



Annapolis City Council
Supplement to Legislative Packet
October 28, 2013

**MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF ANNAPOLIS AND
IAFF, LOCAL 1926**

October 15, 2013

The City of Annapolis ("City") and the International Association of Firefighters, Local 1926 ("IAFF Local 1926") hereby enter into the following Memorandum of Understanding ("MOU") regarding a collective bargaining agreement for the period from July 1, 2013 through June 30, 2017. This MOU is subject to ratification by the Bargaining Unit and approval by the Annapolis City Council.

A. DURATION OF AGREEMENT

The MOU will be effective from July 1, 2013 to June 30, 2017.

B. WAGES

(1) There will be Cost of Living Adjustments (COLAs) totaling 10% over a three year period structured as follows:

July 1, 2013	1% (retroactive)
January 1, 2014	3%
July 1, 2014	1%
January 1, 2015	2%
July 1, 2015	1%
January 1, 2016	2%

(2) The 1% pay increase retroactive to July 1, 2013 will be paid to employees in a separate paycheck.

(3) The collective bargaining agreement will reopen on October 1, 2015 for negotiations of wages for FY 2017. As part of that reopener, the parties will review and consider utilizing the Employment Cost Index (ECI) as a basis for a COLA in FY 2017. The reopener will also review and consider a 17-year longevity step for the Police pay scale and also the topic of wage parity between the sworn Public Safety pay-scales.

C. PENSION

(1) The City and sworn personnel will increase contributions to the Police & Fire defined benefit Retirement Plan as a percentage of payroll to:

	City		Sworn Personnel	
FY 2014	12%	July 1, 2013	7%	January 1, 2014
FY 2015	14%	July 1, 2014	7.5%	January 1, 2015
FY 2016	16%	July 1, 2015	8%	January 1, 2016
FY 2017	18%	July 1, 2016		

(2) Effective July 1, 2013, the Cost of Living Adjustment for all existing and future retirees in all Plans (Old Plan, Old Plan Revised, New Plan, New Plan Revised) will

change to a fixed 2% annual COLA to be effective July 1 of each year.

(3) The City will prepare a Plan Document for the Police & Fire Retirement Plan with a Summary Plan Description for each Plan by July 1, 2014. No substantive changes will be made to the Plan (except for those set forth in this MOU) and legislation will be submitted to the City Council that allows incorporation by reference of the Plan Document into the City Code.

(4) Deferred Retirement Option Program ("DROP") – The City will establish a DROP for the New and New Revised Police-Fire Retirement Plans as outlined in the attached Exhibit A effective March 1, 2014 with open enrollment commencing December 1, 2013.

D. HEALTH INSURANCE

(1) Establish a High Deductible Health Plan/Savings Account as an additional insurance option effective July 1, 2014.

(2) End same sex domestic partnership health benefits effective July 1, 2013.

(3) Make a plan design change creating an In Network Deductible of \$270 for individual coverage and \$540 for all other coverage levels, with an out of pocket maximum of \$1,500 for individuals and \$3,000 for all other coverage.

(4) Renewal rates will be calculated using the existing premium splits of 80/20 for current employees.

(5) The City and Unions shall meet annually to review and discuss changes required by law to the health plans.

(6) In the event of a health premium increase in excess of 10% in any year, the collective bargaining agreement may be reopened by either party for the purpose of negotiating how to absorb and implement such increase.

E. RETIREE MEDICAL

(1) The existing Retiree Medical premium splits shall remain in place, which means:

(a) For any employee who is vested in the Police/Fire Pension Plan as of July 1, 2012, the City shall pay 70% of the premium.

(b) For any employee who is not vested in the Police/Fire Pension Plan as of July 1, 2012, the percentage of Retiree Medical benefits premium paid by the City shall be equal to 2.5% multiplied by each year of City service, up to a maximum of 70%.

(2) OPEB Trust.

(a) Effective July 1, 2014, there will be an annual contribution of 3% of total payroll for sworn Police and Fire personnel to the OPEB Trust.

1. The City will contribute 2% of total payroll annually for Sworn Police and Fire to the OPEB Trust.

2. The employee contribution will be the equivalent of 1% of gross base pay per pay period paid into the OPEB Trust. These contributions will be handled as follows:

- a. Employees hired on or before December 31, 2013 shall have their 1% contribution covered by health plan design changes effective July 1, 2014 and will not contribute to the Trust through a payroll deduction.
- b. Employees hired on or after January 1, 2014 will pay 1% of gross base pay per pay period into the OPEB Trust.

(b) Employees hired on or after January 1, 2014 will have the one-time option to irrevocably waive participation in the OPEB Trust and thereby permanently waive future eligibility for retiree healthcare.

(c) Retiree Healthcare will be paid on a "pay-go" basis until the Trust is adequately funded to begin covering the annual costs.

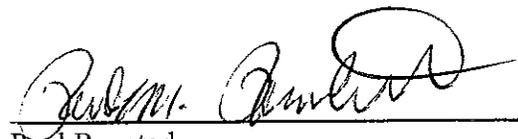
(3) Voluntary Employee Beneficiary Association ("VEBA") - All employees shall be eligible to participate in the VEBA set up by the City. Participation shall be funded solely through voluntary contributions of employee annual leave.

F. NON-ECONOMIC ISSUES

The City and the Union will meet during the course of this Agreement to discuss changes to non-economic terms and conditions.

AGREED AND ACCEPTED THIS 18th DATE OF October, 2013:


Carroll H. Spriggs
President
IAFF Local 1926


Paul Rensted
Director of Human Resources
City of Annapolis

DROP Plan

Definitions.

In this subtitle, the following words have the meanings indicated.

(1) "DROP" means the Deferred Retirement Option Program in which a participant agrees to delay receipt of the employee's retirement benefit while the employee continues to work. Each participant receives the accumulated retirement benefit from the period of participation at retirement.

(2) "DROP account" means the separate financial account established under this policy from which a participant is paid a lump sum distribution at retirement.

(3) "DROP participant" means a participant who is eligible and who elects to participate in the DROP.

(4) "DROP participation period" means the time that an employee participates in the DROP while actively employed by the City.

(5) "Cost Neutral" means the City will not be required to expend additional funds to support the DROP program nor will the program adversely affect the funding status of the Pension Plan.

(6) "Plan Year" means a calendar year commencing January 1 and ending December 31st.

Applicability

There is a Deferred Retirement Option Program in the City of Annapolis New and New Revised Police and Fire Retirement Plans.

Cost Neutral

The DROP program is designed to be cost neutral and an actuarial analysis will be performed every three years and the plan actuary will include a report on whether the DROP is meeting the cost neutrality objective. In the event the DROP is not cost neutral, the City and the Public Safety Unions shall meet and amend as needed the DROP to achieve cost neutrality. In the event the parties cannot come to an agreement, no new participants shall be enrolled until such time as the parties agree to and implement changes necessary to achieve cost neutrality.

Eligibility

Sworn Police and Fire personnel will have the option to elect DROP beginning on the date of eligibility for normal retirement, (20 years for those hired prior to 7/1/2012; 25 years for those hired on or after 7/1/2012). During the DROP the City will continue to make the employer contributions to the Retirement Plan. For those employees who defer their DROP entry to normal retirement date plus 5 or more years of additional service no employee contribution shall be required during the DROP period; for all other employees, the employee contribution shall be required.

Applications

- (a) **Application required.** An employee who wants to participate in the DROP shall complete an application on the form required by the Human Resources Director.
- (b) **Beginning date.** In addition to providing information requested by the Human Resources Director, the employee shall specify a beginning date of the employee's DROP participation period that corresponds to the requirements of the participation period noted in (c) below.
- (c) **When submitted.** An application shall be submitted to the Human Resources Director at least 90 days before the beginning date of the employee's DROP participation period. An application may be submitted before an employee is eligible to participate in the DROP, provided that the employee is eligible as of the beginning date of the DROP participation period.

Limitation on the number of participants.

- (a) **Generally.** No more than 24 employees (12 Fire & 12 Police) may be participating in the DROP at any one time.
- (b) **Initial participants.** Upon inception of the DROP participation in the DROP will be limited to eight (8) participants (4 Fire & 4 Police) per plan year until a maximum of 24 participants is realized.
- (c) **When fewer than 24 employees are participating.** If there are fewer than 24 employees participating in the DROP as of the first day of any subsequent Plan Year, the number of additional employees who may begin participating in the DROP on that day shall be limited to the number that does not cause the total number of DROP participants to exceed 24, split evenly between Police and Fire to a maximum of 12 slots each.
- (d) **Selection by seniority.** If the application of this section requires the number of participants to be limited, participants shall be selected by seniority as determined by the Human Resources Director on the basis of the amount of actual plan service of the applicants. Annually, in conjunction with the open enrollment period, applications for participation in the DROP will be accepted by the Human Resources Department.

In the event of a tie in seniority which will affect whether an employee may enroll in the DROP, the following methods will be used to break the tie:

For employees in Fire, a random selection method will be used to break the tie. For employees in Police, please refer to language in the Collective Bargaining Agreement which specifies how to proceed.

Participation period; mandatory retirement upon expiration.

(a) **Generally.** A DROP participation period begins on the first day of a Plan Year and expires on the last day of a Plan Year.

(b) **Term of participation period** The term of a DROP participation period is three (3) years.

(c) **Expiration before end of term.** A DROP participation period expires before the end of the current term if the DROP participant dies, voluntarily terminates or is involuntarily terminated from employment; retires (normal or disability); or becomes ineligible to participate in the plan for any reason, including a transfer to a position not covered by the plan.

(d) **Expiration of DROP participation.** Except as otherwise provided in this subtitle, a DROP participant shall terminate service and begin receiving a retirement benefit as of the first day of the month following expiration of the DROP participation period. A participant who fails to submit the documents requesting termination and retirement shall be involuntarily terminated and retired as provided in subsection (c).

Status during participation.

(a) **Active employee.** A DROP participant is an active employee of the City and, except as provided in this subtitle, is entitled to the benefits of that employment and is subject to the laws, regulations, and policies governing that employment.

(b) **Police and Fire Retirement Plan.** A DROP participant is a participant in the Police and Fire Retirement Plan under the conditions described in the respective plan, except that a DROP participant will have exercised the option to elect DROP subject to the following conditions:

Anyone who has elected and entered the DROP beginning on the date of eligibility for normal retirement, (20 years for those hired prior to 7/1/2012; 25 years for those hired on or after 7/1/2012) shall continue to make the required employee contribution. During the DROP the City will continue to make the employer contributions to the Plan. For those employees who defer their DROP entry to normal retirement date plus 5 or more years of additional service no employee contribution shall be required during the DROP period.

DROP account.

(a) **Account established.** The Human Resources Director shall establish an account in the pension fund for recording the actions required by this section and is not required to establish an individual account for each DROP participant.

(b) **Retirement benefits.** The Human Resources Director shall determine, based on the standard actuarial calculation accounting for years of service and salary, the annual retirement benefit under the Police and Fire Retirement Plan a DROP participant is entitled as of the first day of the DROP participation period. The retirement benefit excludes service and salary during the DROP participation period for purposes of calculating the entitlement to and amount of the retirement benefit.

(c) **Account balance.** The account balance credited to a DROP participant is subject to the following:

(1) it includes the amount of the retirement benefit determined under subsection (b);

(2) It includes credited interest calculated under the Composite Corporate Bond Rate, based on an average of the June-November rates from the prior year for the Plan Year ahead;

(i) compounded on the account balance as of the first day of each month;

(ii) credited to the DROP participant from the beginning to the expiration of the DROP participation period.

(iii) amounts in the account are NOT increased by COLA granted to actual retirees.

(d) **Statement of account balance.** At least once a year, the Human Resources Director shall provide to a DROP participant a statement of the account balance credited to the DROP participant as described in subsection (c).

Early withdrawal from participation.

(a) **Election to withdraw.** Except as provided in subsection (b), a DROP participant may elect to withdraw from participation in the DROP only by terminating employment with the City.

(b) **Withdrawal before end of participation period.** A DROP participant whose participation ends prior to the end of the DROP participation period because of a termination of employment or ineligibility to participate in the plan for any reason:

(1) forfeits any entitlement to the DROP benefit and

(2) if otherwise eligible, shall have a retirement benefit determined that includes service and salary during the DROP participation period for purposes of calculating the entitlement to and amount of the retirement benefit and that is reduced by an amount actuarially equivalent to the employee contributions not made during the DROP participation period.

(3) Interest shall not accrue on an account balance for any period of DROP participation that is less than a full year.

Disability during participation.

(a) **Permitted.** A DROP participant may apply for a disability pension during the DROP participation period.

(b) **Effect of disability pension.** If a DROP participant receives a disability pension:

(1) the benefit includes service and salary during the DROP participation period for purposes of calculating the amount of the benefit and is reduced by an amount actuarially equivalent to the employee contributions not made during the DROP participation period; and

(2) the participant forfeits any entitlement to the DROP benefit.

Death during participation.

(a) **Generally.** If a DROP participant dies during the DROP participation period, the beneficiary or beneficiaries of the participant as described in the Fire & Police Retirement Program are entitled to a death benefit under the retirement plan.

