October 21, 2019

The Honorable Gavin Buckley and Council Members
City of Annapolis
160 Duke of Gloucester
Annapolis, MD 21401
VIA EMAIL ONLY

Re: Public Works Maintenance Facility Task Force
Second Interim Report – last report before final

Dear Mr. Mayor and Members of Council:

With Resolution R-37-19, you formed a Task Force to provide the City Council with findings and recommendations on the benefits and detriments of (a) rebuilding the City's Public Works facility on Spa Road or (b) selling the Spa Road land and purchasing designated property on Forest Drive to build the Public Works facility at that location. I am serving the City as the Chair of this Task Force and write to you with this Second Interim Report to provide the latest update before the final report and before our next public hearing on Thursday, October 24, at 7:00 PM at the PMRC. It is my intention to share our methods, questions, issues, plans, and preliminary findings so that you may provide any input as needed to ensure that our final report is meaningful and helpful to you. I want to emphasize that what you'll read are *preliminary* findings – they can change or be reversed as further information is gathered or existing information changes. I can't emphasize that point enough as new information has been submitted daily over the past several days.

Per R-27-19, the Task Force is to consider the impacts on:

1. **Businesses**
2. **City Employees**
3. **City Finances**
4. **Community**
5. **Environment**
6. **Housing**
7. **Land Use and Partnership with Other Governmental Agencies**
8. **Traffic / Connectivity / Recreation**

The Mayor selected the members for the Task Force with the concurrence of Alderwoman Finlayson. At our first meeting on July 23, the Task Force members divided the work to be done by 8 subcommittees with the same headings as the issues above. The Task Force members each agreed to serve on one or more subcommittees and one member of each subcommittee agreed to serve as its chair. The subcommittees, members (with noted relevant experience or title), and subcommittee chairs are:

Impact on Business

Darrell Hale** – Attorney; mediator
Jared Littmann* – Former Alderman, Ward 5; K&B True Value

Impact on City Employees

Don Hankins** – AFSCME Local 3406 President
Jacqueline Allsup – President, Anne Arundel County Branch NAACP

Impact on City Finances

Bill Davidson – former finance manager, Div. of Solid Waste Services, Montgomery County
Scott Gibson** – Public Administration expert; finance

Impact on Community

Curtis Jones – American Legion; communications and security
Dan Brookes – President of Kingsport; Ward 4
Darrell Hale – Attorney; mediator
Roger Kizer Ball – Truxton Heights, Ward 1
Alan Kushner – Kingsport neighborhood
Kathy Ebner** – Homes for America; Ward 8
Minor Carter – Ward 1 and 5; lobbyist
Tom Baker – Kingsport Resident, Ward 4

Impact on Environment

Bill Davidson – former finance manager, Div. of Solid Waste Services, Montgomery County
Jesse Iliff** – Arundel Rivers Federation

Impact on Housing

Cliff Martin – Housing Commission for Anne Arundel County, CEO

Impact on Land Use / Other Gov'ts

Eliot Powell*** – Developer / Economic Development
Phil Hager** – AACo / Planning Director

Impact on Traffic / Connect. / Rec.

Greg Stewart – AACPS / Sr. Mgr. for Planning
Jon Korin – President of Bike AAA
Nestor A. Flores, P.E., PTOE – Chief, Traffic Engineering Division, Anne Arundel County
Joel Campbell** – IT field, mapping; property appraiser
Tom Baker – Kingsport neighborhood
Alan Kushner – Kingsport neighborhood

*** Task Force Chair**
**** Subcommittee Chair**
***** Task Force Vice-Chair**

The Task Force provided you with its First Interim Report on August 20, 2019, and provided a supplement to that report on August 30, 2019. The Task Force held a public meeting and hearing on September 3, 2019, at which the Task Force received questions and oral and written testimony. We are striving to keep you and the public updated and informed throughout our work through the posting of relevant information on the City's website on a dedicated page: www.annapolis.gov/Task. That website has the referenced First Interim Report, Supplemental Report, and many sources of data used in this report.

The City Administration answered a comprehensive set of 152 questions from various people and Subcommittees. You can find those answers on the above-captioned website in a document titled, "Updated Task Force questions and responses 10-9-2019 v2 (PDF)". However, some information from those responses were received too late to be incorporated in this report. They, and any further updates, will be incorporated in our final report.

This report comes to you in anticipation of the next and last public meeting and hearing on October 24, 2019. **At this next meeting, from 7:00 to 9:00 PM, at the Pip Moyer Recreation Center, this committee will hold a public meeting to receive public input**. The report before you and the information on the above-mentioned website are intended to inform the public prior to that public hearing. We welcome you to attend, to share the information being shared with you, and to encourage your constituents to attend that public hearing. After that meeting, the full Task Force will meet again on November 5 from 2:00 pm to 4:00 pm at Pip Moyer Recreation Center and subsequently finish its work with a Final Report.

We remind you of the important and intertwined governance and timing questions that the Mayor and Council must resolve: (1) should the City use a competitive process to maximize the value of the Spa Road site and (2) how can the City respond to the demand that a new facility be built quickly? One option for the Mayor and Council to consider is to negotiate a purchase of the Forest Drive site that is not contingent on the sale of the Spa Road site. That is consistent with one option offered from LaTerra dated 7/29/19 (see page 15). That would allow the City to use a competitive process to determine the disposition of the Spa Road site. Note that in its proposal, LaTerra Homes offers a discount of $200,000 in the sale price of the Forest Drive property if it is a part of a land swap for the Spa Road site. The Mayor and Council would need to weigh the advantages of securing that $200,000 discount versus the definitive governance benefit and possible fiscal benefit of using a competitive process for Spa Road.

