300 Annapolis Community Library

This project includes funding for design, land acquisition, and construction of a new building to replace the existing library on West Street in Annapolis.

The construction of the library is complete. The FY22 request includes a reduction in the project's prior approved appropriation in the amount of \$1,456,000. The Administration has determined that the project funding can be reduced by an additional \$166,000.

We recommend reducing prior approved general county bonds by an additional \$166,000.

(Reduce prior approved general county bonds by an additional \$166,000.)

Recreation & Parks

P468700 Shoreline Erosion Control

This project is authorized to address various shoreline erosion problems in all County parks that border on the Chesapeake Bay, its tidal tributaries, and park lakes.

The Fort Smallwood Park Shoreline Protection and Fort Smallwood Park phase 3 construction contracts were awarded about \$450,000 less than the budget estimates. We recommend eliminating the excess funds.

We recommend reducing FY22 bonds by \$450,000.

(Reduce FY22 bonds by \$450,000.)

P570100 Randazzo Athletic Fields

This project will design and construct one additional lighted multi-purpose field. Basic field amenities include, but are not limited to, fencing, bleachers, scoreboards, parking, and pathways.

The athletic fields' construction cost estimate is approximately \$45,000 less than the prior approved budget. We recommend eliminating the excess funds.

(Reduce prior approved bonds by \$45,000.)

Recreation & Parks (cont.)

P579800 Quiet Waters Retreat

This project is for the acquisition of an approximately 19 acre parcel of property known as the “Quiet Waters Retreat” located on the South River and adjacent to the County’s Quiet Waters Park.

Prior approved funding which were appropriated to acquire the “Quiet Waters Retreat” are no longer needed in the project. We recommend reducing the excess funds.

We recommend reducing prior approved POS – Acquisition by \$105,000 and other federal grants by \$5,000.

(Reduce prior approved POS – Acquisition by \$105,000 and other federal grants by \$5,000.)

Water Quality Improvements

Q543000 Shipley's Choice Dam Rehab

This project consists of the removal of the failing existing dam, installation of storm water management controls to replace those provided by the dam, and reconstruction of the stream crossing under West Benfield Boulevard to prevent flooding of properties.

The project is complete and is in performance. The Administration revised the project cost and determined that project funding can be reduced. The proposed reduction provides for the final payment of expected utility invoices plus contingency funds for unexpected costs. The reduced project cost results in excess project funds of \$275,000.

We recommend reducing prior approved general county bonds by \$275,000.

(Reduce prior approved general county bonds by \$275,000).

Q579200 Franklin Manor Dredging

This project funds the design, permitting and construction associated with dredging of Franklin Manor channel.

This construction contract for this project is significantly less than the construction amount estimated in the project budget. This results in excess project funds. Therefore, we recommend that prior approved general county bonds be reduced by \$190,000.

(Reduce prior approved general county bonds by \$190,000.)

Dredging

Q579300 Mathias Cove & Main Crk Drdg

This project provides the design, permitting and construction associated with dredging of Mathias Cove & Main Creek.

This construction contract for this project is significantly less than the construction amount estimated in the project budget, and the project was recently completed. This results in excess project funds. Therefore, we recommend that prior approved general county bonds be reduced by \$100,000.

(Reduce prior approved general county bonds by \$100,000.)

Watershed Protection & Restoration

B560200 SO-PC-01

This project is for the design and construction for stormwater management infrastructure improvements necessary to comply with Federal and State clean water requirements. This project includes restoration and improvements to approximately 21 Public Ponds.

As of May 26, 2021, the available balance was \$505,500. Although the Administration has built-in contingencies within their latest cost estimates, they are also retaining an unidentified \$232,000 in reserve that has been set aside to accommodate future construction costs, or to transfer to projects with insufficient funding in a future budget cycle. We recommend reducing the prior approved WPRF bonds by \$230,000 to release the excess reserve.

(Reduce prior approved WPRF bonds by \$230,000.)



Waste Management

N561400 MLFRRF Subcell 9.2

This project is to design and construct Subcell 9.2 at the Millersville Landfill and Resource Recovery Facility. Subcell 9.2 is the second of five subcells which comprise Cell 9.

As of May 28, 2021, the available project balance was \$6,209,000. Although the Administration is de-obligating \$2,840,000 in FY22, they advised that current forecasts show an estimated project completion cost of \$4,092,000 less than previously estimated, due to the project including many large contingency items based on similar prior projects. According to the Administration, the project is functionally complete and operational, and these funds are no longer needed. We recommend reducing the prior approved Solid Waste bonds by an additional \$1,000,000. This reduction leaves contingency funds of \$252,000 in the project.

(Reduce prior approved Solid Waste bonds by an additional \$1,000,000.)