(b) **Death result of active duty.** If the death occurs as the direct result of the active performance of duties as described in the City Code, the death benefit includes service and salary during the DROP participation period for purposes of calculating the amount of the benefit and is reduced by the actuarial equivalent of the employee contributions not made during the DROP participation period.

(c) **Death not result of active duty.** If the death does not occur as a direct result of the active performance of duties, the death benefit excludes service and salary during the DROP participation period for purposes of calculating the amount of the benefit and is not reduced by an amount actuarially equivalent to the employee contributions not made during the DROP participation period.

(d) **Beneficiaries.** If a DROP participant dies during the DROP participation period, the beneficiary or beneficiaries of the participant as described in the City Code are entitled to a lump sum payment in cash of the account balance credited to the DROP participant as of the date of the death of the participant. Any payment(s) of the annuity will be determined by the election the employee made upon entering the DROP.

Retirement benefits of participants.

(a) **Generally.** On the first day of the month following expiration of the DROP participation period and the DROP participant's termination from City employment, the participant is entitled to receive the first payment of an annual retirement benefit under the Police and Fire Retirement Plan.

(b) **Benefit** determined as if the participant had retired on the first day of the DROP participation period, using final average basic pay and including credit for residual unused sick leave for the determination of the final benefit at separation of service;

(c) **Payment.** The participant shall receive payment of the account balance credited to the DROP participant.

Manner of payment.

(a) **Lump sum payment.** Unless elected otherwise by a DROP participant, payment of the account balance shall be made in a lump sum to the participant within 30 days of the first day of the month following expiration of the DROP participation period and the DROP participant's termination from City employment.

(b) **One-time deferral of the lump sum payment.** The participant may elect a one-time deferral of the lump sum payment of the account balance on the form required by the Human Resources Director, provided the election is submitted no later than the expiration of the DROP participation period; the participant is not entitled to interest on the account balance because of the deferral; and payment is made within 30 days after a request is submitted to the Human Resources Director on the form required on or before the participant is 70½ years of age.

(c) **Payment in cash; exception.** Unless otherwise elected by a DROP participant, a lump sum payment under subsection (a) or subsection (b) shall be made in cash. If permitted by federal law at the time of the payment, payment may be made by transfer or direct rollover to an eligible retirement plan as defined in the Internal Revenue Code.

(d) **An increase in the monthly annuity amount.** The participant may elect to use the DROP balance to increase the monthly annuity payment amount by the actuarial equivalent based form of payment election at DROP entry and the ages of the participant and, if applicable, the beneficiary at DROP exit date.

(e) **Sole responsibilities of participant.** Selection of the retirement account, plan, or annuity and the tax consequences of a transfer or direct rollover under subsection (c) are the sole responsibility of the participant and, upon transfer or direct rollover of the account balance to the retirement account, plan, or annuity, the City has no further obligation regarding the account balance credited to the participant.

Beneficiaries.

A DROP participant's beneficiary is the beneficiary on file for the pension plan with the Human Resources Department.

Future Employment

If an employee exits the DROP and is retired from the City, and subsequently is re-employed by the City in a position which is covered by the Police and Fire Retirement Plan, the employee shall not be eligible to participate in the Plan.

**MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF ANNAPOLIS AND
AFSCME, LOCALS 3406 & 3162**

October 15, 2013

The City of Annapolis ("City") and AFSCME Locals 3406 & 3162 hereby enter into the following Memorandum of Understanding ("MOU") regarding a collective bargaining agreement for the period from July 1, 2013 through June 30, 2017. This MOU is subject to ratification by the Bargaining Unit and approval by the Annapolis City Council.

A. DURATION OF AGREEMENT

The MOU will be effective from July 1, 2013 to June 30, 2017.

B. WAGES

(1) There will be Cost of Living Adjustments (COLAs) totaling 10% over a three year period structured as follows:

July 1, 2013	1% (retroactive)
January 1, 2014	3%
July 1, 2014	1%
January 1, 2015	2%
July 1, 2015	1%
January 1, 2016	2%

(2) The 1% pay increase retroactive to July 1, 2013 will be paid to employees in a separate paycheck.

(3) The collective bargaining agreements will reopen on October 1, 2015 for negotiations of wages for FY 2017. As part of that reopener, the parties will review and consider utilizing the Employment Cost Index (ECI) as a basis for a COLA in FY 2017.

(4) The City and Locals 3162 and 3406 will work together to study and develop a market-based pay system by April 1, 2014 to be implemented in FY17.

C. HEALTH INSURANCE

(1) Establish a High Deductible Health Plan/Savings Account as an additional insurance option effective July 1, 2014.

(2) End same sex domestic partnership health benefits effective July 1, 2013.

(3) Make a plan design change creating an In Network Deductible of \$270 for individual coverage and \$540 for all other coverage levels, with an out of pocket maximum of \$1,500 for individuals and \$3,000 for all other coverage.

(4) Renewal rates will be calculated using the existing premium splits of 80/20 for current employees.

(5) The City and Unions shall meet annually to review and discuss changes required by law to the health plans.

(6) In the event of a health premium increase in excess of 10% in any year, the collective bargaining agreement may be reopened by either party for the purpose of negotiating how to absorb and implement such increase.

D. RETIREE MEDICAL

(1) Employees covered by this Agreement shall have the option of continuing to be eligible for Retiree Medical Benefits in accordance with the terms of Section 15.2 of the Collective Bargaining Agreements for the period from July 1, 2012 through June 30, 2013.

(2) Employees covered by this Agreement shall have a one-time option of electing to participate in a Voluntary Employee Beneficiary Association ("VEBA") instead of remaining eligible for Retiree Medical Benefits in accordance with the terms of Section 15.2 of the Collective Bargaining Agreements for the period from July 1, 2012 through June 30, 2013.

(3) As of June 30, 2014, employees who elected to participate in a VEBA will no longer accrue service for purposes of determining the City's portion of their retiree medical premium. The employees' years of service as of June 30, 2014 multiplied by 2.5% will determine their retiree health premium split to be covered by the City.

(4) Effective July 1, 2014, for employees who elected to participate in a VEBA there will be an annual contribution of 3% of the employee's gross base pay to a VEBA.

(a) The City will contribute 2% of the employee's gross base pay to a VEBA.

(b) The employee contribution will be the equivalent of 1% of gross base pay per pay period paid into a VEBA. These contributions will be handled as follows:

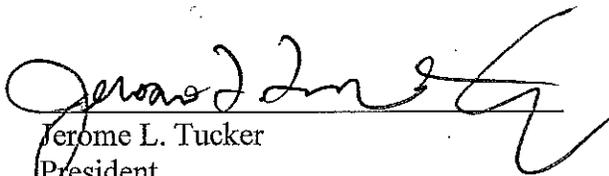
1. Employees hired on or before December 31, 2013 shall have their 1% contribution covered by health plan design changes effective July 1, 2014 and will not contribute to the VEBA through a payroll deduction.

2. Employees hired on or after January 1, 2014 will pay 1% of gross base pay per pay period into a VEBA.

E. NON-ECONOMIC ISSUES

The City and Locals 3162 and 3406 will meet during the course of this Agreement to discuss changes to non-economic terms and conditions.

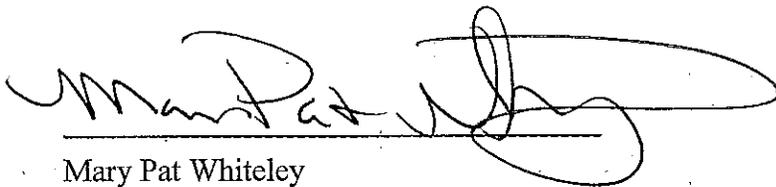
AGREED AND ACCEPTED THIS 25th DATE OF October, 2013:



Jerome L. Tucker
President
AFSCME Local 3406



Paul Rensted
Director of Human Resources
City of Annapolis



Mary Pat Whiteley
President
AFSCME Local 3162

**MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF ANNAPOLIS AND
UFCW, LOCAL 400**

October 24, 2013

The City of Annapolis ("City") and United Food & Commercial Workers, Local 400 ("UFCW Local 400") hereby enter into the following Memorandum of Understanding ("MOU") regarding a collective bargaining agreement for the period from July 1, 2013 through June 30, 2017. This MOU is subject to ratification by the Bargaining Unit and approval by the Annapolis City Council.

A. DURATION OF AGREEMENT

The MOU will be effective from July 1, 2013 to June 30, 2017.

B. WAGES

(1) There will be Cost of Living Adjustments (COLAs) totaling 10% over a three year period structured as follows:

July 1, 2013	1% (retroactive)
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July 1, 2015	1%
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(2) The 1% pay increase retroactive to July 1, 2013 will be paid to employees in a separate paycheck.

(3) The collective bargaining agreement will reopen on October 1, 2015 for negotiations of wages for FY 2017. As part of that reopener, the parties will review and consider utilizing the Employment Cost Index (ECI) as a basis for a COLA in FY 2017. The reopener will also review and consider a 17-year longevity step for the Police pay scale and also the topic of wage parity between the sworn Public Safety pay-scales.

C. PENSION

(1) The City and sworn personnel will increase contributions to the Police & Fire defined benefit Retirement Plan as a percentage of payroll to:

	City		Sworn Personnel	
FY 2014	12%	July 1, 2013	7%	January 1, 2014
FY 2015	14%	July 1, 2014	7.5%	January 1, 2015
FY 2016	16%	July 1, 2015	8%	January 1, 2016
FY 2017	18%	July 1, 2016		

(2) Effective July 1, 2013, the Cost of Living Adjustment for all existing and future retirees in all Plans (Old Plan, Old Plan Revised, New Plan, New Plan Revised) will

change to a fixed 2% annual COLA to be effective July 1 of each year.

(3) The City will prepare a Plan Document for the Police & Fire Retirement Plan with a Summary Plan Description for each Plan by July 1, 2014. No substantive changes will be made to the Plan (except for those set forth in this MOU) and legislation will be submitted to the City Council that allows incorporation by reference of the Plan Document into the City Code.

(4) Deferred Retirement Option Program ("DROP") – The City will establish a DROP for the New and New Revised Police-Fire Retirement Plans as outlined in the attached Exhibit A effective March 1, 2014 with open enrollment commencing December 1, 2013.

D. HEALTH INSURANCE

(1) Make the following plan design changes:

(a) Establish a High Deductible Health Plan/Savings Account as an additional insurance option effective July 1, 2014.

(b) Effective July 1, 2014, create an In Network Deductible of \$270 for individual coverage and \$540 for all other coverage levels, with an out of pocket maximum of \$1,500 for individuals and \$3,000 for all other coverage, as shown in Exhibit B.

(c) End same sex domestic partnership health benefits effective July 1, 2013.

(2) Renewal rates will be calculated using the existing premium splits of 80/20 for current employees.

(3) The City and Unions shall meet annually to review and discuss changes required by law to the health plans.

(4) In the event of a health premium increase in excess of 10% in any year, the collective bargaining agreement may be reopened by either party for the purpose of negotiating how to absorb and implement such increase.

E. RETIREE MEDICAL

(1) OPEB Trust.

(a) Effective July 1, 2014, there will be an annual contribution of 3% of total payroll for sworn Police and Fire personnel to the OPEB Trust.

1. The City will contribute 2% of total payroll annually for Sworn Police and Fire to the OPEB Trust.

2. The employee contribution will be the equivalent of 1% of gross base pay per pay period paid into the OPEB Trust. These contributions will be handled as follows:

- a. Employees hired on or before December 31, 2013 shall have their 1% contribution covered by health plan design changes effective July 1, 2014 and will not contribute to the Trust through a payroll deduction.
- b. Employees hired on or after January 1, 2014 will pay 1% of gross base pay per pay period into the OPEB Trust.

(b) Employees hired on or after January 1, 2014 will have the one-time option to irrevocably waive participation in the OPEB Trust and thereby permanently waive future eligibility for retiree healthcare.

(c) Retiree Healthcare will be paid on a "pay-go" basis until the Trust is adequately funded to begin covering the annual costs.

(2) Voluntary Employee Beneficiary Association ("VEBA") - All employees shall be eligible to participate in the VEBA set up by the City. Participation shall be funded solely through voluntary contributions of employee annual leave.

F. NON-ECONOMIC ISSUES

The City and the Union will meet during the course of this Agreement to discuss changes to non-economic terms and conditions.

AGREED AND ACCEPTED THIS 28 DATE OF October 2013:



Mark Federici
President
UFCW Local 400



Paul Rensted
Director of Human Resources
City of Annapolis

DROP Plan

Definitions.

In this subtitle, the following words have the meanings indicated.

(1) "DROP" means the Deferred Retirement Option Program in which a participant agrees to delay receipt of the employee's retirement benefit while the employee continues to work. Each participant receives the accumulated retirement benefit from the period of participation at retirement.

(2) "DROP account" means the separate financial account established under this policy from which a participant is paid a lump sum distribution at retirement.

(3) "DROP participant" means a participant who is eligible and who elects to participate in the DROP.

(4) "DROP participation period" means the time that an employee participates in the DROP while actively employed by the City.

(5) "Cost Neutral" means the City will not be required to expend additional funds to support the DROP program nor will the program adversely affect the funding status of the Pension Plan.