The work of this Task Force is limited. We are not considering or weighing the governance or policy decision regarding the above "split" option or alternative locations for a Public Works Maintenance Facility or other questions not posed above.

The pages that follow are a summary by me followed by the second reports from each Subcommittee, lightly edited.

Respectfully submitted,

Jared Littmann, Chair
Public Works Maintenance Facility Task Force

From the Chair: Summary of Facts and Findings of Each Committee

The Proposal:

The City currently owns property on both the east and west side of Spa Road. The Public Works Maintenance Facility was located on the east side. That building was demolished, and the employees are working out of temporary structures on the smaller west side property on Spa Road and rented space on Chinquapin Round Road. Meanwhile, the proposed developer, LaTerra, has the right to purchase a 3.59-acre site on Forest Drive. LaTerra has proposed to sell the Forest Drive site to the City for $2.2 million and purchase the 8.25-acre east side of the Spa Road site[1] for $4.2 million as part of a land swap. Alternatively, La Terra has offered the Forest Drive site to the City for $2.4 million if the City chooses to rebuild there and dispose of the Spa Road site via a competitive bidding process.

Highlighted Facts:[2]

- **Grant Funding**. The City intends to use the net proceeds of the land swap to leverage various grant opportunities to expand its bicycle and pedestrian network via pathways and pedestrian bridges and to enhance Weems-Whelan field and adjacent fields on the Maryland Hall and Bates Middle School properties. The amount and source of those grants wouldn't be finalized until the grants were awarded which makes analysis of the required matching funds difficult to estimate. The gross proceeds of the proposed land swap transaction ($2 million) would be reduced by some known capital expenditures (e.g., improvements to the American Legion beyond a parking lot, off-site stormwater management to get to 125% remediation policy at Forest Drive site, and afforestation or reforestation[3]) with currently unknown costs. Therefore, the net proceeds remaining after a transaction, if any, as seed money for matching grants is currently unknown. Furthermore, the gross proceeds (again, currently estimated at $2 million) are subject to variables such as how many homes the developer is permitted to build and the final land purchase prices. When asked about the order in which the City would the amenities, City Manager Teresa Sutherland explained, "that depends on what grants are available at the time, the matching requirements, and how we could maximize our leverage of those funds, all of which would be subject to the Mayor proposing and the City Council approving. The Mayor's priorities are (1) American Legion improvements because we would need access to the American Legion parking to make the Forest Drive site work; (2) remediation of the Weems Whalen field contamination, which we would do regardless of which site is chosen; (3) Forest Drive pedestrian bridge; (4) Spa Road pedestrian bridge; (5) bike paths; and (6) ballfields."[4]

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[1] The City-owned site on the west side of Spa Road is approximately 3.75 acres so the entire Spa Road site is sometimes referenced as being 11 to 12 acres. The proposed developer's land swap only involves the larger, approximately 8.25-acre, east side.

[2] The main source of information for these highlighted facts is the City-supplied, "**Updated Task Force questions and responses 10-17-2019 (PDF)**" which is available here: https://www.annapolis.gov/DocumentCenter/View/13649/Updated-Task-Force-questions-and-responses-10-17-2019-PDF. As previously noted, this document was supplied to the Task Force just as the subcommittees were submitting the reports summarized here. Therefore, some "facts" that those reports relied on were from a previous set of Q&A provided by the City and may differ from this summary. It is our expectation that these differences will be resolved by the final report.

[3] Source: email from City Manager Teresa Sutherland to Task Force Chair Jared Littmann on October 21, 2019.

[4] Source: email from City Manager Teresa Sutherland to Task Force Chair Jared Littmann on October 21, 2019.

- **Pedestrian Bridges, approvals**. A bridge over Forest Drive would require approval from the County which has stated its willingness to consider. A bridge over Spa Road would not require SHA approval.
- **Pedestrian Bridges, costs**. According to a proposal contracted for by LaTerra Homes and provided to the City, a bridge at the Spa Road site would cost $580,786 and take 32 weeks from design through construction. Similarly, a bridge at the Forest Drive site would cost $1,258,314 and take 32 weeks from design through construction. Note that the referenced proposals may not address all of the City's requirements for the pedestrian bridges such as the cost of acquiring the land or right to use the land necessary at the Forest Drive location to provide for the landing of the proposed bridges.
- **Proposed new housing at Spa Road site with a land swap**. If the land swap materializes, LaTerra would construct a residential development on the site. Because the property is split-zoned, only approximately 58 units could be built. The developer is proposing 50 residential units, though the ultimate unit count would be dependent on the City Council approving the land contract at a stated target density and the Planned Development process that will determine what the City ultimately will accept and approve. The developer's proposal is based on achieving 50 market rate units, with a pro-rata adjustment (up or down) based on final site plan approval. Additionally, the proposal was made prior to the City's change in the MPDU requirements and therefore may need to be modified.
- **Additional Tax Revenue**. Under a land swap, the City anticipates $300,000 of annual additional tax revenue if the developer builds 50 residences on the Spa Road site and, in their most recent Q&A, the City acknowledges that this would require an aggregate property assessment of over $40MM, which the Finance Subcommittee notes would require an average assessed value of $813K per dwelling. Conversely, in the Finance Subcommittee's analysis, the increased annual tax revenue for the City (not the County or State) from the proposed project is $156,910, which would be offset by the differential cost of City services. As further context for that increase in City tax revenue, the Finance Subcommittee also notes that the land swap would result in the Forest Drive property coming off the tax rolls, although the potential taxes for that property, built with residences, would be lower than the Spa Road site.
- **Existing Bonds**. The City sold $5,761,857 of bonds for this project of which the City spent $1,423,040. Because the bond proceeds were not spent within 3 years of the bond sale, the City must monitor the investment earnings on the bonds to determine whether it must pay arbitrage. No arbitrage has occurred to date. The remaining $4,338,817 of bond proceeds are part of a pool of bond proceeds that the City will use for other projects that are ready to move forward before the PW Facility is. The City will issue new bonds to fund whichever option the City Council chooses for the maintenance facility.[5]
- **Timing for a new facility**. An important consideration is how quickly a new Public Works facility could be built to house the Public Works employees who have been working out of temporary structures. The City estimates that there would be a 2-month difference: if building at Spa Road, then the total amount of time until a new facility is operational is estimated to be 2 years and 4 months; if at the Forest Drive site, the estimate is 2 years and 6 months.[6]

