



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

To: Councilmembers, Anne Arundel County Council
From: Michelle Bohlayer, County Auditor
Date: November 1, 2024
Subject: Auditor's Review of Legislation for the November 4, 2024 Council Meeting

**Bill 78-24: Subdivision
and Development –
Road Design**

Summary of Legislation

This bill modifies road design requirements and requires specified applications that pass the test for adequate public road facilities to be governed by the law as it existed prior to this bill's effective date.

This bill requires road design requirements to enhance multi-modal transportation and to apply to a proposed development rather than a proposed subdivision and exempts specified existing structures and permits from certain public road design requirements if the proposed use generates fewer than 50 additional daily trips and the Planning and Zoning Officer finds the application is consistent with the general characteristics of the existing or previous use. This bill also requires developers to comply with the Department of Public Works (DPW) design manual, improve to the center of a County road to comply with the DPW design manual, and dedicate and deed in fee simple specified property to the County. Also, this bill authorizes the County to acquire property at a developer's expense prior to approval of a grading permit if the developer is required to improve a County road and has exhausted all reasonable efforts to acquire the necessary property. This bill also modifies declaration requirements for developers of new private roads.

Review of Fiscal Impact

This bill requires developers to construct road improvements that the County may have otherwise been required to construct to meet DPW design manual requirements, address County needs, and/or to implement another development project. To the extent this bill

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results in future road development costs shifting to the private sector, County expenditures will decrease.

DPW identified two recent development applications for which road frontage improvements were not provided by the developers that would be required by this bill. Using these as examples, DPW utilized a County fiscal year 2026 capital project cost estimate to calculate the estimated cost to the County to install the frontage improvements that the County will be required to provide due to specific development projects and found they ranged from \$142,000 for a development where the addition of sidewalks would be required to \$1,227,000 for a development where a sidewalk and shoulder would be required along the entire frontage of the property along two roads.

To the extent this bill results in changes in development, impact and permit fees and taxes collected by the County and associated expenditures will change.

**Bill 79-24: Personnel –
Modification of
Classification Plan –
Positions in the
Classified Service –
Police Department**

Summary of Legislation

This bill approves the following Police Department position modifications to the Personnel Officer’s Classification Plan:

- reallocates the Evidence Coordinator Leader position pay grade from NR-16 to NR-18, which impacts one filled position and reflects higher level duties and responsibilities being allocated to this position; and
- eliminates one vacant Administrative Assistant II position (OS-4) and adds one Management Aide position (NR-12) to address new administrative workload within the Police Communications Center.

Review of Fiscal Impact

Assuming the pay rates in effect on October 9, 2024, this bill increases County expenditures by \$24,300 annually. This reflects an estimated \$7,000 increase to change the pay grade of an Evidence Coordinator Leader position and an estimated \$17,300 increase to replace an Administrative Assistant II position with a Management Aide position.

The Controller certified that these funds are available for appropriation.

Bill 80-24: Public Works – Utilities – Charges and Assessments for Water and Wastewater – Affordable Dwelling Units

Summary of Legislation

This bill provides that affordable housing units controlled by a nonprofit organization in a development where at least 25% of the units are affordable dwelling units are exempt from 50% of capital facility connection charges (CFCC) for each unit developed as affordable housing.

Review of Fiscal Impact

This bill's fiscal impact is based on the estimated annual number of new affordable housing units controlled by a nonprofit organization. Arundel Community Development Services estimates this bill will impact 10 properties annually. Based on an estimate of 10 annual units, this bill will decrease annual CCFC revenue by \$108,000.

The \$108,000 decrease to the CFCC will reduce revenue collected by the County for the Water and Wastewater Sinking Fund (Fund). Any decrease in revenue to the Fund may require future rate increases to support the Fund. The impact could increase if the CFCC rate is increased, which would apply to future development applications.