(6) "Plan Year" means a calendar year commencing January 1 and ending December 31st.

Applicability

There is a Deferred Retirement Option Program in the City of Annapolis New and New Revised Police and Fire Retirement Plans.

Cost Neutral

The DROP program is designed to be cost neutral and an actuarial analysis will be performed every three years and the plan actuary will include a report on whether the DROP is meeting the cost neutrality objective. In the event the DROP is not cost neutral, the City and the Public Safety Unions shall meet and amend as needed the DROP to achieve cost neutrality. In the event the parties cannot come to an agreement, no new participants shall be enrolled until such time as the parties agree to and implement changes necessary to achieve cost neutrality.

Eligibility

Sworn Police and Fire personnel will have the option to elect DROP beginning on the date of eligibility for normal retirement, (20 years for those hired prior to 7/1/2012; 25 years for those hired on or after 7/1/2012). During the DROP the City will continue to make the employer contributions to the Retirement Plan. For those employees who defer their DROP entry to normal retirement date plus 5 or more years of additional service no employee contribution shall be required during the DROP period; for all other employees, the employee contribution shall be required.

Applications

- (a) **Application required.** An employee who wants to participate in the DROP shall complete an application on the form required by the Human Resources Director.
- (b) **Beginning date.** In addition to providing information requested by the Human Resources Director, the employee shall specify a beginning date of the employee's DROP participation period that corresponds to the requirements of the participation period noted in (c) below.
- (c) **When submitted.** An application shall be submitted to the Human Resources Director at least 90 days before the beginning date of the employee's DROP participation period. An application may be submitted before an employee is eligible to participate in the DROP, provided that the employee is eligible as of the beginning date of the DROP participation period.

Limitation on the number of participants.

- (a) **Generally.** No more than 24 employees (12 Fire & 12 Police) may be participating in the DROP at any one time.
- (b) **Initial participants.** Upon inception of the DROP participation in the DROP will be limited to eight (8) participants (4 Fire & 4 Police) per plan year until a maximum of 24 participants is realized.
- (c) **When fewer than 24 employees are participating.** If there are fewer than 24 employees participating in the DROP as of the first day of any subsequent Plan Year, the number of additional employees who may begin participating in the DROP on that day shall be limited to the number that does not cause the total number of DROP participants to exceed 24, split evenly between Police and Fire to a maximum of 12 slots each.
- (d) **Selection by seniority.** If the application of this section requires the number of participants to be limited, participants shall be selected by seniority as determined by the Human Resources Director on the basis of the amount of actual plan service of the applicants. Annually, in conjunction with the open enrollment period, applications for participation in the DROP will be accepted by the Human Resources Department.

In the event of a tie in seniority which will affect whether an employee may enroll in the DROP, the following methods will be used to break the tie:

For employees in Fire, a random selection method will be used to break the tie. For employees in Police, please refer to language in the Collective Bargaining Agreement which specifies how to proceed.

Participation period; mandatory retirement upon expiration.

(a) **Generally.** A DROP participation period begins on the first day of a Plan Year and expires on the last day of a Plan Year.

(b) **Term of participation period** The term of a DROP participation period is three (3) years.

(c) **Expiration before end of term.** A DROP participation period expires before the end of the current term if the DROP participant dies, voluntarily terminates or is involuntarily terminated from employment; retires (normal or disability); or becomes ineligible to participate in the plan for any reason, including a transfer to a position not covered by the plan.

(d) **Expiration of DROP participation.** Except as otherwise provided in this subtitle, a DROP participant shall terminate service and begin receiving a retirement benefit as of the first day of the month following expiration of the DROP participation period. A participant who fails to submit the documents requesting termination and retirement shall be involuntarily terminated and retired as provided in subsection (c).

Status during participation.

(a) **Active employee.** A DROP participant is an active employee of the City and, except as provided in this subtitle, is entitled to the benefits of that employment and is subject to the laws, regulations, and policies governing that employment.

(b) **Police and Fire Retirement Plan.** A DROP participant is a participant in the Police and Fire Retirement Plan under the conditions described in the respective plan, except that a DROP participant will have exercised the option to elect DROP subject to the following conditions:

Anyone who has elected and entered the DROP beginning on the date of eligibility for normal retirement, (20 years for those hired prior to 7/1/2012; 25 years for those hired on or after 7/1/2012) shall continue to make the required employee contribution. During the DROP the City will continue to make the employer contributions to the Plan. For those employees who defer their DROP entry to normal retirement date plus 5 or more years of additional service no employee contribution shall be required during the DROP period.

DROP account.

(a) **Account established.** The Human Resources Director shall establish an account in the pension fund for recording the actions required by this section and is not required to establish an individual account for each DROP participant.

(b) **Retirement benefits.** The Human Resources Director shall determine, based on the standard actuarial calculation accounting for years of service and salary, the annual retirement benefit under the Police and Fire Retirement Plan a DROP participant is entitled as of the first day of the DROP participation period. The retirement benefit excludes service and salary during the DROP participation period for purposes of calculating the entitlement to and amount of the retirement benefit.

(c) **Account balance.** The account balance credited to a DROP participant is subject to the following:

(1) it includes the amount of the retirement benefit determined under subsection (b);

(2) It includes credited interest calculated under the Composite Corporate Bond Rate, based on an average of the June-November rates from the prior year for the Plan Year ahead;

(i) compounded on the account balance as of the first day of each month;

(ii) credited to the DROP participant from the beginning to the expiration of the DROP participation period.

(iii) amounts in the account are NOT increased by COLA granted to actual retirees.

(d) **Statement of account balance.** At least once a year, the Human Resources Director shall provide to a DROP participant a statement of the account balance credited to the DROP participant as described in subsection (c).

Early withdrawal from participation.

(a) **Election to withdraw.** Except as provided in subsection (b), a DROP participant may elect to withdraw from participation in the DROP only by terminating employment with the City.

(b) **Withdrawal before end of participation period.** A DROP participant whose participation ends prior to the end of the DROP participation period because of a termination of employment or ineligibility to participate in the plan for any reason:

(1) forfeits any entitlement to the DROP benefit and

(2) if otherwise eligible, shall have a retirement benefit determined that includes service and salary during the DROP participation period for purposes of calculating the entitlement to and amount of the retirement benefit and that is reduced by an amount actuarially equivalent to the employee contributions not made during the DROP participation period.

(3) Interest shall not accrue on an account balance for any period of DROP participation that is less than a full year.

Disability during participation.

(a) **Permitted.** A DROP participant may apply for a disability pension during the DROP participation period.

(b) **Effect of disability pension.** If a DROP participant receives a disability pension:

(1) the benefit includes service and salary during the DROP participation period for purposes of calculating the amount of the benefit and is reduced by an amount actuarially equivalent to the employee contributions not made during the DROP participation period; and

(2) the participant forfeits any entitlement to the DROP benefit.

Death during participation.

(a) **Generally.** If a DROP participant dies during the DROP participation period, the beneficiary or beneficiaries of the participant as described in the Fire & Police Retirement Program are entitled to a death benefit under the retirement plan.

(b) **Death result of active duty.** If the death occurs as the direct result of the active performance of duties as described in the City Code, the death benefit includes service and salary during the DROP participation period for purposes of calculating the amount of the benefit and is reduced by the actuarial equivalent of the employee contributions not made during the DROP participation period.

(c) **Death not result of active duty.** If the death does not occur as a direct result of the active performance of duties, the death benefit excludes service and salary during the DROP participation period for purposes of calculating the amount of the benefit and is not reduced by an amount actuarially equivalent to the employee contributions not made during the DROP participation period.

(d) **Beneficiaries.** If a DROP participant dies during the DROP participation period, the beneficiary or beneficiaries of the participant as described in the City Code are entitled to a lump sum payment in cash of the account balance credited to the DROP participant as of the date of the death of the participant. Any payment(s) of the annuity will be determined by the election the employee made upon entering the DROP.

Retirement benefits of participants.

(a) **Generally.** On the first day of the month following expiration of the DROP participation period and the DROP participant's termination from City employment, the participant is entitled to receive the first payment of an annual retirement benefit under the Police and Fire Retirement Plan.

(b) **Benefit** determined as if the participant had retired on the first day of the DROP participation period, using final average basic pay and including credit for residual unused sick leave for the determination of the final benefit at separation of service;

(c) **Payment.** The participant shall receive payment of the account balance credited to the DROP participant.

Manner of payment.

(a) **Lump sum payment.** Unless elected otherwise by a DROP participant, payment of the account balance shall be made in a lump sum to the participant within 30 days of the first day of the month following expiration of the DROP participation period and the DROP participant's termination from City employment.

(b) **One-time deferral of the lump sum payment.** The participant may elect a one-time deferral of the lump sum payment of the account balance on the form required by the Human Resources Director, provided the election is submitted no later than the expiration of the DROP participation period; the participant is not entitled to interest on the account balance because of the deferral; and payment is made within 30 days after a request is submitted to the Human Resources Director on the form required on or before the participant is 70½ years of age.

(c) **Payment in cash; exception.** Unless otherwise elected by a DROP participant, a lump sum payment under subsection (a) or subsection (b) shall be made in cash. If permitted by federal law at the time of the payment, payment may be made by transfer or direct rollover to an eligible retirement plan as defined in the Internal Revenue Code.

(d) **An increase in the monthly annuity amount.** The participant may elect to use the DROP balance to increase the monthly annuity payment amount by the actuarial equivalent based form of payment election at DROP entry and the ages of the participant and, if applicable, the beneficiary at DROP exit date.

(e) **Sole responsibilities of participant.** Selection of the retirement account, plan, or annuity and the tax consequences of a transfer or direct rollover under subsection (c) are the sole responsibility of the participant and, upon transfer or direct rollover of the account balance to the retirement account, plan, or annuity, the City has no further obligation regarding the account balance credited to the participant.

Beneficiaries.

A DROP participant's beneficiary is the beneficiary on file for the pension plan with the Human Resources Department.

Future Employment

If an employee exits the DROP and is retired from the City, and subsequently is re-employed by the City in a position which is covered by the Police and Fire Retirement Plan, the employee shall not be eligible to participate in the Plan.

Fiscal Impact Note

Legislation No: TBD

First Reader Date: TBD

Legislation Title: Interest Based Bargaining

Note Date: 10-14-13

Description: For the purpose of reaching an agreement between the City of Annapolis; Annapolis Clerical and Technical Employees; Annapolis Trades, Maintenance and Labor Employees; Local 1926, International Association of Firefighters; and Local 400, United Food and Commercial Workers International Union, in an effort to establish: 1) a Deferred Retirement Option Program (DROP); 2) adjusted Police-Fire Retirement Plan contributions; 3) Other Post-Employment Benefits (OPEB); 4) a Voluntary Employee Beneficiary Association (VEBA); 5) Cost of Living Adjustments (COLAs); and 6) Health Plan changes.

Analysis of Fiscal Impact: This agreement produces a negative financial impact to the City, specifically to Fiscal Year (FY) 2014, 2015, 2016, and 2017. The financial analysis below includes increasing the City contribution to the defined benefit pension plan as a percentage of payroll to 12% in FY 2014, 14% in FY 2015, 16% in FY 2016, and 18% in FY 2017; increasing the employee contribution of total payroll for Sworn Police and Fire annually by 2% effective July 1, 2014; contributing 2% of total payroll annually for Civil Service or Exempt Service and AFSCME personnel for those participating in the VEBA; and a COLA of 10% over a three year period. The total budgetary impact is as follows: \$1,324,892.80 for FY 2014; \$2,378,581.74 for FY 2015; \$2,530,719.87 for FY 2016; and \$1,577,195.85 for FY 2017. Payments for FY 2014 will come from non-budgeted tax revenues.

	FY 2014	FY 2015	FY 2016	FY 2017
Fire	208,786.37	367,128.23	387,247.94	212,345.17
Police	213,647.90	363,786.55	383,361.53	204,402.82
Subtotal	422,434.27	730,914.78	770,609.46	416,747.99
AFSCME	224,676.92	399,935.06	421,960.69	233,820.91
Civil Service	300,892.00	546,926.20	577,386.33	325,414.07
Exempt	85,443.98	155,345.48	163,998.23	92,445.89
Subtotal	611,012.90	1,102,206.75	1,163,345.25	651,680.88
Contract	66,258.09	120,048.70	126,735.42	71,225.29
Temporary	5,314.60	9,629.18	10,165.53	5,713.03
Subtotal	71,572.70	129,677.89	136,900.95	76,938.32
Total Salaries	1,105,019.87	1,962,799.42	2,070,855.66	1,145,367.19
P&O Impact*	219,872.93	415,782.31	459,864.21	431,828.66
TL Budgetary Impact	1,324,892.80	2,378,581.74	2,530,719.87	1,577,195.85

*P&O stands for Pension and Other Post Employment Benefits



City of Annapolis
Financial Advisory Commission
Referral Action Report

Date: October 24, 2013

To: Jessica Cowles,
City of Annapolis Office of Law,
Legislative and Policy Analyst

The Financial Advisory Commission has reviewed the pending collective bargaining agreement for all four City employee unions proposed for ratification by the City Council on October 28, 2013, and has taken the following action:

Favorable

Favorable with amendments

Unfavorable

No Action

Other

Comments:

Recommend ratification. See accompanying October 24, 2013, letter with the Commission's explanation and rationale for support.