Water

W804000 Broad Creek WTP Exp

This project is for the planning, design, right of way acquisition and construction to expand the Broad Creek WTP capacity to 8 million gallons per day, provide new raw water supply and new production wells. Subsequent to completing construction and commissioning of the Broad Creek WTP expansion described above, this project will fund the design and construction necessary to upgrade the existing facility.

As of May 28, 2021, the available project balance was \$18,100,000. The Administration received contract bids that were lower than the budget estimate, resulting in a \$900,000 reduction of project costs.

We recommend reducing prior approved water bonds by \$900,000.

(Reduce prior approved water bonds by \$900,000.)

W806000 Banbury WM Extension

This project is for the design, right of way acquisition, and construction of a new water main along Banbury Road in the Gibson Island area.

As of May 28, 2021, the available project balance was \$506,000. The Administration received contract bids that were lower than the budget estimate, resulting in a \$300,000 reduction of project costs.

We recommend reducing prior approved water bonds by \$300,000.

(Reduce prior approved water bonds by \$300,000.)

RECOMMENDED CUTS - CAPITAL

- ▶ These recommendations are being brought forth similar to prior years and do not yet have agreement.

General County

C206500 Demo Bldg Code/Health

This project provides funding for the Health Officer to abate health and safety hazards and nuisances, the Building Official to institute repairs or demolition of unsafe structures, and the abatement of zoning violations when permitted by an order of the Court.

The average annual expenditure for FY18 to FY21 for this project was \$57,000. As of May 28, 2021, the available project balance was \$203,000, the FY22 request is \$200,000, and the program request is \$200,000 annually, FY23 through FY27. Based on the defined need, historical expenditures, and the available balance, we recommend deleting the FY22 request of \$200,000 and reducing each program year request by 50,000. This reduction would leave \$203,000 available for spending in the project and program future years at \$150,000. A similar recommendation was made during the FY21 budget review, and the County Council approved the reduction; however, the Administration reinstated the prior year request before program reductions.

We recommend deleting FY22 pay-go of \$200,000; reduce FY23-FY27 pay-go by \$50,000 each fiscal year.

(Delete FY22 pay-go of \$200,000; reduce each program year: FY23 through FY27 pay-go each year by \$50,000.)

General County (cont.)

C443400 Agricultural Preservation Prgm

This project provides funding for the purchase of agricultural easements or fee simple interest in accordance with the County and State Agriculture and Woodland Preservation Programs.

As of May 31, 2021, the available project balance was \$4,344,600. The FY22 request for \$2,170,000 includes \$1,900,000 in bonds. Currently, there are two applications that have accepted the offer presented to them while another five applications are being considered. The two applications that have been accepted are *Maryland Agricultural Land Preservation Foundation (MALPF)* applications from FY20. For FY21, there are five applications which include one rural legacy application, one MALPF application, and three County applications. Based on the defined need for all applications and factoring in the state funding for MALFP applications, this will leave an available prior approved balance of \$993,000.

We recommend reducing FY22 bonds by \$850,000. This reduction leaves the County with \$2,313,000, \$143,000 more than the requested amount of \$2,170,000.

(Reduce FY22 bonds by \$850,000.)

General County (cont.)

C501100 Failed Sewage & Private Well Fnd

This project provides funding in cases of financial hardship, to subsidize the cost of repairing failed residential sewage disposal systems, or private wells, to install holding tanks or water treatment systems. The project can also be used by the Health Officer to provide funding for immediate health hazards, and for laboratory, outreach and other services required to assess public health issues related to private wells, septic systems, water treatment systems, recreational water quality, and groundwater quality and quantity.

The average annual expenditure for FY18 to FY21 for this project was \$41,000. As of May 28, 2021, the available project balance was \$158,000, the FY22 request is \$80,000, and the program request is \$80,000 annually, FY23 through FY27. Based on the defined need, historical expenditures, and the available balance, we recommend deleting the FY22 request of \$80,000.

We recommend eliminating FY22 pay-go of \$80,000.

(Delete FY22 pay-go of \$80,000.)

Public Safety

F573000 Woodland Beach Volunteer Fire Station Relocation

This project will provide a County contribution toward the relocation of the Woodland Beach Volunteer Fire Station. This contribution will assist the Woodland Beach Volunteer Company in funding the acquisition of property.

The FY22 requested amount is \$1,000,000. However, the County did not receive any documentation supporting Woodland Beach Volunteer Fire Station's specific plans for acquiring this property. Based on the lack of documentation, such as cost or funding structure, we recommend the FY22 funding be pushed out to FY23.

(Delete FY22 pay-go of \$1,000,000 and increase FY23 pay-go by \$1,000,000.)