Bill 81-24: Zoning – Industrial Districts – Electric Vehicle Repair – Electric Vehicle Towing and Storage

Summary of Legislation

This bill defines electric vehicle repair facility and electric vehicle towing and storage facility, authorizes permitted uses for electric vehicle repair facilities and conditional uses for electric vehicle towing and storage facilities in specified industrial zoning districts, and requires electric vehicle towing and storage facilities in industrial zoning districts to provide towing and storage of only electric vehicles and be subject to a side yard setback increase of five feet if the adjacent property is residentially zoned.

Review of Fiscal Impact

This bill has no direct fiscal impact.

**Bill 82-24: Real
Property Taxes – Tax
Credits – Retired
Veterans**

Summary of Legislation

This bill repeals the \$500,000 assessed-value limit on the principal residence for the real property tax credit for retired veterans and sets the amount of the tax credit at 15% of the County property tax imposed on the first \$500,000 of the assessed value of the dwelling after applying any mandatory property tax credits, supplements, and deferrals.

The Retired Veterans Real Property Tax Credit (Retired Veterans Tax Credit) began via Bill 76-18 in fiscal year 2020. Bill 50-23 extended the duration of the Retired Veterans Tax Credit to a retired veteran from 5 years to until they no longer occupy the dwelling or a maximum of 50 years. The table below illustrates the annual Retired Veterans Tax Credits granted over the last five years provided by the Office of Finance (Finance).

Fiscal Year	No. of Credits	Total Amount	Avg. Amount
2021	289	\$99,718	\$345
2022	264	\$91,972	\$348
2023	238	\$84,729	\$356
2024	189	\$71,767	\$380
2025	176	\$66,151	\$376

Review of Fiscal Impact

Finance advises that this bill will likely increase the number of applicants for the tax credit and any associated increase in workload would be absorbed by existing personnel. However, the workload impact of this bill depends on the number of tax credit applications ultimately submitted. Finance estimates that it requires between 5 - 15 minutes of staff time to process each application. This includes reviewing the application, notifying the applicant of approval/denial, and calculating the credit associated with an individual tax bill.

This bill expands eligibility for the Retired Veterans Tax Credit and is expected to increase the number of tax credits issued. Over the past three years, 0.15% to 0.19% of the total number of owner-occupied residential properties with assessed values of \$500,000 and less received this tax credit. If we estimate 0.2% of the total number of owner-occupied residential properties with assessed values over \$500,000 receive this credit, this bill will result in an additional 92 credits. The amount of each credit for residential properties with assessed values of over \$500,000 is limited to a value of \$737.25 each using the current County property tax rate of \$0.983 per \$100 of assessed value. If 92 properties receive the full amount of the Retired Veterans Tax Credit, this would result

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in reduced property taxes of \$68,000. This fiscal impact changes to the extent recipients pay a modified County tax rate in a municipality and/or if they also are subject to other property tax credits, supplements, and deferrals.

Real property tax credits reduce taxes collected by the County; however, the fiscal impact of these credits will be determined by the tax rate set during the annual budget process. Generally, the fiscal impact of the change in eligibility for the tax credit will be absorbed by the remaining tax base.

**Resolution 39-24:
Approving Anne
Arundel County’s 2024
Financial Assurance
Plan for Compliance
with the National
Pollutant Discharge
Elimination System
Phase I Municipal
Separate Storm Sewer
System Permit**

Summary of Legislation

This resolution approves the County’s 2024 Financial Assurance Plan (FAP) for compliance with the National Pollutant Discharge Elimination Phase I Municipal Separate Storm Sewer System Permit (NPDES MS4 Permit). The FAP included with this resolution addresses requirements in state law and as specified by the Maryland Department of the Environment (MDE). It shows that the County has the financial means to achieve the NPDES MS4 Permit requirements.

The NPDES MS4 Permit, issued on November 5, 2021, requires the County to complete the restoration of 2,998 impervious acres that have not been treated to the maximum extent practicable. In addition, the permit requires annual alternative control practices used by the County to meet its prior permit’s impervious acre restoration requirement to be replaced with restoring 199 impervious acres.