Meeting Date: 10/17/13

Signature of Chair: *Frederick C. Sussman*

CITY OF ANNAPOLIS FINANCIAL ADVISORY COMMISSION
c/o Frederick C. Sussman, Esq., Chair
P.O. Box 2289
Annapolis, Maryland 21404-2289
(410) 268-6600
fsussman@cbknlaw.com

October 24, 2013

BY E-MAIL AND HAND DELIVERY

Mayor and City Council of the City of Annapolis
160 Duke of Gloucester Street
Annapolis, Maryland 21401

Re: Report and Recommendations Regarding:
Collective Bargaining Agreements with All City Unions

Dear Mayor Cohen and Members of the City Council:

I am writing to you on behalf of the City of Annapolis Financial Advisory Commission (FAC) to offer our observations and recommendations regarding the tentative agreements before the Council for adoption on October 28, 2013. Section 2.48.110 of the City Code charges the FAC to "review collective bargaining agreements prior to execution." Our analysis and recommendations follow.

Pension and OPEB Task Force and Negotiations Process:

The Collective Bargaining Agreements (CBA) reached with all four of the unions representing City employees in 2012 provided for the creation of a Pension and OPEB Task Force comprised of City management representatives, two members of the City Council, Aldermen Ross Arnett and Sheila Finlayson, as well as a FAC representative and representatives of the four unions (AFSCME Locals 3162 and 3406, UFCW Local 400 and the IAFF Local 1926). The charge to the Task Force was to explore solutions to the underfunding of the police and fire pension plan and the unfunded liability of citywide OPEB. The Task Force began meeting in August, 2012. The FAC representative, Lee Finney, made regular reports to the FAC as the Task Force members educated themselves on the details of pension funding and plan redesign options together with retiree health care options. One of the potential solutions explored, pension obligation bonds, was vigorously opposed by the FAC as exchanging a soft debt for a hard debt that would certainly require additional tax increases to fund with an uncertain outcome. The use of pension obligation bonds was subsequently discarded by the Task Force as not a viable option.

The FAC representative suggested several times that the group consider plan re-design in the form of either replacing the existing pension with a defined contribution pension plan or a mixed defined benefit and defined contribution plan. The union members of the Task Force consistently saw a defined contribution plan as a non-starter and the City's actuary demonstrated the significant initial costs of paying off the legacy costs of the existing defined benefit plan if it were to be replaced with a defined contribution plan. As the Task Force continued to meet with few attractive options before it as the time to begin regular union contract negotiations approached, City management proposed that the Task Force be maintained and become the bargaining committees to conduct contract negotiations by using the Interest Based Bargaining (IBB) process with a professional facilitator. The four unions agreed to this process and settled on the use of a Federal Mediation and Conciliation Service mediator who trained the parties in the IBB process and acted as facilitator for all subsequent sessions until the federal government shutdown when the group facilitated itself. Approximately twenty-five (25) meetings were held for the Task Force and the IBB negotiations. The FAC representative was a party to most of these meetings as a member of the City bargaining team.

The IBB process was intended to provide a way for all the parties to have open and frank discussions as they explored each party's issues and brainstormed potential solutions without using the traditional bargaining format of specific proposal exchange. Throughout the Task Force meetings and the IBB phase, a number of outside experts and consultants provided input such as detailed actuarial models for a variety of options to modify the existing pension and OPEB arrangements in terms of both plan design and funding mechanisms. Options were evaluated by agreed-upon objective criteria. Many variations were considered and discarded as the parties looked for cost effective ways to meet both the short term needs of the unions for wage increases after several years of no increases and furloughs, and the City's needs regarding the long term ongoing problems of unfunded and underfunded liabilities. The IBB process was enhanced by the regular participation of the two alderpersons, the City Manager, the Police and Fire Chiefs, the FAC representative and the Finance Director, and frequent participation by the City's actuaries and health care consultants. By the conclusion of the 14 month process all participants had a thorough understanding of the issues and the consequences of various options and the specific projected costs for each component. Such a thorough process led to a comprehensive four-year agreement with a number of specific elements designed to address one or more issues. In the past the FAC has recommended that the City seek longer term collective bargaining agreements than the one-year agreements that had been the practice for many years.

Proposed Collective Bargaining Agreements:

Specific provisions of the Agreements that are notable are:

- Police-Fire Retirement Plan Changes – both the employees and the City will increase contributions each year until the City contribution is 18% and the employee contribution is 8% by July 1, 2016. Combined with the change to a fixed 2% annual COLA for all

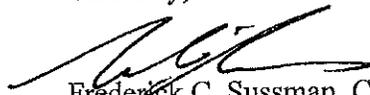
the existing pension plans (Old Plan, Old Plan Revised, New Plan, New Plan Revised), the actuarial model shows that the pension funding will be stabilized and the trend to an increasing unfunded liability will be halted. This represents a major achievement. The pension plan will be codified into a Plan Document incorporated by reference into the City Code so as to prevent any future unfunded City contributions as has occurred in the past.

- A Deferred Retirement Option Program (DROP) was sought by the police and fire unions as a benefit for those members who retire but desire to defer the receipt of their retirement benefit while continuing to work for the City. The parties have committed to a cost neutral DROP that will be actuarially reviewed every three years and, at any point that it no longer operates as cost neutral to the City, the parties will meet and confer to consider alternatives. This benefit makes the City police and fire departments more competitive because Anne Arundel County has such a DROP. So long as the DROP remains cost neutral in both design and application, there should be no downside for the City.
- Other Post-Employment Benefits (OPEB) were addressed in several ways. An OPEB Trust will be established. This will be funded through an annual 3% contribution by police and fire personnel, the City contributing 2% of payroll annually, and existing employees having the equivalent of 1% of payroll contributed through health plan design changes and new employees having a payroll deduction of 1% annually into the OPEB Trust. Until the OPEB Trust is sufficiently funded to begin covering the annual payout costs, the City will continue to pay OPEB on a “pay-go” basis. This arrangement addresses the process for funding the large OPEB unfunded liability and represents a step in the right direction. For the AFSCME employees who do not derive much benefit from the existing OPEB plan because they tend to retire at 62 or 65 unlike police and fire employees who retire younger, the solution agreed upon is the creation of a Voluntary Employee Beneficiary Association (VEBA). The current OPEB plan ends all payouts to retirees when they become eligible for Medicare. The VEBA establishes a defined contribution plan funded by contributions from the City and the employee at the level equivalent to the OPEB plan but allows the employee to use the funds thus accumulated to pay medical costs not covered by Medicare for as long as the employee has funds in their VEBA account. This extends the life of a retiree health benefit that otherwise ends at age 65 while removing the OPEB liability for the City for all employees participating in the VEBA – a mutually beneficial outcome.
- In order to make some cost of living adjustments (COLAs) affordable for the City while maintaining competitive salaries, the COLA increases agreed upon are to be spread out over the first three years of the agreements with a 1% COLA effective July 1, 2013, 3% on January 1, 2014, 1% on July 1, 2014, 2% on January 1, 2015, 1% on July 1, 2015 and

2% on January 1, 2016. These adjustments were specifically designed to accommodate the City's cash flow needs and to use existing additional tax revenue for the FY 2014 without either raising taxes further or drawing down the current fund balance. Because the City will have one more year under the current triennial property tax assessment cycle, funding all of the elements of these agreements will require careful management of resources. However, by having a four-year agreement, the City should be better able to budget for what are now predictable rather than unpredictable costs. The parties will reopen talks on the subject of wages to consider utilizing the Employment Cost Index (ECI) as a basis for a COLA in FY 2017. The use of such a market-based index as a formula for COLAs would be an innovation that could benefit all parties if structured carefully.

Having reviewed the major provisions of these comprehensive agreements the FAC is satisfied that the important goal of establishing sustainable funding mechanisms for both of the large unfunded or underfunded liabilities the City has been carrying for several years has been met. In the future it may be feasible to move to a hybrid pension system that will combine the elements of a defined benefit and a defined contribution pension plan. The changes made by the proposed agreements are a step in the right direction towards containing and adequately funding pension and OPEB obligations. Longer term agreements provide an element of financial stability and predictability that has been missing. The FAC notes that the IBB process appears to have led to much better outcomes than were expected as the parties struggled with the challenges before them over the past year. The FAC recommends ratification of these collective bargaining agreements and commends the commitment by all parties to finding mutually acceptable solutions to difficult problems.

Sincerely,



Frederick C. Sussman, Chair

cc: Commission Members (By e-mail)
Michael Mallinoff, City Manager (By e-mail)
Bruce Miller, Finance Director (By e-mail)
Hilary Raftovich, Boards and Commissions Coordinator (By e-Mail)
Jessica Cowles, Legislative and Policy Analyst (By e-mail)

D. Future Land Use

The Plan proposes three opportunity sites for redevelopment around City Dock, as described on page 12. In order to encourage prudent, historically artful, private investment at City Dock the Plan must give careful consideration to land use and ownership in the area. The opportunity sites on outer Dock Street and along Compromise Street overlay both public and private land and, in part, the Waterfront Maritime Conservation District.

As previously described, the Plan envisions a promenade along the water's edge, potentially backed by flood control structures. The promenade connects to the Compromise Street sidewalk along the northwest side of Newman Street. In order to accommodate these uses, the WMC District should incorporate a minimum 30-foot setback from the water for primary structures, and a 20-foot setback from the northwest side of Newman Street.

In order to attract investment, the Plan envisions that the areas of the opportunity sites are re-zoned to be compatible with the nearby commercial properties and to allow uses currently provided for in the C-2 district. Any other rezoning should be consistent with the recommendations of a new zoning and economic maritime sector study covering all of the current maritime districts in the City.



The three development areas could be rezoned to allow more commercial uses while the Waterfront Maritime Conservation Zone could wrap around Market Slip

The uses of land on the west side of Compromise Street shown here as zoned C-1 and C-1A should largely remain unchanged. The Old Recreation Center should be retained in public or semi-public uses such as for educational, artistic, or civic, recreational activities.

THE PLAN PROPOSES THREE OPPORTUNITY SITES FOR REDEVELOPMENT AROUND CITY DOCK, AS DESCRIBED ON PAGE 12. IN ORDER TO ENCOURAGE PRUDENT, HISTORICALLY ARTFUL, PRIVATE INVESTMENT AT CITY DOCK THE PLAN MUST GIVE CAREFUL CONSIDERATION TO LAND USE AND OWNERSHIP IN THE AREA. THE OPPORTUNITY SITES ON OUTER DOCK STREET AND ALONG COMPROMISE STREET OVERLAY BOTH PUBLIC AND PRIVATE LAND AND, IN PART, THE WATERFRONT MARITIME CONSERVATION DISTRICT.

AS PREVIOUSLY DESCRIBED, THE PLAN ENVISIONS A PROMENADE ALONG THE WATER'S EDGE, POTENTIALLY BACKED BY FLOOD CONTROL STRUCTURES. THE PROMENADE CONNECTS TO THE COMPROMISE STREET SIDEWALK ALONG THE NORTHWEST SIDE OF NEWMAN STREET. IN ORDER TO ACCOMMODATE THESE USES, THE WMC DISTRICT SHOULD INCORPORATE A MINIMUM 30-FOOT SETBACK FROM THE WATER FOR PRIMARY STRUCTURES, AND A 20-FOOT SETBACK FROM THE NORTHWEST SIDE OF NEWMAN STREET.

IN ORDER TO ATTRACT INVESTMENT, THE PLAN ENVISIONS THAT THE AREAS OF THE OPPORTUNITY SITES BE RE-ZONED TO BE CONSISTENT COMPATIBLE WITH THE NEARBY COMMERCIAL PROPERTIES AND TO ALLOW USES CURRENTLY PROVIDED FOR IN THE C2 DISTRICT. THE SITE ON THE INNER BLOCK OF DOCK STREET IS ALREADY ZONED C-2 AND WOULD REMAIN AS IS, WHILE THE OTHER SITES MIGHT BECOME C-2. THE REZONING SHOULD BE CONSISTENT WITH THE RECOMMENDATIONS OF A NEW ZONING AND ECONOMIC MARITIME SECTOR STUDY COVERING ALL OF THE CURRENT MARITIME DISTRICTS IN THE CITY. ANY OTHER REZONING SHOULD BE CONSISTENT WITH THE RECOMMENDATIONS OF A NEW ZONING AND ECONOMIC MARITIME SECTOR STUDY COVERING ALL OF THE CURRENT MARITIME DISTRICTS IN THE CITY.