[5] See Appendix G for total estimated costs of both options: https://www.annapolis.gov/DocumentCenter/View/13644/Appendix-G---Comparison-of-Development-Costs-for-PW-Facility-PDF

[6] These estimates represent the latest information from the City which recently narrowed the gap in these estimates. These changes will be further explored by the Task Force.

- **Gas Pumps**. The existing gas pumps at the Spa Road site are obsolete and under either scenario, the City would remove them. If the City rebuilds at Spa Road, then the City could replace the fuel station or use an existing facility for fuel needs. If the City builds at Forest Drive, it would not replace the fuel station but rather use an existing facility for fuel needs.
- **Salt Barn**. Under either scenario, a new salt barn is required and will be built.
- **Operating hours**. Under either scenario, the City would base 76 Public Works employees out of the new facility with normal operating hours of 6:00 AM to 4:30 PM.
- **Soil Contamination at Spa Road site**. Soil testing has confirmed subsurface soil contaminants at the Spa Road site from fly ash historically used on the site for backfill. The City is liable for any and all contamination on the Spa Road site. Any remediation potentially needed or required could partially depend on the use of the property. If the land swap is made, the developer is willing to pay up to $500,000 of any cleanup or remediation costs. If the state determines that remediation is required, and that the required remediation measures are the same regardless of land use (residential or playing field), then this cost is neutral (the same) to either option. See Environmental Subcommittee Report below for more information. Note also that this issue has some level of uncertainty as the City is actively investigating these issues further.
- **Soil Contamination at Weems-Whelan Field**. The City is performing additional sampling of the top layer of soil at Weems-Whelan Field in order to determine the level of contamination, if any, in that soil. The City has started the process with the Maryland Department of the Environment (MDE) to determine what they would require in a Voluntary Cleanup Plan and after the test results are available, the City will schedule a meeting with MDE to discuss the Weems-Whelan Field cleanup requirements. Phase I and II assessments were completed back in 2016-2017 for the Public Works portion of the east side site at Spa Road, but not for Weems-Whelan Field because it was not going to be disturbed by the facility replacement project. This issue too has some uncertainty as the City is actively investigating these issues further.
- **Stormwater management**. If the City rebuilds at Spa Road, the current requirement is 75% or the maximum extent practicable with a goal of 100%, which likely cannot be achieved without affecting Weems-Whelan field. For the Forest Drive site, the requirement is 125%, which is not possible on that site, but off-site treatment could be used to meet this requirement.
- **Access to a Forest Drive site**. If the land swap materializes, the two options for access to the DPW site on Forest Drive are (1) "right in, right out" access from and to Forest Drive with no extension of Skipper's Lane, or (2) access via an extension of Skipper Lane with City vehicles using Skippers Lane to South Cherry Grove Avenue, with entry and exit from Forest Drive at the existing traffic signal (preferred by City). The County has not stated a preference between these options. The County has stated that it will not support a fourth leg on Hilltop Lane or a new signal at Newtowne Drive. The County will not choose a preferred option until a full traffic engineering study is performed.[7]
- **Sound Wall**. If building at the Forest Drive site, the City has proposed building a 15' high 500' long sound wall for the benefit of nearby residents of Homes on the Glen. For context, the DPW building would be approximately 35' high.
- **American Legion**. Under the Forest Drive option, the City would need to negotiate with the American Legion for shared use of their parking lot. The American Legion officers are supportive of the Public Works move to the Forest Drive site, but negotiations have not

[7] Source for County view: Nestor A. Flores, P.E., PTOE, Chief, Anne Arundel County Traffic Engineering Division

concluded. The officers are asking for a new roof, paving of their parking lot, a memorial garden, access to Skipper Lane, and a long-term lease for a portion of their land that the City wants to use for parking. These costs are not yet determined.

- **Cooperation with the school system**. The City has had preliminary discussions with the school system regarding relocation of Weems-Whelan field onto school property. Generally, there is support for improving the athletic fields on the school property, but these negotiations have not concluded.
- **New residential units near the Spa Road site**. For context for how the proposed new residences at Spa Road would integrate with other new projects, the following are recent residential projects near the Spa Road site: West 141 Condos - 23 condo flats; West End Row - 18 townhomes; Enclave at Spa - 36 townhomes; and 2010 West Street - Towne Court - 42 units. These projects have paid a fee in lieu per the applicable MPDU requirements except Towne Court, which is not subject to the MPDU requirements because it is an affordable housing development.

Subcommittee Report Highlights

As you'll note below, there are benefits and detriments identified by nearly every subcommittee to either option.

Businesses Subcommittee Report Highlights

- The subcommittee surveyed businesses along the Forest Drive corridor.
- According to survey results, business owners are concerned about traffic impacts while seeing an opportunity for more customers from building the facility on Forest Drive.