Maryland Code requires the County to submit the FAP showing compliance with the NPDES MS4 Permit every two years. The FAP must include the following:

- Actions that will be required by the County to meet the requirements of its NPDES MS4 Permit;
- Projected annual and five-year costs for the County to meet the impervious surface restoration plan requirements of its NPDES MS4 Permit;
- Projected annual and five-year revenues or other funds that will be used toward meeting impervious surface restoration plan requirements of its NPDES MS4 Permit;
- Any sources of funds that will be used to meet the NPDES MS4 Permit; and
- Actions and expenditures that the County implemented in previous fiscal years to meet impervious surface restoration plan requirements of its NPDES MS4 Permit.

The next FAP is due December 31, 2024. Maryland Code requires that a county may not file a FAP with the MDE until the local

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governing body holds a public hearing and approves the FAP. The FAP must demonstrate that the County has sufficient funding in the current fiscal year and subsequent fiscal year budgets to meet its estimated costs for the two-year period immediately following the filing date of the FAP.

Review of Fiscal Impact

We agree with the Administration’s fiscal note that there is no fiscal impact to the County because the FAP is consistent with the fiscal year 2025 (FY25) Approved Budget.

**Resolution 41-24
through Resolution 46-
24: Approving
Applications to sell
Agricultural Land
Preservation Easements
to the Maryland
Agricultural Land
Preservation Foundation**

Summary of Legislation

These six resolutions approve six applications to sell an agricultural land preservation easement to the Maryland Agricultural Land Preservation Foundation (MALPF):

- Resolution 41-24: Application of Steven Maurice Parks, Jr. for 94.84 acres in Lothian;
- Resolution 42-24: Application of Land Preserve, LLC for 84.55 acres in Edgewater;
- Resolution 43-24: Application of Gary L. Jackson and Julie G. Jackson for 59.91 acres in Lothian;
- Resolution 44-24: Application of Virginia R. Garretson, Dean C. Garretson, and Dean C. Garretson, Jr. for 48.79 acres in Lothian;
- Resolution 45-24: Application of Allen P. Covington and Maxwell H. Covington, III, individually and as Trustees of the Covington Marital Trust, for 121 acres in Davidsonville; and
- Resolution 46-24: Application of Allen P. Covington and Maxwell H. Covington, III, individually and as Trustees of the Covington Marital Trust, for 92.6 acres in Davidsonville.

State law requires the County’s Agricultural Preservation Advisory Board (Board) to review MALPF applications, rank them based on locally established priorities adopted by MALPF, and make recommendations for approval to the local governing body. Additionally, state law requires the planning and zoning body, the Office of Planning and Zoning (OPZ), to review the applications to determine whether the purchase is compatible with existing and approved County plans and overall County policy, and make recommendations for approval to the local governing body. Both the Board and the Planning and Zoning Officer have complied with these provisions of state law and recommend that the Council approve these six MALPF applications.

**Resolutions 41-24
through 46-24
(continued)**

Review of Fiscal Impact

The total FY25 state appropriation for MALPF is \$24,493,000. However, MALPF is merging its FY25 and fiscal year 2026 (FY26) program funding into a single application cycle and will not know the funding allocation for each county until after the state's FY26 budget is approved in April 2025. The six easement applications reflected in these resolutions are in this two-year MALPF application cycle.

Upon confirmation of total available funding, MALPF will determine the general allotment by dividing half of the state funds equally across the 23 counties, with no matching requirement. The remaining MALPF funding will be allocated to counties with a matching requirement of 40%. If state funding is not sufficient to cover its share of the offer price, the County may provide additional funding but it is not required.

MALPF is currently reviewing these six applications. After receiving County approval of easement applications, property appraisals are sought for each applicant. Upon receiving appraisal information, MALPF will establish an agricultural and easement value and then make an offer to property owners after funding allocations are determined.