THE THREE DEVELOPMENT AREAS COULD BE REZONED TO ALLOW MORE COMMERCIAL USES WHILE THE WATERFRONT MARITIME CONSERVATION ZONE COULD WRAP AROUND MARKET SLIP

1 **Alderman Budge Proposed Amendments to the October 14, 2013 Draft City**
2 **Dock Master Plan**
3 **10/27/13**
4

5 *Page numbers below reference the Annotated Draft of the CDMP, which begins on p.97*
6 *of the Council's Legislative Packet for 10-28-13.*
7

8 Amendment 1: Flood Protection Elevation
9

10 *Historic Annapolis and other commenters express concern over the Council's decision*
11 *to increase the height limit of allowed buildings beyond changes necessary for*
12 *flooding. This concern could be addressed at the roofline, which the Council has*
13 *declined to endorse. As an alternative, I propose to address the question in the*
14 *basement, by lowering the height of the bottom floor:*
15

16 p.27, last paragraph: Insert after "...whichever is greater." the sentence "The Flood
17 Protection Elevation should be lowered to the Base Flood Elevation in the study
18 area." so that the paragraph reads:
19

20 "The entire City Dock study area lies within an identified floodplain area. FEMA
21 rules no longer allow for either major renovations or construction of habitable
22 space within a floodplain. Although FEMA does not have jurisdiction over
23 construction at City Dock, their rules mean habitable space built below the 100 -
24 year floodplain will be uninsured and ineligible for disaster assistance in future
25 flood events. In order to allow rehabilitation of existing buildings and the creation of
26 new ones, the historic district's height regulations should be modified to begin
27 height measurement at grade or at the flood protection elevation, whichever is
28 greater. THE FLOOD PROTECTION ELEVATION SHOULD BE LOWERED TO THE
29 BASE FLOOD ELEVATION IN THE STUDY AREA. As now, the Historic Preservation
30 Commission should retain the authority to judge the height and bulk of individual
31 proposals on a project-by-project basis in a fashion consistent with the historic
32 district ordinance and the Historic Preservation Commission's design guidelines."
33

34 *The Base Flood Elevation (BFE) is set by FEMA and is the current estimate of the 100-*
35 *year flood elevation. The Flood Protection Elevation (FPE) is set by City Code and*
36 *presently equals BFE plus two feet. The difference between BFE and FPE is arbitrary*
37 *and can be set by the City Council subject to approval by the State and Federal*
38 *Emergency Management Agencies.*
39

40 Amendment 2: Management Entity
41

42 *While many subscribe to the idea that City Dock should be managed, the concept of a*
43 *"Management Entity" has been criticized as setting up an organization that may not*
44 *be responsive to either local business, resident, or Council's interests. This amendment*
45 *changes the language to remove the "entity" while still allowing management of the*

1 area by the City or by a City-funded (and thereby controlled) position within existing
2 partnerships such as the Annapolis Economic Development Corporation or the Main
3 Streets Partnership.

4
5 p. 33:

6
7 Amend the title of Section A so that it reads "Management Entity on OF City Dock"

8
9 Delete "or entity" from the second sentence of the last paragraph: "The purview of
10 any management function ~~or entity~~ should include...."

11
12 Amendment 3: Specificity

13
14 *Several comments indicated concern over lack of specificity in certain parts of the*
15 *Plan, especially over "wobble room" apparent in some wording. One person's "small*
16 *tolerance" may be another's mountain; "significant" means many things to many*
17 *people. This amendment replaces ambiguous wording with specific criteria:*

18
19 **3.A. Building Height**, p.13, last sentence: replace "small tolerances" with
20 "tolerances up to three feet".

21
22 *Throughout discussions with staff, and in comments and concept drawings presented*
23 *to the Council, Council has been requested to add a three-foot margin to the building*
24 *height limitation. I am on record as disagreeing with this concept, but have been out-*
25 *voted. This amendment simply suggests that we say what we mean in lieu of "small*
26 *tolerance":*

27
28 "In order to facilitate new construction in the Opportunity Sites, the Historic
29 Preservation Commission, as part of its review, should have the authority to grant
30 ~~small tolerances~~ UP TO THREE FEET to allowable height if new construction is not
31 otherwise feasible."

32
33 **3.B. Parking**, p. 23, beginning of second sentence in third paragraph: Insert the
34 word "permanently" and change "significant" to "10 percent", thus:

35
36 "Before PERMANENTLY removing a ~~significant number~~ TEN PERCENT OR MORE of
37 THE CITY-OWNED parking spaces or formal or informal loading zone spaces in the
38 City Dock study area, the City of Annapolis will develop and present to City Council
39 for approval a Parking Management Plan which identifies and considers...."

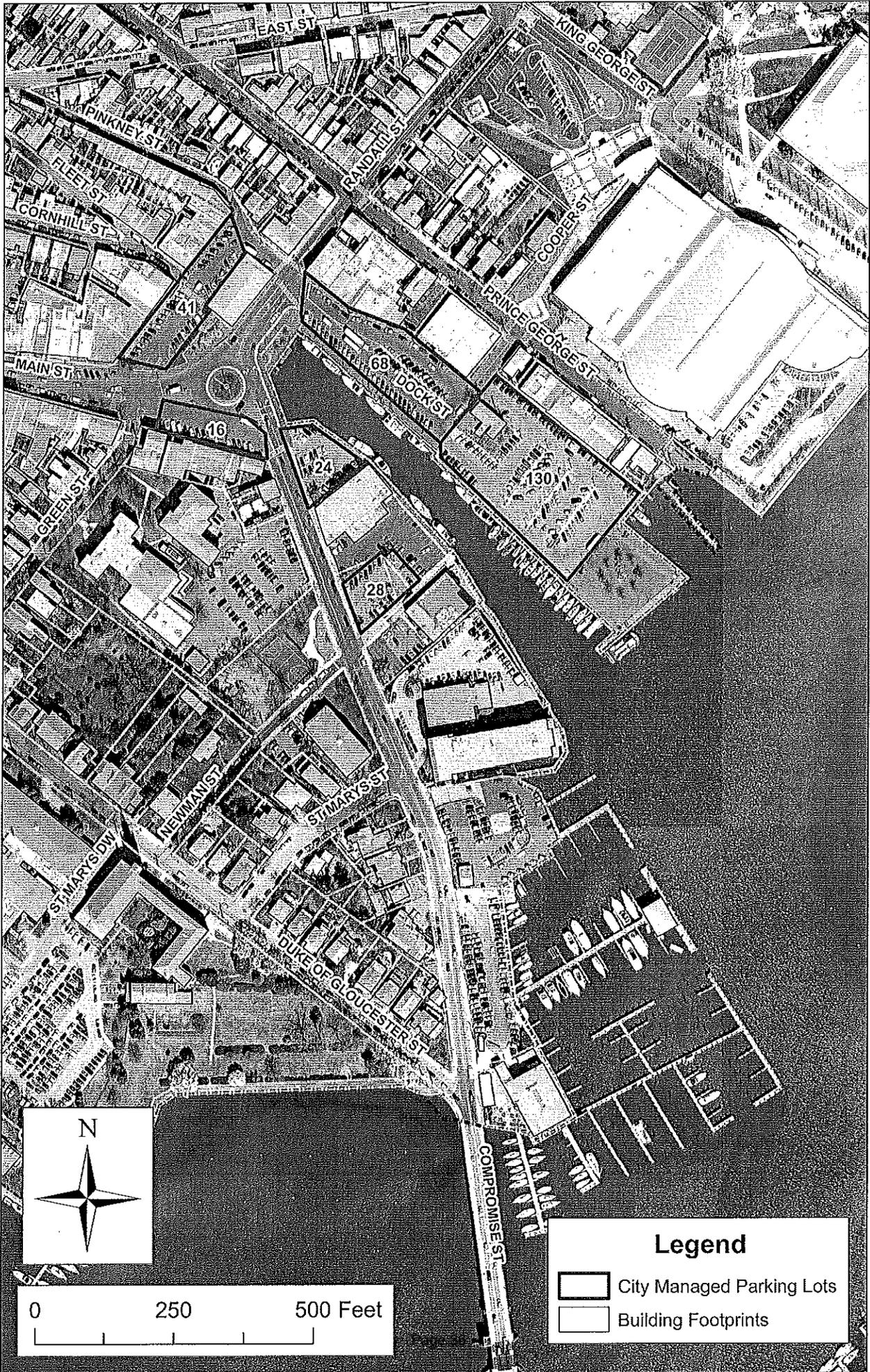
40
41 *The 307 city-owned parking spaces in the study area were depicted on a graphic*
42 *distributed to the City Dock Advisory Committee on November 22, 2010 (attached.)*

43
44 **3.C. Waterfront Set-Back**, p.37, second sentence of second paragraph: replace
45 "minimum 30-foot" setback with "50 to 55-foot".

46

1 "In order to accommodate these uses, the WMC District should incorporate a
2 ~~minimum 30-foot~~ 50 TO 55-FOOT setback from the water for primary structures,
3 and a 20-foot setback from the Northwest side of Newman Street."
4

5 *The 50-foot setback is consistent with the graphic on p.16 and the range allows for*
6 *consideration of boat show display needs. It is consistent with the text on p. 12 as well.*
7





City of Annapolis City Council
Committee & Commission Referral Action Report

Date: August 30, 2013

To: Jessica Cowles,
City of Annapolis Office of Law,
Legislative and Policy Analyst

The Maritime Advisory Board has reviewed the Amendments to R-49-12 (City Dock Master Plan), which amendments were adopted on October 14, 2013 has taken the following action with respect to the Amendments:

Favorable (8-0) with comments

Favorable with amendments

Unfavorable

No Action

Other

Comments:

The MAB has reviewed the proposed Amendments to the City Dock Master Plan (R-49-12), and is in receipt of comments from the Office of the Mayor. A copy of those comments is attached.

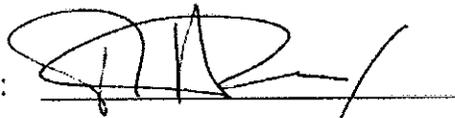
Based upon the amendments as currently adopted, and the attached comments, the MAB unanimously voted to:

- Recommend approval of the modified configuration of the current Waterfront Maritime Conservation (WMC) zoning district.
- Oppose the use of a Planned Unit Development (PUD) or "MX" zoning at any of the proposed "opportunity sites".

- Oppose residential uses within any of the "opportunity sites" except as currently permitted in the C-2 zoning district.
- Take no additional position with respect to the City Dock Master Plan as a whole except as noted above.

Meeting Date: October 15, 2013

Signature of Chair:

A handwritten signature in black ink, appearing to be "J. P. Walters", written over a horizontal line.

cc: Members, Maritime Advisory Board
Mayor Josh Cohen
Members, City Council
Jon Arason, Director
Frank Biba, Chief
J. P. "Flip" Walters, Harbormaster

Legislative Referral - R-49-12 Amendments



City of Annapolis

DEPARTMENT OF PLANNING AND ZONING

145 Gorman Street, 3rd Floor, Annapolis, Maryland 21401

Annapolis 410-263-7961 • FAX 410-263-1129 • MD Relay (711)

Chartered 1708

JON ARASON, AICP
DIRECTOR

September 5, 2013

MEMORANDUM

To: Planning Commission

From: Jon Arason
Planning Director

Re: Ordinance O-19-13 for the purpose of adding projected school capacity of Annapolis High School feeder system schools to the list of development review criteria and findings

- Attachments:
1. Ordinance O-19-13
 2. Facilities/Enrollment Comparison Annapolis Feeder System
 3. School Utilization Chart by Feeder System, 2013 Projected Enrollment
 4. School Districts
 5. State-Rated Capacity Utilization By Feeder System 2011 Actual, 2012, and 2021 Projected FTE Enrollment

Ordinance O-19-13 amends certain sections of Title 21 to require a more detailed review of school capacity issues in the review of major projects. Three chapter in Title 21 are being amended:

Chapter 21.08.050—Planning and Zoning Director.

This chapter enumerates the duties of the Planning and Zoning Director. O-13 adds two additional duties:

- to coordinate the exchange of information between the Planning Department and the Board of Education to facilitate accurate and timely data about school capacity as affected by new development
- to provide input into AA Co. planning documents on school capacity and make recommendations regarding additional school facilities or capital improvements to existing facilities.

Chapter 21.22—Site Design Plan Review and Chapter 21.24—Planned Developments

These chapters are amended with the same language add to the review criteria and findings the following as related to school capacity:

- how many school-aged children expected to live in the development based on the School Pupil generation factors/unit contained in the Anne Arundel County Educational Facilities Master Plan (EFMP).
- which and to what degree schools will be impacted by the projected new students
- the current and projected capacity of the impacted schools to accommodate new students at present and in the foreseeable future based on the EFMP.

Educational Facilities Master Plan (EFMP)—school capacity

The School Board is required to prepare an annual Educational Facilities Master Plan. Mandatory elements of the EFMP include:

- The goals, standards and guidelines for school system facilities
- Inventory and evaluation of existing facilities
- Population, enrollment data and ten year projections
- Listing and analysis of facilities utilization and needs for the next seven years
- Community analysis including a description of location by census tract, zoning, and proposed water/sewer and Master Plan goals and objectives

The EFMP is the yardstick by which school capacity is determined for the purposes of determining the needs of individual school facilities. School capacity is set by State regulations via state-rated capacity (SRC). SRC is now 23 students per classroom for grades 1 through 5. It is noted in the EFMP that, 'It is important to note that the State guidelines for determining the capacity of a school are fluid at best. As the state has no set time for implementing changes and may do so at any time as unforeseen issues arise, it is not always possible to have the most recent changes published in this document (EFMP).'