F563000 Police Training Academy

This project includes design and construction of new administration and fitness buildings, site improvements including a running track, the creation of a scenario based training complex, and renovations of the fire arms building and pistol range at the existing Police Academy site in Davidsonville.

Based on updated project costs, there are excess project funds totaling \$120,000. We recommend deleting those funds from the project.

We recommend reducing prior approved general county bonds by \$120,000.

(Reduce prior approved general county bonds by \$120,000.)

Recreation & Parks

P372000 South Shore Trail

This project is authorized to acquire property, design, and construct a paved multi-use trail primarily utilizing the abandoned road bed of the WB & A Railroad between Annapolis and Odenton. The trail will connect with the Colonial Annapolis Maritime Trail on the east end and the WB & A Trail on the west.

The prior approved budget exceeded the total cost estimate by about \$350,000. The Administration adequately justified the need of the excess funds except for \$42,000, which they explained would be used for right of way and land acquisitions for phase II (MD Rte 3 to Odenton), but that was already included in the cost estimate. We recommend eliminating the excess funds from the FY22 budget request.

We recommend reducing FY22 bonds by \$42,000.

(Reduce FY22 bonds by \$42,000.)

P400200 Greenways, Parkland & Open Space

This project establishes a fund for County-wide Greenway, Parkland, and Open Space Acquisitions and related expenses. The County bonds that fund related overhead (5%) and acquisition expenses not covered by Program Open Space acquisition and other grant funding (5%) remains at 11% in the FY22 request and the capital program. As of May 31, 2021, no expenditures have been made from the \$2,514,697 available budget of County bonds. Therefore, we recommend reducing the County bonds back to the percentage it was in FY19, which was 7%.

We recommend reducing FY22-27 County bonds by \$100,000 each fiscal year.

(Reduce FY22 bonds by \$100,000; reduce FY23 bonds by \$100,000; reduce FY24 bonds by \$100,000; reduce FY25 bonds by \$100,000; reduce FY26 bonds by \$100,000; and reduce FY27 bonds by \$100,000.)

Recreation & Parks (cont.)

P504100 Broadneck Peninsula Trail

This project authorizes the design, right of way acquisitions and construction of a paved multi-use trail running from Sandy Point State Park to the B & A Trail.

The Administration's latest construction cost estimates for completing the Broadneck Trail Phase IB – College Parkway East to Bay Head Park, Phase III – Peninsula Farm Road to Bay Dale Drive, and Phase V – Bay Head Park to Sandy Point State Park and community connector trails totaled \$762,500, which is \$46,000 less than the construction contract budget. We recommend reducing the FY22 bonds by \$46,000.

(Reduce FY22 bonds by \$46,000.)

P579000 Brooklyn Heights Teen Center

This project is to revitalize and repurpose Brooklyn Heights Park, located at 111 E 11th Ave. This one-time, stand-alone project provides County funding for the design of the teen center. The funding for the construction of the teen center is to come from funds by external partners. The FY22 request of \$977,000 is for the design of the teen center. However, the Administration has been unable to find partners for the construction of the teen center after the Partnership for Children, Youth, and Family decided not to move forward with this project last year. We recommend the FY22 funding be pushed to FY23 to allow the Administration time to secure partners as it is better to design closer to the time of construction.

(Delete FY22 bonds of \$977,000 and increase FY23 bonds by \$977,000.)

Recreation & Parks (cont.)

P584500 Jug Bay Environmental Ed Ctr

This new project proposes to design and construct an environmental education and research center along the Patuxent River with the Jug Bay Wetlands Sanctuary.

The FY22 request includes two other state grants totaling \$1,700,000. However, one of the state grants was approved in April 2021 for \$49,000 more than estimated. We recommend reducing FY22 bonds and increasing FY22 other state grants for the same amount. If the Council chooses to replace the funding for this project, The Administration will need to request the \$49,000 other state grants increase in the supplemental budget.

(Reduce FY22 bonds by \$49,000.)

P561600 Arundel Swim Center Reno

This project includes repairs and rehabilitation to the Arundel Swim Center on Riva Road in Annapolis.

According to the Administration, phase 2 is completed and phase 3 is in performance phase, and any remaining funds have or will be moved to phase 4 to cover any needed design change orders to address electrical system and panel issues during construction. However, along with moving funds to phase 4, the prior approved budgeted construction funds exceeded the estimate by \$160,000.

We recommend eliminating \$50,000 of the excess budget. This leaves \$110,000 of the excess funds for contingencies.

(Reduce prior approved bonds by \$50,000.)

Dredging

Q475000 Waterway Dredge Placement

This project provides material placement capacity for dredged material from miscellaneous waterway dredging projects in the County.