While approval is being sought for six MALPF easements, OPZ advises that it anticipates MALPF will purchase one easement outright and provide 40% of the funding for a second easement. OPZ advises that it does not anticipate all six easement applications will be funded by MALPF. Since property owners are not required to accept a MALPF offer, six easements were recommended to increase the County's chances of securing MALPF funding.

As noted above, MALPF can cover the full easement purchase price at the time of acquisition; however, County matching funds can be contributed to bring an easement offer up to the full eligible easement amount. As of October 22, 2024, the Agricultural Easement Prgm Capital Project (Project #C443400) had \$3,693,600 of funding available and no pending easement acquisition expenditures.

**Resolution 47-24:
Supporting the Board of
Education’s Fiscal Year
2026 Public School
Construction Capital
Improvement Program
Request for Submission
to the Interagency
Commission on School
Construction**

Summary of Legislation

This resolution confirms the County Executive’s support and letter of support for the Board of Education’s (BOE) FY26 School Construction Capital Improvement Program (CIP) for submission to the Maryland State Department of Education’s Interagency Commission on School Construction (IAC). We have reviewed the letter and the BOE’s FY26 capital request. The BOE has increased their total FY26 CIP to \$204,679,000 from the \$199,244,000 included for FY26 in the FY25 CIP adopted by the County Council.

Review of Fiscal Impact

We agree with the Administration’s fiscal note that any fiscal impact would be considered and determined in future budget deliberations. The BOE CIP request for funding from the IAC for FY26 is \$82.7 million.

**Resolution 48-24:
Approving the Terms
and Conditions of the
Acquisition of Real
Properties in Gambrills
and Millersville from
Millersville Partners
LLC, Utilizing Funds
from the Advance Land
Acquisition Capital
Project**

Summary of Legislation

This resolution approves the terms and conditions of an Agreement of Sale, as amended by a First Amendment to Agreement of Sale, to acquire 7.95 +/- acres of property utilizing \$3,500,000 from the Advance Land Acquisition (ALA) Capital Project (Project #C106700). The property is composed of two contiguous parcels located at 1699 Millersville Road, Millersville (Parcel 1) and 679 MD Route 3 North, Gambrills (Parcel 2) and is the proposed site for construction of a new Board of Education school bus facility/lot (School Bus Facility/Lot Capital Project, Project #E591800).

County Code § 8-3-101(d)(2) requires agreements for purchases of real property utilizing funds from the ALA Capital Project (Project #C106700) to be contingent on the approval of the Council. Additionally, an independent appraisal, environmental site assessment, and feasibility study are required to be submitted to the Council for the property being purchased.

While the total purchase price for the property is \$3,500,000, an independent appraisal noted the estimated value of the property at \$3,295,000, as of April 30, 2024. The Maryland Department of Assessments and Taxation’s assessed value for the property was \$3,773,766, as of July 1, 2024.

An environmental site assessment dated June 12, 2024 revealed two recognized environmental conditions associated with soil stains and a leaking aboveground storage tank and a de-minimus

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(continued)**

environmental condition associated with five abandoned aboveground storage tanks.

A feasibility study of the property dated September 23, 2024 was completed. The study provides summary information about the property, including a site description, current uses of adjoining properties, public utilities, site access, zoning, and topography. Among other things, the study notes that the property is ideally located for access to the existing transportation network to serve this region of the County and that consideration should be given to how traffic at the Millersville Road and Crain Highway/MD 3 intersection will be affected by the proposed school bus facility.

The Administration advises that the current schedule for the School Bus Facility/Lot Capital Project estimates completion of feasibility and schematic design phases by early 2025, final drawings and bidding occurring in fall of 2025, and 18 months of construction with completion in fiscal year 2027.

Review of Fiscal Impact

We agree with the Administration's fiscal note that this real property acquisition will cost the County \$3,500,000 and that there is sufficient appropriation in the ALA Capital Project for this purchase. The ALA Capital Project had a funding balance of \$8,923,958 as of September 30, 2024.