The Annapolis High School feeder system contains nine elementary schools--eight of which serve City residents (seven are in the city and one, Hillsmere, is outside)--and two middle schools. Please see the attachment *Facilities/Enrollment Comparison Annapolis Feeder System* for the individual schools, capacity, actual useage and projected full-time equivalent (FTE) to the year 2021.

The next attachment, *School Utilization Chart by Feeder System, 2013 Projected Enrollment* is used to determine 'open' or 'closed' schools. Under the AA County Adequacy of Public Facilities Ordinance (APFO) if a school exceeds its capacity, no development is allowed in that school's area; the school is closed for the purposes of new, non-age restricted residential development. Looking at this chart for the Annapolis High School feeder system, you will see that the following elementary schools would be closed, meaning a moratorium on residential (except age restricted) in that schools district: Eastport, Hillsmere, Mills-Parole, and Tyler Heights. The middle and high schools are not closed.

Ordinance O-19-13

This ordinance has two requirements. The first is administrative and requires coordination of information between the City PZ Department and the BOA. We do provide them with development

applications and with our long-range plan, but there is not a procedure for direct, coordinated discussions.

The second relates to the review of major development applications.

PZ Departmental staff send all major developments to the Board of Education (BOA) for review. This is a review at the discretion of BOA staff, meaning that the PZ Department does not provide any parameters nor standards for review. Comments returned from the BOA relate only to whether students will be bused—we have not received any comments regarding the impact of a development on school capacity.

O-19-13 will add school capacity calculations into the mix of review criteria. Enrollment projections for new developments based on the EFMP. The yield factor is not nuanced in that it is based on the 2000 Census and is based simply on dividing the number of housing units by the total number of students. The calculated yield factor is .382 students per housing unit. This is further broken down as follows:

- Elementary (K-5) =.181 student/housing unit
- Middle (6-8) =.090
- Senior (9-12) =.111

Under O-19 Planning Staff will be calculating the projected new students from a development and providing them to the BOA for review.

It is important to note that O-19-13 is an amendment to Title 21—Zoning, and not Title 22, Adequate Public Facilities (APF). This is an important distinction. APF requires that the Planning Director find that any listed facility have the capacity to support any new development. If this capacity is lacking, it must be mitigated or the development cannot proceed. Being in Title 21, issues relating to school capacity will have an increased level of scrutiny in the review process, but lack of capacity will not result in the stoppage of a project. Factors that might mitigate in favor of a project irrespective of school capacity might be future school excess capacity due to declining enrollments or capital expansion.

Conclusion

Ordinance O-19-13 requires that staff provide enrollment numbers and existing school capacity for the review of new residential developments, but does not require that development be postponed upon based on this analysis. This is reasonable and the data should assist the Board of Education in their projections. Staff also feels that the requirement to coordinate the exchange of information with the BOA especially in the preparation of the EFMP is a positive step and recommends approval of Ordinance O-19-13,

**Alderswoman Finlayson's Proposed Amendments to O-19-13
Capacity of Schools in the Development Review Process**

Amendment #1

On Page 2, in Lines 10-12, amend the language as follows:

WHEREAS, it is in the best interest of the City of Annapolis to ~~consider~~ review all available data regarding the impacts of a proposed development on school capacity before the City approves a proposed development, and the Council expressly recognizes that the review of school capacity is a complicated matter made more complex by the fact that, while the City collects development impact fees for schools from residential developers within the City of Annapolis in the amount set by Anne Arundel County and while the City remits such fees to Anne Arundel County in accordance with the requirements of the Maryland State Code, the City of Annapolis does not presently have the authority to control, direct, or influence how Anne Arundel County expends those fees, or how the County manages its public schools, or how the County funds public school construction, or how the County permits residential developments within the County which impact public schools within the jurisdictional limits of the City of Annapolis; and

WHEREAS, given the complexity of public school funding, school districting, and the allocation of school capacity by Anne Arundel County and its Board of Education, it is neither the intent of the Annapolis City Council nor the effect of this Ordinance for the provisions adopted herein to function as a moratorium on residential development within the City of Annapolis, or to stop any particular residential project from moving forward in the City's administrative processes.

Effect of Amendment #1: The amendment would clarify the City Council's intent and the applicability of the law.

Rationale of Amendment #1: The amendment expresses the informational intent of the Ordinance, clarifies that it is not intended to be a *de facto* development moratorium, and expresses the Council's effort to bring into focus the complicated but important matter of bi-jurisdictional school funding and capacity issues.

Amendment #2

On Page 4, delete Lines 21-41, and on Page 5, delete Lines 1-14.

Effect of Amendment #2: The amendment would make no modifications to Section 21.24.090, Planned development review criteria and findings. School capacity would be reviewed in connection with site design plan review applications.

Rationale of Amendment #2: It is duplicative and confusing to have an identical review criterion applicable to one project but decided two times, in two separate applications, and by two different administrative bodies. Placing a requirement to provide school capacity information into the Code's site design plan review requirements is more inclusive: nearly every single residential development project in the City must obtain site design plan review approval from the Department of Planning and Zoning, only some residential development projects must obtain planned development approval from the Planning Commission, but all planned developments must obtain site design plan review approval from the Department of Planning and Zoning. Site design plan review applications are reviewed and decided by the Department of Planning and

Zoning, which is already accustomed to and practiced in reviewing school capacity data in connection with the Anne Arundel County Board of Education and the Anne Arundel County Office of Planning and Zoning. And in the event of a planned development application, per 21.24.090 E., the Department of Planning and Zoning reports its recommendation to the Planning Commission on whether the planned development complies with the site design plan review criteria at 21.22.080 and at Chapter 21.62, so the Planning Commission would be made aware of the Department of Planning and Zoning's review of school capacity information.

Amendment #3

On Page 3, delete Lines 23-43, and on Page 4, delete Lines 1-19, and replace the deleted text with a new City Code Section 21.62.075 as follows:

Chapter 21.62 – Site Design Standards

21.62.075 SCHOOL CAPACITY.

AN APPLICANT SEEKING APPROVAL OF A DEVELOPMENT CONTAINING NON-AGE RESTRICTED DWELLING UNITS SHALL PROVIDE TO THE DEPARTMENT OF PLANNING AND ZONING THE FOLLOWING INFORMATION:

1. HOW MANY SCHOOL-AGED CHILDREN ARE EXPECTED TO LIVE IN A THE PROPOSED DEVELOPMENT BASED ON THE SCHOOL PUPIL GENERATION FACTORS YIELD PER UNIT CONTAINED IN THE ANNE ARUNDEL COUNTY EDUCATIONAL FACILITIES MASTER PLAN;
2. WHICH, AND TO WHAT DEGREE, ANNAPOLIS FEEDER SCHOOLS GEOGRAPHICALLY LOCATED WITHIN THE CITY OF ANNAPOLIS WOULD BE IMPACTED; AND
3. THE CURRENT AND PROJECTED CAPACITY OF THOSE IMPACTED SCHOOLS TO ACCOMMODATE THE EXPECTED NUMBER OF SCHOOL AGED CHILDREN AT PRESENT AND THE FORESEEABLE FUTURE BASED ON THE ANNE ARUNDEL COUNTY EDUCATIONAL FACILITIES MASTER PLAN.

Effect of Amendment #3: The amendment would make no modifications to 21.22.080, "Review criteria and findings" for site design plan review applications. Instead, a requirement to provide school capacity information would be codified in a new Section within Chapter 21.62, "Site Design Standards."

Rationale of Amendment #3: The vague "consideration" criterion that would have created problems and produced confusion is removed. The amended framework would require that school capacity information be provided by site design plan review applicants and, per 21.22.080 A., that such information must be deemed sufficient and reviewed by the Department of Planning and Zoning in its evaluation of site design plan review applications.

EXPLANATION

CAPITAL LETTERS indicate matter added to existing law.

[brackets] indicate matter stricken from existing law.

Underlining indicates amendments.

**Alderman Littmann's Revised Proposed Amendments to O-19-13
Capacity of Schools in the Development Review Process**

Amendment #1 (revised)

Page 1, line 12

Page 3, line 12

Page 4, line 13

Page 5, line 8

Strike "geographically located within the City of Annapolis"

Effect of Amendment #1: The amendment would ensure that the law applies to the 2 schools that are outside of City limits that are within the Annapolis feeder school system.

Rationale of Amendment #1: The intent of the law is to consider the impact of residential developments in the City on the schools that those developments impact, which includes the schools in the Annapolis feeder system, not just the schools in the City.

Amendment #2 (revised)

A. Page 4, Line 20, Insert:

If the City projects that a proposed residential development would either (1) impact a school that already exceeds its State-Rated Capacity in the current Anne Arundel County Educational Facilities Master Plan ("Capacity") or (2) cause the school to exceed its Capacity when the development is complete, then the developer may satisfy the requirements of Section 21.22.080 I. by including, as a stipulation to proceed with the development, a requirement to fund improvements that increase classroom size by the lesser of (1) to the extent necessary to accommodate the prospective number of children from the proposed development or (2) to the extent necessary to result in total school enrollment as less than or equal to its current state-rated capacity.

B. Page 5, Line 15: Same as paragraph above, but refer to Section 21.24.090, rather than 21.22.080

Effect of Amendment #2: The amendment would empower the developer to satisfy requirements of this law by building school capacity for the students added by its development.

Rationale of Amendment #2: This provision gives the developer some measure of control over the school capacity issue. It is a lenient provision in that it does not require the developer to address over-capacity beyond the enrollment increase from its own development, and it does not require the developer to provide for increased common areas, such as cafeteria space.

Amendment #3

Page 2, in Lines 10-12, amend the language as follows:

WHEREAS, it is in the best interest of the City of Annapolis to consider all available data regarding the impacts of a proposed development on school capacity before the City approves a proposed development, and the Council expressly recognizes that the review of school capacity is a complicated matter made more complex by the fact that, while the City collects development impact fees for schools from residential developers within the City of Annapolis in the amount set by Anne Arundel County and while the City remits such fees to Anne Arundel County in accordance with the requirements of the Maryland State Code, the City of Annapolis does not presently have the authority to control, direct, or influence how Anne Arundel County expends those fees, or how the County manages its public schools, or how the County funds public school construction, or how the County permits residential developments within the County which impact public schools within the jurisdictional limits of the City of Annapolis; and

WHEREAS, given the complexity of public school funding, school districting, and the allocation of school capacity by Anne Arundel County and its Board of Education, it is neither the intent of the Annapolis City Council nor the effect of this Ordinance for the provisions adopted herein to function as an automatic stop on residential development within the City of Annapolis, or to stop any particular residential project from moving forward in the City's administrative processes.

Effect of Amendment #3: The amendment would clarify the City Council's intent and the applicability of the law.

Rationale of Amendment #3: The amendment expresses the informational intent of the Ordinance, clarifies that it is not intended to be an automatic development moratorium, though it could justify stopping a development, and expresses the Council's effort to bring into focus the complicated but important matter of bi-jurisdictional school funding and capacity issues.

Amendment #4

- A. Page 4, Lines 6-7: strike "The proposed design considers" and insert "UNLESS A DESIGN IS SUBJECT TO REVIEW AS A PLANNED DEVELOPMENT UNDER SECTION 21.24.090, THE PROPOSED SITE DESIGN MUST PROVIDE CONSIDERATION OF:"
- B. Page 5, Lines 21-24, strike and replace with:
SECTION III: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLISCITY COUNCIL that this Ordinance shall apply to applications for site design review [and] OR applications for a planned development submitted to the Planning Commission after the date of passage of this Ordinance.

Effect of Amendment #4: The amendment would eliminate the review of school capacity at both the Site Design and Planned Development step.

Rationale of Amendment #4: This amendment eliminates a duplicative and possibly conflicting review. If a design will be reviewed during a Planned Development, then that is when it will be reviewed. If, however, the design is not subject to a Planned Development review, then it will be reviewed in the Site Design section.



City of Annapolis

DEPARTMENT OF PLANNING AND ZONING

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Chartered 1708

JON ARASON, AICP
DIRECTOR

May 14, 2013

MEMORANDUM

To: Planning Commission

From: Jon Arason *JA*
Planning Director

Re: Ordinance O-30-11 amending Section 21.40.020 by deleting subsection D.
relating to contiguous lots

Attachments: A. Ordinance O-30-11
B. Individual maps showing R1 zoned lands
C. Composite map of R1 zoned lands

Background

On April 10, 2006 the City Council adopted Ordinance O-23-05. This ordinance amended the R1, Single-family Residence District as follows:

- Prohibited the Planning and Zoning Director from granting administrative adjustments when the minimum lot width and area requirements of the affected property are not met
- Merged contiguous lots of record under single ownership or control to prevent transfer or development of individual lots unless it can be demonstrated that each lot so transferred or developed and the remaining lot(s) comply with the base district regulations including lot size, lot width, lot coverage and setbacks.
- Allows the development of a lot of record contiguous to one or more lots of record to be developed provided that the land area or width of the subject lot is not needed for the remaining contiguous lot(s) to be compliant with setbacks, area width or other base district requirements.

This ordinance was proposed and adopted due to concerns (particularly in the West Annapolis area) that existing lots of record which did not meet the lot width or area requirements of the R1 zoning district were being separately sold and developed pursuant to Section 21.40.010 A.