City Employees Subcommittee Report Highlights

- The subcommittee conducted a survey of Public Works employees assigned to the Spa Road and Chinquapin Round Road facilities.
- According to survey results, the respondent employees were 100% supportive of rebuilding at Spa Road because it is a larger site and allows for an easier flow of work traffic.

City Finances Subcommittee Report Highlights

- Benefits of rebuilding at Spa Road: the design work is fully paid, and the project can be completed 2 months sooner.
- Detriments of rebuilding at Spa Road: the opportunity cost of potentially positive net proceeds and a potential increase of tax revenue from a land swap, and financial contributions toward potentially required environmental remediation.
- Benefits of building on Forest Drive:
  - *Potential* net proceeds from sale in excess of the City's increased capital costs.
  - *Potential* to leverage net proceeds as seed funding and matching funds for grants, and
  - Increased annual net tax revenue.
- Detriments of building on Forest Drive: corresponding capital costs that will reduce, and *potentially* eliminate, the proceeds of the land swap.
- The City retains responsibility for the cost of Spa Road yet unknown environmental remediation costs under either scenario. The proposed developer has offered $500,000 towards remediation, under a land swap, provided that the State's requirement is consistent with the developer's construction plans.

- The report notes significant questions about the appraised values of the different sites.
- Differences in the City's annual budget (annual net benefits) resulting from the swap (in comparison with not doing the swap), depend strongly on assumptions of currently unknown expenses. Therefore, the subcommittee developed 6 cases representing the permutation of various assumptions. Three of the 6 yielded zero annual net benefits, and the other 3 indicated net annual benefits to the City of $26,865, $31,261 and $44,543/year.
- The 20-year net present value to the City of doing the swap was therefore calculated for each of the 8 cases — 4 assuming the low-end differential capital estimate of $1.12MM, and 4 assuming the high-end differential capital of $2.66M.
- That wide range of estimated additional capital needed in order to move to Forest Drive tends to drive the overall results. If the high-end capital costs hold, then the City loses money. Only in the case of low-end capital cost assumptions does the City realize positive (favorable) 20-year net value.
- At the end of its full report, the subcommittee presents a comprehensive list of 5 recommendations for actions to be done before agreeing to a swap.

Community Subcommittee Report Highlights

- Benefits of rebuilding at Spa Road: construction would be completed 2 months sooner.
- Detriments of rebuilding at Spa Road: Nuisance issues for Spa Road neighbors.
- Benefits of building on Forest Drive: new housing community on Spa road that could enhance surrounding property values; better entry to West Street Arts District; additional MPDU units; potential for additional tax revenue; opportunity for grant leverage opportunities; and, potentially improved connectivity.
- Detriments of building on Forest Drive: potential gentrification of the Spa Road area; increased property values could price out some residents, increased traffic on Spa Road; reduced City-owned green space; nuisances to neighboring Forest Drive residents; undervalues low-income communities; added traffic to Forest Drive; negatively changes aesthetics of area; adds 2 months to construction timeline for a new facility; introduction of safety concerns about pedestrian bridges; new parking concerns for Spa Road neighbors.
- Significant information is needed to further evaluate the proposal for pedestrian bridges and for improvements to the Weems-Whelan Field. Information is requested about potential noise from a facility on Forest Drive and more information about traffic impacts.

Environment Subcommittee Report Highlights

A potentially very significant environmental consideration related to the proposed land swap hinges on the question of whether the remediation measures, if any, required by the Maryland Department of the Environment (MDE) would differ depending upon land use (residential versus ballfield). If the required measures are the same regardless of land use, then this consideration is essentially common to both options. The City is currently assessing this issue. As further information is uncovered, weighing the environmental pros and cons of the proposed land swap should become clearer. The Environment Subcommittee expects that the City will have more detail on the relative remediation of contamination requirements depending upon land-use at the Spa Road site in the coming months, and any findings made by the City will be disseminated to the community through the Task Force as long as it remains assembled.

Apart from the extent of contamination at the Spa Road site, the remaining environmental considerations relate to stormwater management during and after the construction of the facilities, and the environmental justice considerations of relocating the public works facility to the Forest Drive parcel, which is surrounded by communities largely comprised by people of color.

Housing Subcommittee Report Highlights

- The developer is proposing to build 50 residential units on Spa Road and, with the new MPDU requirement of 15%, would include 8 Moderately Priced Dwelling Units.

Land Use and Partnership with Other Governmental Agencies Subcommittee Report Highlights

- **Zoning Issues**. The necessary zoning approvals for a DPW facility at the Spa Road location have already been obtained. Residential development at the Spa Road location will require a Special Exception, changes to the allowable coverage limits in the Critical Area, and an amendment to the Growth Allocation. Construction of the DPW facility at the Forest Drive site will involve obtaining a Special Exception.
- **Environmental Impacts**. Use of the Spa Road site for a residential use rather than for the DPW facility may result in removal of existing impervious areas. Significant stormwater management benefits will accrue with either option, but the smaller size of the Forest Drive site will make desired stormwater management a challenge and potentially more expensive.
- **Cultural and historic resources**. Disturbance of the Forest Drive site should only follow a Phase I Archaeological survey to identify the presence or absence of cultural resource artifacts from the Civil War era.
- **Housing**. A comprehensive analysis of housing need, type, and affordability exceed the scope of this task force, but from a broad perspective, Spa Road is less traveled than Forest Drive and is therefore preferable from a residential standpoint.