The Administration revised the project cost for tasks currently planned, resulting in excess project funding. We recommend reducing project funds by \$170,000 which provides for an additional \$50,000 in the project for future monitoring activities.

We recommend reducing prior approved general county bonds by \$170,000.

(Reduce prior approved general county bonds by \$170,000.)

Watershed Protection & Restoration

B551800 Storm Drainage/SWM Infrastr (B

This project involves the study, design, and construction of large, regional storm drain systems and stormwater management infrastructure to relieve widespread ponding or flooding of public and private properties and existing public infrastructure. This project also involves repair, rehabilitation, and replacement of major culverts that are beyond their useful life.

The average annual expenditures for FY17 to FY20 for this project was \$454,000. The Administration's planned spending in FY22 is for the completion of five storm drains and for the Jabez Branch 3 stream restoration. As of May 26, 2021, the available project balance was \$6,224,000. Based on the defined need, historical expenditures, and the available balance, we recommend eliminating the FY22 request of \$1,000,000.

In addition, the Administration has built-in contingencies within their latest cost estimates, and they are also retaining an unidentified \$1,209,000 in reserve that has been set aside to accommodate future construction costs, or to transfer to projects with insufficient funding in a future budget cycle. We recommend reducing the prior approved WPRF bonds by \$1,200,000 to release the excess reserve.

Therefore, we recommend reducing FY22 WPRF bonds of \$1,000,000 and reducing prior approved WPRF bonds by \$1,200,000.

(Delete FY22 WPRF bonds of \$1,000,000 and reduce prior approved WPRF bonds by \$1,200,000.)

Wastewater

S802300 WRF Infrastr Up/Retro

This project provides for design and construction to upgrade various wastewater system infrastructure, including structures and equipment to meet current control and operational standards.

The average annual expenditure from FY17 to FY20 for this project was \$705,000. As of May 28, 2021, the available project balance was \$2,078,000, and the FY22 request is \$1,000,000. Based on the defined need, historical expenditures, and the available balance, we recommend deleting the FY22 request of \$1,000,000. This reduction would leave \$2,078,000 available for spending in the project.

We recommend reducing FY22 wastewater bonds by \$1,000,000.

(Reduce FY22 wastewater bonds by \$1,000,000.)

S808200 Grinder Pump Repl/Upgrd Prgm

This project provides for a multi-year sewer infrastructure investigation, rehabilitation and replacement program to ensure the adequacy of the County's Wastewater Collection System. Aging infrastructure and changes to manufacturing and design standards have resulted in some existing low pressure force main areas exhibiting lower overall reliability.

The highest annual spend from FY19 to FY21 for this project was \$262,000. As of May 28, 2021, the available project balance was \$1,161,000, and the FY22 request is \$500,000. Based on the defined need, historical expenditures, and the available balance, we recommend deleting the FY22 request of \$500,000. This reduction would leave \$1,161,000 available for spending in the project.

We recommend deleting FY22 wastewater pay-go of \$500,000.

(Delete FY22 wastewater pay-go of \$500,000.)

Wastewater

Z533200 Routine Sewer Extensions

This project provides for designing extensions, land acquisition, and construction of minor extensions to the existing sewer system, as petitioned by residents or determined necessary as an integral requirement of CIP road improvements that accommodate the road design and/or avoids future excavation of the new road infrastructure.

The highest annual spend from FY17 to FY21 for this project was \$84,000. As of May 28, 2021, the available project balance was \$855,000 and the FY22 request is \$250,000. Based on the defined need, historical expenditures, and the available balance, we recommend deleting the FY22 request of \$250,000. This reduction would leave \$855,000 available for spending in the project.

We recommend deleting FY22 wastewater bonds of \$250,000.

(Delete FY22 wastewater bonds of \$250,000.)

Water

W803300 WTR Infrastr Up/Retro

This project is for design and construction to upgrade various water system infrastructure, including structures and equipment to meet current control and operational standards.

As of May 28, 2021, the available project balance was \$1,750,000. The Administration is requesting an additional \$1,675,000 in FY22. The average annual expenditures from FY18 to FY20 is \$270,000. The Administration has built-in contingencies within their latest cost estimates and they are also retaining an unidentified \$1,600,000 in reserve that has been set aside to accommodate future construction costs, or to transfer to projects with insufficient funding in a future budget cycle. We recommend reducing the FY22 water bonds by \$1,600,000 to release the excess reserve.

We recommend reducing FY22 water bonds by \$1,600,000.

(Reduce FY22 water bonds by \$1,600,000.)

APPENDICES

- ▶ Appendix A - Community Grants
 - ▶ Appendix B - Summary of New Positions
 - ▶ Appendix C - Operating Recommendations
 - ▶ Appendix D - Capital Recommendations
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