Section 21.40.010 A. reads as follows:

21.40.010 - Regulations applicable to all residential districts.

A. In any residential district on a lot of record, a single-family dwelling may be established or enlarged regardless of the size of the lot, provided that all other requirements of this Zoning Code are met.

Ordinance O-23 prevented 'substandard' lots of record from being separately developed.

Areas of the city having R1 zoning are West Annapolis, Admiral Heights, Murray Hill, Heritage, Bay Village, and the properties along Fairfax Road. (Please see map attached at the end of the report.)

In the R1 zoning district, the minimum lot width is sixty (60) feet, and the minimum lot area is seven thousand (7,000) square feet. The original lots platted for Fairfax Road and Heritage exceed the current R1 requirements. In the R1 area of Murray Hill the original lots are either developed as platted or substantially developed with homes that are unlikely to be demolished for the purpose of exposing underlying lots. Admiral Heights is platted in lots that are 35' x 120' and none of these lots meet the minimum width or lot area. West Annapolis is platted into lots of 50' x 150' (7,500 sq. ft.) so these lots typically meet the minimum lot area but not the lot width.

Discussion/Recommendation

Ordinance O-23-05 was adopted because of concerns—primarily in West Annapolis—that contiguous, single-family, multi-lot properties under single ownership were being purchased and each lot separately developed with a single-family home with or without demolition of the original house. In some instances administrative tolerances were given to setbacks to preserve existing homes but freeing up a contiguous lot. (In these instances, the existing property consisted of two or more lots, but the existing structure was built inside the setback from the common lot line. This makes no difference if the lots are under single ownership, because the setback would not be measured from the common property line but, rather, from the furthest extent of the common property. To open the adjacent lot for development, a variance to the side yard setback would be required.)

There are instances where persons owning contiguous lots are looking forward to sell one or more of these lots to supplement their incomes, whether retirement or other. With the passage of O-23-05 this is no longer an option, meaning that due to the amendments under O-23 what had been anticipated was no longer viable.

As currently proposed, the current Ordinance O-30-11 eliminates all of the protections built into O-23-05. Because there is direct correlation between lot size and density (therefore intensity of development) staff recommends only the elimination of 'lot width' from the criteria limiting development of a contiguous lot of record. All of the other restrictions would remain, including the lot would have to meet the minimum lot are, setbacks would have to be met before and after a contiguous lot is transferred, and no administrative adjustments would be made if the lot width did not meet the minimums.

Staff recommends approval subject to maintaining Section 21.40.020 D. as is except for the following:

1. At the end of Section 21.40.020 D. 1.— add 'except lot width'
2. Section 21.40.020 D. 2.—delete references to lot width

Attachment A

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CITY COUNCIL OF THE
City of Annapolis

Ordinance No. O-30-11

Introduced by: Alderman Paone

LEGISLATIVE HISTORY			
First Reading 7/11/11	Public Hearing	Fiscal Impact Note	180 Day Rule 1/13/12
Referred to Rules and City Gov't Planning Commission	Referral Date 7/11/11 7/11/11	Meeting Date	Action Taken

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A ORDINANCE concerning

Deleting the Contiguous Lots Section of 21.40.020 – R1 Single Family Residence District

FOR the purpose of amending Section 21.40.020 – R1 Single Family Residence District to delete Section D related to contiguous lots.

BY repealing and re-enacting with amendments the following portions of the Code of the City of Annapolis, 2010 Edition
Section 21.40.020

17
18

SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that the Code of the City of Annapolis shall be amended to read as follows:

19

Chapter 21.40 – RESIDENTIAL DISTRICTS.

20

21.40.020 - R1 Single-Family Residence district.

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- A. Purpose. The R1 Single-Family Residence district provides for single-family detached dwellings at approximately six dwelling units per acre and other uses compatible with these single-family neighborhoods of the City.
- B. Uses. Uses that may be permitted in the R1 Single-Family Residence district are set forth in the table of uses for residential districts in Chapter 21.48
- C. Development Standards. Chapter 21.50 contains the bulk regulations table for the R1 Single-Family Residence district.
- D. ~~Contiguous Lots.~~
 1. ~~Notwithstanding the provisions of Section 21.40.010(A), in the R1 District, except as described in (D)(2) of this section, a lot of record that is contiguous to one or more lots of record under single ownership or control on April 10, 2006, shall be considered part of a zoning lot, and shall not be developed or ownership transferred as an individual lot, unless the owner can demonstrate that the subject lot and each remaining lot or collection of lots in the zoning lot complies with the current base zoning regulations including lot size, lot coverage and yard setbacks.~~ *create lot width.*
 2. A lot of record that is contiguous to one or more lots of record under single ownership or control can be developed in accordance with Section 21.40.010(A) if the land area and width of

25
7/11/11
2012

1 the subject lot of record is not needed for the remaining contiguous lot(s) of record under single
2 ownership or control to comply with the current base zoning regulations including lot size, lot
3 coverage and yard setbacks.
4 ~~3. Upon application for any building permit in which the proposed improvements would have~~
5 ~~any impact on lot size, lot coverage or yard setbacks, the property owner shall submit such~~
6 ~~information as required by the Department of Planning and Zoning concerning the ownership of~~
7 ~~contiguous lots of record pursuant to compliance with this subsection.~~
8

9 **SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
10 **ANNAPOLIS CITY COUNCIL** that this Ordinance shall take effect from the date of its passage.

11
12 **ADOPTED** this _____ day of _____, _____.

13
14 ATTEST: THE ANNAPOLIS CITY COUNCIL

BY _____

Regina C. Watkins-Eldridge, MMC, City Clerk Joshua J. Cohen, Mayor

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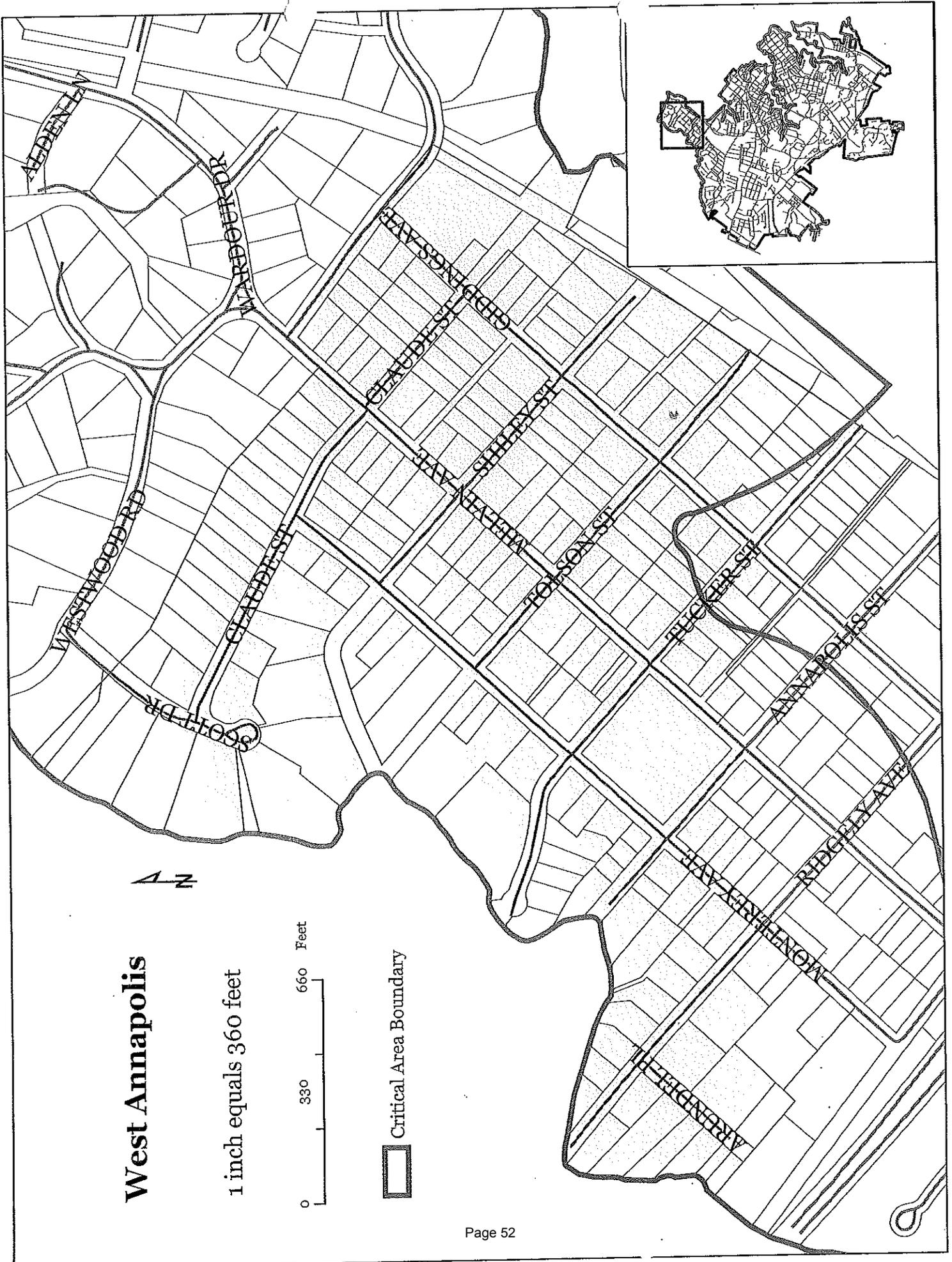
<p>EXPLANATION: Highlighting indicates matter added to existing law. Strikeout indicates matter deleted from existing law. <u>Underlining indicates amendments.</u></p>
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West Annapolis

1 inch equals 360 feet



 Critical Area Boundary



Attachment B



C1A

C1A

R3 C2P

R3

R4

R3

P

C1A

P R4

MURRAY AVE

SOUTHGATE AVE

LAUREL AVE

CONDOR ST

CHARLES ST

SOUTH ST

SHAW ST

ACTON PL

ACTON PL

FRANKLIN ST

FRANKLIN ST

THOMPSON ST

THOMPSON ST

FRANKLIN ST

C1

MARKET ST

Murray Hill

R1

R2

R3



Feet

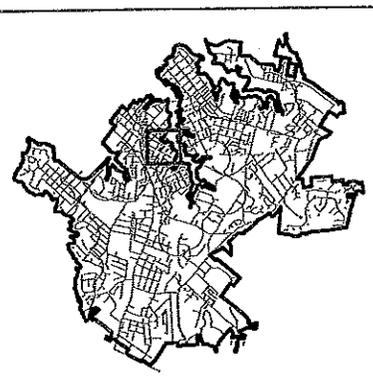
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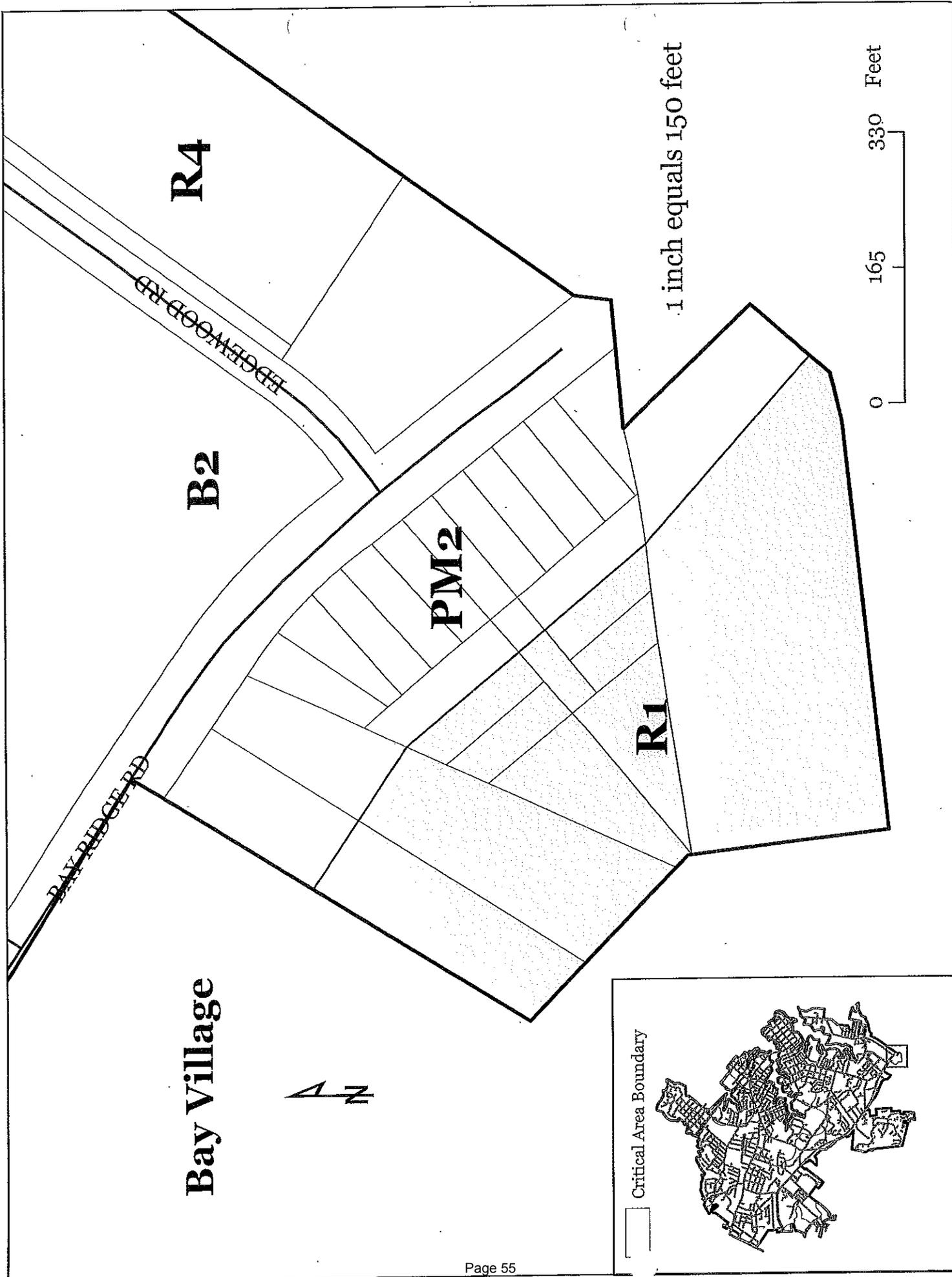
300