Traffic / Connectivity / Recreation Subcommittee Report Highlights

- **Traffic**. The group concludes, based on certain assumptions, that the DPW vehicle service time will be longer from the Forest Drive site as compared to the Spa Road site. The group concludes that egress from the facility will be easier for DPW vehicles from the Spa Road location as compared to the Forest Drive location.
- **Connectivity**. The land swap would provide for improved connectivity and a shared-use path network in the City and therefore the group views the expansion of the network, with or without bridges, as a benefit of a land swap. Based on recent grant awards in the City and County, the group concludes that it is likely but not guaranteed that the City and County could secure grants that would leverage the land swap net proceeds, on a matching basis, to further build out the Annapolis pedestrian and bike network. Because the amount available for matching funds and the award of grants are unknown, connectivity improvements from a land swap are difficult to quantify.
- **Recreation**. The land swap proposal envisions enhancing the fields located at Bates Middle School and the addition of a multi-use field on school board property to replace Weems-Whelan field. The group welcomes enhancements to the fields but is concerned that the fields won't be accessible during school hours or when it gets dark (no lights), in addition to the practicality of using artificial turf with its related stormwater impacts and expectations for maintenance.

Impact on Business Subcommittee

Subcommittee Chair: Darrell Hale
Subcommittee member: Jared Littmann

Report:

Relevant Documents:

Task Force's First Report
PW Maintenance Facility Task Force First Report Supplement
Public Works Summary
City Council Creation of Task Force
Mayor's Office Summary
Developer's Proposed Land Swap

Report Summary:

The business subcommittee is tasked with evaluating the potential impact of moving the Department of Public Works facility to Forest Drive on neighboring businesses. With that goal in mind, the subcommittee asked business owners along the South Forest Drive corridor to provide input on what they see as the potential benefits and detriments of the DPW relocation. Fifty-nine business owners were invited to take a survey. Of that number, 26 business owners, representing 44 percent, responded to the survey. Most business owners, 64 percent, see more detriments than benefits to moving DPW to Forest Drive and do not recommend that the City move forward with this plan. Traffic congestion and noise pollution, in that order, are the primary reasons why business owners are opposed to this plan.

Research Process:

The subcommittee offered Forest Drive business owners with four methods to give feedback: (1) an online survey; (2) public hearing testimony; (3) face-to-face meetings as a group and individually; and (4) written testimony. Survey responses provided the most feedback and contributed to many of the findings in this report.

The subcommittee sent an online survey to business owners using Survey Monkey. The survey asked business owners to respond to the following questions:

1. Taking into consideration everything you now know about the land swap proposal would you choose to move the Department of Public Works facility to Forest Drive or leave it on Spa Road?

2. What do you see as the greatest benefits to your business by moving the Department of Public Works facility to Forest Drive?

3. What do you see as the greatest detriments to your business by moving the Department of Public Works facility to Forest Drive?

4. As a business owner, do the benefits of moving the facility outweigh the detriments for you?

5. Overall, do you recommend that the City proceed with moving the Department of Public Works to Forest Drive?

In addition, the subcommittee has gone door-to-door to speak with business owners and attended a SoFo Business Association meeting on September 18. The subcommittee encouraged business owners to visit the taskforce website, complete the online survey, provide written testimony or speak at the next public meeting.

Using these different strategies, the subcommittee will continue to collect, summarize, and present the business communities' perspective on the land swap proposal.

Assumptions made for Purposes of the Report

The business subcommittee asked business owners what they see as the benefits and detriments of moving DPW to Forest Drive. The subcommittee expected opinions on this issue to vary and encouraged diverse opinions to be shared.

A public hearing was held on September 3, 2019. The exact number of business owners in attendance at that meeting is unclear, but few people, identifying as business owners, offered oral testimony. Likewise, the subcommittee did not receive significant feedback from the business community in the form of written testimony on the proposed plan either. The reason(s) for business owners' lack of participation in these two arenas is also unclear; but, one business owner's statement via email may represent the sentiment of many other business owners: "We have concluded that it is in our best business interest to pass on commenting on this issue." Anecdotally speaking, some business owners may be reluctant to publicly comment on this issue because it is so divisive. Instead, some business owners may prefer to remain neutral to avoid a backlash.

Forest Drive Location

The survey allowed participants to select what they saw as the benefits and detriments of moving DPW to Forest Drive using preset options. The subcommittee chose to use preset options to make responses consistent and to minimize subjectivity in interpreting and measuring results. The benefits and detriments identified in the survey are consistent with those echoed by business owners and are listed below:

Benefits

- More customers
- Improved roads
- More job opportunities in the community
- More revenue for the City
- More business growth along Forest Drive
- Other

Survey participants ranked more job opportunities and other, in that order, as the greatest benefits of moving DPW to Forest Drive. The survey design does not allow participants to provide a narrative response. If survey participants chose "Other" as a response, they were unable to elaborate on what "Other" meant to them. However, participants can provide oral and written testimony to the subcommittee in the event they feel the survey does not capture all the benefits and detriments as they see them.

Detriments

- Fewer customers
- More traffic congestion
- More noise pollution
- More public safety concerns
- Less business growth along Forest Drive
- Other

Survey participants ranked more traffic congestion and more noise pollution, in that order, as the greatest detriments to moving DPW to Forest Drive.

Complete survey results are attached to this report for public consideration.

Consequences and Decisions

Survey responses as well as oral testimony strongly suggest that traffic congestion on Forest Drive is a serious concern for business owners. By adding 105 DPW vehicles, other City vehicles, including police cars and fire trucks, plus 76 DPW employees to the existing traffic on Forest Drive, many business owners believe more gridlock and more accidents are inevitable. Extending Skippers Lane as an alternate route to enter the DPW facility did not appear to ease business owners concerns about this proposed plan.

Spa Road Location

Spa Road is predominantly residential and is the former site for the DPW facility. If the facility is rebuilt on Spa Road, the benefits and detriments to business owners on Spa Road and Forest Drive will remain at status quo.