600

Critical Area Boundary

1 inch equals 250 feet

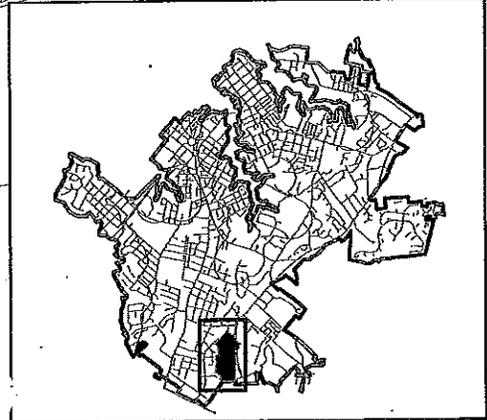






Fairfax Road

1 inch equals 315 feet



Heritage

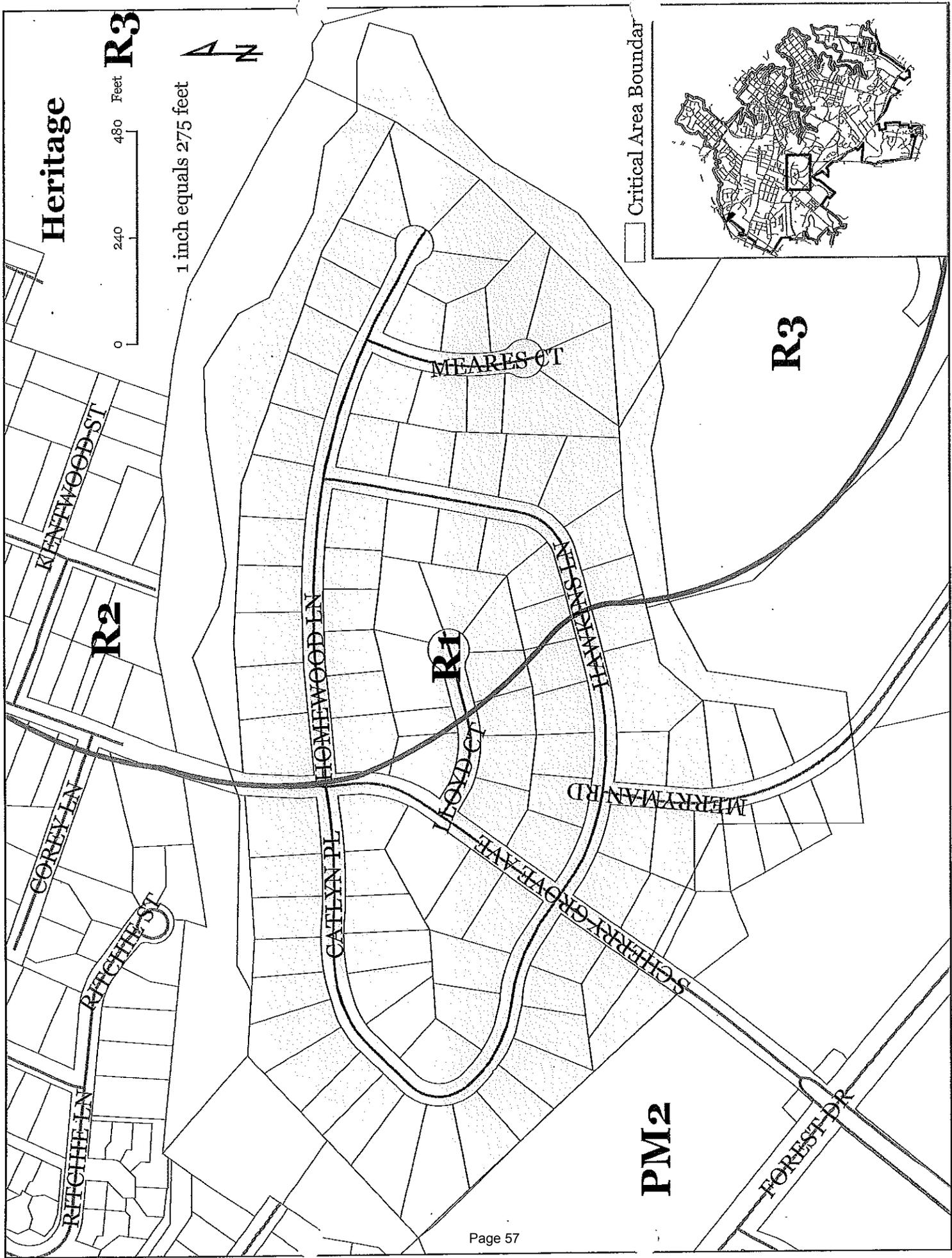
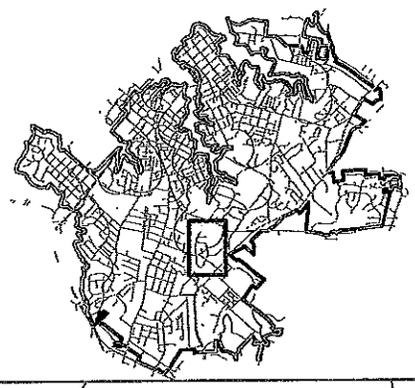
R3



1 inch equals 275 feet



Critical Area Boundary



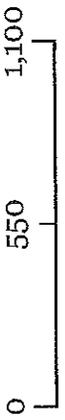
Admiral Heights



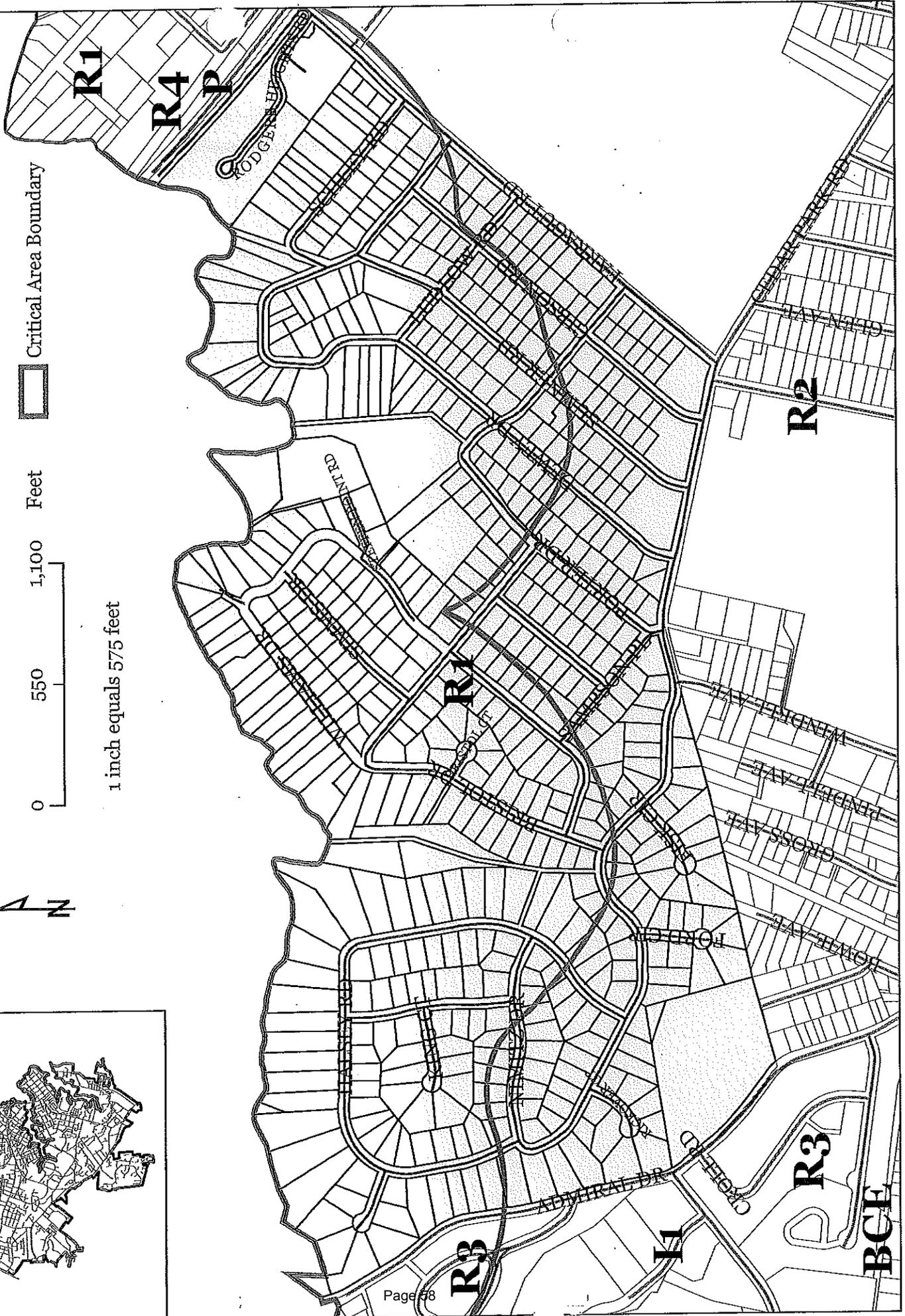
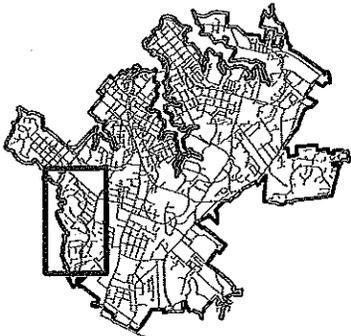
Critical Area Boundary



Feet

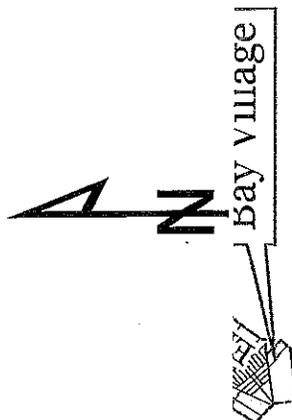


1 inch equals 575 feet



Attachment C

City of Annapolis: R-1 Zoned Areas



West Annapolis

- Legend**
- City Boundary
 - ▭ Critical Area Boundary
 - Roads
 - ▭ Parcels
 - ▭ R1 Zoning

1 inch equals 2,000 feet



FISCAL IMPACT NOTE

Legislation No: O-32-13

First Reader Date: 7-22-13

Note Date: 8-30-13

Legislation Title: Plumbing Permit Fees – Capital Facilities

Description: For the purpose of authorizing applicants for a special exception or other development proposal, subject to the following group of plumbing permit fees (a connection charge, a capital facility charge, a capital facility assessment charge, and an installation charge), to be eligible for the fees levied at the time of such application rather than the fees at the time the permit may be issued; and making such provisions retroactive to July 1, 2011.

Analysis of Fiscal Impact: This legislation produces significant financial impact by making such provisions retroactive to July 1, 2011. The City's net cash flows and Enterprise Funds will see a negative impact due to either a refund to businesses or a loss in revenue from businesses that received a special exemption after July 1, 2011. The new rate costs went into effect December 19, 2011, which implies that a net amount of \$95,000.00 will be lost due to the following businesses:

SE Date	SE #	Old Rate Cost	New Rate Cost	Net Cash Impact
10/15/2010	SE2010-019	8,100.00	19,500.00	11,400.00 Refund
07/27/2011	ADM2011-010	27,000.00	65,000.00	38,000.00 Refund
08/08/2011	SE2011-005	27,000.00	65,000.00	38,000.00 Waived
08/25/2011	SE2011-006	5,400.00	13,000.00	7,600.00 Refund

*SE stands for Special Exemption

The charges for issuance of permits are the sum of a connection charge, a capital facility charge, a capital facility assessment charge and an installation charge. The charges shall be recommended to the City Council by the Director of Public Works and collected by the Director of Neighborhood and Environmental Programs. The schedule of fees shall be established by resolution of the City Council.