Unresolved Questions

Lingering questions remain about traffic congestion on Forest Drive if the DPW facility moves there. While there have been a few indirect traffic studies, the City has not performed a comprehensive traffic analysis of the proposed plan to move DPW to Forest Drive. Does the City plan to do a traffic study of this area? If so, will the study be made available to the public? In addition, will that study consider reconfiguring traffic lights at the intersections of Forest Drive and South Cherry Grove and Forest Drive and Hilltop Road?

Appendix

The Business Subcommittee's Survey Data is in Appendix 1.

Impact on City Employees Subcommittee

Subcommittee Chair: Don Hankins
Subcommittee member: Jackie Allsup

Report:

From the Chair: Public Works operations needs a facility desperately. City employees have operated under a hodge-podge of facilities and storage areas. Several locations are an accident-waiting-to-happen. An updated, modern facility would improve morale, safety, and efficiency of the employees.

The Subcommittee conducted a survey that was taken by Union and Nonunion employees. The surveys were conducted in groups of 2 to 12 employees. There was a 95% participation rate from employees that work from Spa Road and a 90% participation rate from employees that work from Chinquapin Round Road. The respondents are 100% supportive of rebuilding at Spa Road and against building at Forest Drive.

Benefits to build at Spa Road:

- Larger site
- Better for Public Works operations
- Easier flow of work traffic. The plan allows for combining all Public Works locations and combining 3 fleet operations (Public Works, Fire, and Police)
- Construction can start sooner

Detriments to build at Spa Road:

- None listed

Benefits to build at Forest Drive:

- City employees would have a facility (common to both options)

Detriments to build at Forest Drive:

- Smaller Site
- Cramming the Facility in a small space with more traffic will cause a greater safety risk
- Traffic flow into and out of the facility
- Parking

From the Chair: It’s about time that Public Works employees are valued and treated with the respect that they deserve. No other Department would stand for the working conditions that the Public Works employees have endured for the past several years. They deserve a lot of credit.

Impact on City Finances Subcommittee

Subcommittee Chair: Scott T. Gibson
Subcommittee member: Bill Davidson

Executive Summary

A land swap is a relatively simple transaction. While the values are significantly higher, the mechanics are no different than the swaps and trades that took place in our grade school cafeteria. Every school had the one kid, whose parents always packed the most coveted sandwich. That kid was king. He could trade that sandwich for anything. And if he was willing to trade that coveted sandwich and meet his needs with a less popular one, like liverwurst, he often got extra treats from chips to cupcakes as well. He didn't need to look for offers; offers came to him. He just had to select the one that best met his interests.

That is the position in which Annapolis finds itself today. The City's Spa Road property is something that others want. It should come as no surprise that a developer has offered a property - that while of less broad appeal - may meet Annapolis's needs plus $2MM in cash to acquire the Spa Road land.

The question before the City Council is a remarkably simple one: Is the City willing to move the Department of Public Works ("DPW") operations to a more challenging and smaller location in order to gain $2MM? To advise their decision, they have asked for this subcommittee's thoughts on whether the offer is attractive enough.

What a piece of land is worth is reflective of what someone is willing to pay for it. Absent a competitive bid process testing what people are willing to pay, we must rely more heavily on the insights gained by appraisals.

The two appraisal values obtained by the City for each property were highly disparate, but based on comparison of their averages, the $2.0MM offer would appear to be close (although just $132K shy) to equal to the difference in the two sites' property values. One might argue that the appraisals suggest that the Developer's offer overstates the value of the Forest Drive land.

It is unclear why the Peabody appraisal for Spa Drive invoked (page 3) the definition of Fair Market Value that applies in the case of condemnation actions. If this is the market value definition applied, then that may explain the gross disparity between Peabody's $3.3MM and Westholm's $4.765MM assessment for the west side of Spa Road. If the Peabody appraisal used the condemnation definition, and we let the Westholm value control, then the swap offer is $820K shy of equitable. This should be clarified.

The appraisal method used by all of the City's appraisers (sales comparison), while very commonly used, is a relatively crude method compared to the discounted cash flow (DCF) method. The more rigorous DCF method is the preferred method when considering vacant land for subdivision development (our case) and would seem highly warranted in order to protect the interests of the City in the absence of competitive sale. The DCF is, no doubt, the method used by the developer, itself,

and if used by the City as well can provide a measure of transparency second only to a public bidding process.

The property tax revenue generation of $300K per year stated in the City's presentation can be understood to include State and County property taxes as well as City property taxes—the City's share being $159K per year.

At this time, we estimate the differences in front-end capital expenditure necessary in order to move DPW from Spa Road to Forest Drive range from $1.12-to-$2.66MM. Assuming the low end of that range, the developer's $2.0MM cash offer could net the City $880K that could be used for leveraging grants.

We stress again that these interim estimates should strengthen the City's resolve to perform additional due diligence. This range of differential capital cost could change very substantially if the MDE's technical remediation requirements for the Spa Road site, attending the proposed residential use, versus those requirements attending continued land use (e.g., as ball fields), become known. MDE's requirements could differ depending upon the land use allowed (residential versus ball fields). This clarification by the State MDE could reduce our "low-end" estimated capital by $500K, and/or reduce our high-end capital by $759K. We are encouraged to understand that the City is now taking additional samples with the intent to work with MDE in the near future to clarify what remediation MDE will require under the two different land uses.

The City cannot inoculate itself against all future environmental liability for contamination discovered at the Spa Road site (e.g., a contamination plume). However, by gathering thorough baseline environmental data now, it can ameliorate that liability relative to contamination that becomes newly-discovered after the date of the swap.

Differences in the City's annual budget (annual net benefits) resulting from the swap (in comparison with not doing the swap), depend strongly on a choice of perspectives. So, we developed 6 cases representing the permutation of those perspectives, 3 of the 6 yielded zero annual net benefits, and the other 3 indicated net annual benefits to the City of $26,865, $31,261 and $44,543/year.

The 20-year net present value to the City of doing the swap was therefore calculated for each of the 8 cases—4 assuming the low-end differential capital estimate of $1.12MM, and 4 assuming the high-end differential capital of $2.66M.

That wide range of "first costs" tends to drive the overall results. If the high-end capital costs hold, then the City loses money. Only in the case of low-end capital cost assumptions does the City realize positive (favorable) 20-year net value. If the low-end capital values hold, then the City could realize, between $0.9 and $1.6MM over 20 years.

20-Year Net Present Value of Swap Under Varying Assumptions ($000)		
Differential Capital Cost	$ 1,122	$ 2,656
Annual Net Benefits Case		
Case A	$ 1,628	$ 7
Cases C	$ 1,343	$ (278)
Cases D	$ 1,414	$ (207)
Cases B, E, & F	$ 910	$ (711)

However, in order to realize this range of potential positive outcomes, in addition to the low-end capital estimates proving true, a lot of other things would have to go right, including that items 2 through 8 enumerated at the beginning of Section 7 would have zero cost impact. These included, in particular, the assumptions that:

- there would be no need for Skipper Lane to be extended in order to serve Crystal Spring,
- there is no cost associated with the City's as-yet-unknown intended use for the 0.73 acre "Site 1" portion of the Forest Drive, paralleling Newtown Road, included in the swap, and
- the Forest Drive site will prove adequate in size to serve the long-term needs of the City inclusive of necessary features not currently included in the concept plan.

The City's opportunity to seek grants in order to leverage LaTerra's $2.0MM cash offer is inherently limited by the extent to which the City's own funds, otherwise available for grant matching, would be impacted by its increased capital expenditures needed in order to move DPW to Forest Drive. Realistic visioning of what grants can do for the City need to be tempered by the impact of these differential capital cost requirements. If the $2.0MM cash offer is netted down by only our low-end differential capital estimate, then $878K would be available to the City for matching-leverage of grants. If the high-end differential capital is needed, then there would be no cash to the City available to be leveraged through grants.

Recommendations

1) Before proceeding with the swap, and in order to protect its economic interests, the City should either:
    a. pay for detailed DCF-based appraisals of both properties, or
    b. select an alternative future home for its consolidated DPW facility, and sell its Spa Road property in a transparent competitive fashion.

2) Regarding existing appraisals, the City should:
    a. Carry out Peabody's recommendation that, "a current survey should be completed to accurately estimate the acreage of the Spa Road properties".
    b. Endeavor to become knowledgeable about what conditions or market factors contributed to the curiously low 2014 market price of $585K for the two parcels that comprise almost all of the Forest Drive site planned to be used.
    c. Resolve why the Peabody appraisal for Spa Drive invoked the definition (on page 3 of that appraisal) of Fair Market Value that applies in the case of condemnation actions, and whether this definition was used in deriving their appraised values.
3) Before proceeding with the swap, the City should learn:

a. From MDE, the extent to which its remediation requirements would differ depending upon land use (residential versus ball fields), and
b. From the City's engineering consultant:
    i. the extent to which those MDE remediation requirements would include construction elements inherently included in the proposed residential development (e.g., added soil base and clay cap), and
    ii. the net cost to the City of those (potentially different) remediation requirements.

4) Before proceeding with the swap, and because of its potentially large cost implications, the City should clarify its Concept Plan for the Forest Drive site <u>at least</u> with respect to:

    a. Its relationship with the Crystal Spring development next door to the east, vis-a-vis the need for Skipper Lane to be extended through to serve Crystal Spring (which extension would eliminate 36 DPW parking spaces from its Concept Plan);
    b. Development of its own reasonable planning cost estimates, including offsite, for required stormwater facilities;
    c. The actual footprint of needed sound walls on both east and south side property boundaries footprints for onsite stormwater management;
    d. The City's intended use of Parcel 2355B ("Site 1" in Exhibit 7) that justifies including that parcel, valued at $200K, in the swap deal, and what City costs are associated with carrying out that use, and
    e. The long-term adequacy (size) of (size required for) the Forest Drive site to meet Public Works needs over the next 20 years.
5) Before closing the swap, the City should conduct the baseline environmental conditions sampling described above. This will not inoculate against, but can ameliorate, the City's liability for contamination (e.g., contamination plume) discovered after the swap date.

Appendix

The Finance Subcommittee's detailed full report is in **Appendix 3**.

Impact on Community Subcommittee

Subcommittee Chair: Kathy Ebner
Subcommittee members: Roger Kizer Ball, Alan Kushner, Minor Carter, Tom Baker, and Darrell Hale

Report:

Relevant Documents:
Mayor's Office Summary
Public Works Summary
Letter from County re ped bridge Forest Drive
Task Force questions and responses 9-1-2019
City Finances Subcommittee Interim Report Data
Traffic Subcommittee Interim Report Data
Written Testimony

Report Summary:
There are many unanswered questions regarding the potential benefits of the land swap and location of the DPW on Forest Drive. The subcommittee needs the information requested below to conclude its assessment of the quality of life impact of the two proposed locations.

Describe Research Process:
The Subcommittee met several times and held a Listening Session inviting members of the public to comment. In producing its Interim Report, the Subcommittee has utilized the relevant documents listed above and feedback from the Listening Session. Attached to the Interim Report is a summary of feedback received from the Listening Session.

Assumptions made for Purposes of the Report:
The purpose of the subcommittee is to assess the quality of life impacts on residents of Wards 1, 4 and 5. Because it is difficult to quantify or provide data about what constitutes a quality of life impact, the subcommittee must make certain assumptions when making its conclusions.

Forest Drive Location (Land Swap):

<u>Benefits:</u>

- Provides for a new housing community on Spa Road that could enhance surrounding property values and provide a better entry to the West Street Arts District.

- The housing community on Spa Road would contain a percentage of Moderately Priced Dwelling Units, which helps address City of Annapolis affordable housing needs.

- The new homes on Spa Road could provide additional annual tax revenue to the City as a result of the new homes constructed on Spa Road (See City Finances Subcommittee Interim Report herein for analysis of potential funds for additional City services).

- The City Finances Subcommittee reports potential scenarios that would generate net proceeds. If those net proceeds materialize and are matched with grants to fund pedestrian bridges over Forest Drive and Spa Road and to upgrade and relocate Weems-Whelan Field[8] and upgrade two County athletic fields, this would provide additional amenities for City of Annapolis residents. Additionally, the pedestrian bridges would provide greater connectivity between neighborhoods.

Detriments:

- The new homes on Spa Road could spur gentrification of the area and further increase home values beyond what is affordable for City of Annapolis residents.

- The additional homes on Spa Road will increase evening and overnight traffic and noise for adjoining neighbors.

- Construction of the homes on Spa Road reduces City owned green space area.

- Parking for the Forest Drive facility will extend up to the property line, with parking located about thirty feet from the rear of some of the properties in Homes in the Glen. Residents of Homes at the Glen will experience an increase in noise and commotion as a result of the facility operation. Other communities directly affected by the Forest Drive location include those along Newtowne Road: Riders Glen, Woodside Gardens and Newtowne 20.

- Locating the DPW facility adjacent to low income communities along Newtowne Road and directly behind Homes at the Glen perpetuates a long-standing pattern of undervaluing low-income communities and government taking action to make affordable areas less desirable.

- The 72 Public Work vehicles (including 21 medium-duty and 12 heavy-duty trucks as defined by FHWA) as well as 33 other pieces of equipment (i.e. 4 generators, 6 signboards, etc.) assigned to the site, the 75 Public Work employees based on the site, and the approximate 85 additional vehicles serviced at the site will increase traffic on heavily congested Forest Drive. The Traffic Subcommittee reports the Forest Drive location has major artery congestion and

[8] In November of 1949 the City signed a lease with the Annapolis Athletic Association (AAA) for a tract of land at the incinerator plant. The city agreed to spread topsoil on the tract to be used as an athletic field. The AAA raised money for lighting, bleachers, dressing rooms and showers at the field and built a clubhouse on adjoining property (currently owned by AACPS and used by the ARC of the Chesapeake)

On September 17, 1954 the field was dedicated as the Weems-Whelan Memorial Field. Named after two former members of the AAA, Lieut. Commander George "Bee" T. Weems, USN and Staff Sergeant Joseph Francis Whelan, U.S. Air Force and veteran of Marine service in World War II.

Weems lost his life in January 1951 while testing an airplane over the Delaware River. Whelan was killed when a transport plane, with its entire crew, was lost in the Pacific in June 1948.

McWilliams, Jane Wilson. *Annapolis, City on the Severn: A History*. Baltimore: Johns Hopkins University Press, 2011, p. 314.

neighborhood road congestion and safety concerns. The additional DPW traffic would add to these congestion and concerns. Additionally, if a right-in-right-out option on Forest Drive cannot be utilized, the DPW vehicles would be routed through South Cherry Grove Road. This would increase traffic for residents who regularly utilize South Cherry Grove Road.

- A tall industrial building that is architecturally inconsistent with the surrounding area and changes the aesthetic living environment of the area.

- Construction of the DPW facility on the Forest Drive site could take more time than construction of the DPW facility on the Spa Road site. The city estimates the construction would take 24-36 months on Forest Drive and 22-28 months on Spa Road.[9]

- If the pedestrian bridges are constructed there could be safety concerns as a result of pedestrians throwing objects below onto oncoming vehicles. Additionally, the isolated areas of the bridges could present safety concerns, especially for pedestrians crossing the bridges late at night.

- Upgrade of the athletic fields could result in parking issues for Spa Road residents who live near the fields.

Spa Road Location:

Benefits:

- City already owns the property so construction can happen more quickly.

Detriments:

- Parking for the DPW facility on Spa Road would be located within 200 feet of some homes within Truxton Heights. Residents of Truxton Heights will experience an increase in noise and commotion as a result of the facility operation. Other communities directly affected by the Spa Road location include Neuva Villa, Carrollton Avenue, Spindrift, Enclave and Gentry, along with the apartment communities of Bayshore Landing and Westwinds.

Information Needed to Complete Evaluation:

- To further evaluate the impact on residents, the subcommittee requests information on sound barrier walls that could be constructed at both locations. Additionally, the subcommittee requests information on proposed exterior lighting for facility for both locations.

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[9] With these estimates, the Community Subcommittee refers to the *Task Force questions and responses 9-1-2019* bottom of page 14 and top of page 15. As noted earlier in this report, the City supplemented this Q&A as this report was prepared with a change in this estimate to 22 months for Spa Road and 24 months for Forest Drive. The subcommittee now quite fairly asks, "What is the basis for changing these time estimates"? Hopefully, this will be more fully addressed in the final report.

- To further evaluate Spa Road gentrification concerns, the subcommittee requests more information on the homes to be constructed, including the number, type and value of the homes.

- To evaluate the potential for quality of life impact of the Forest Drive and Spa Road pedestrian bridges, the subcommittee requests information which helps determine their feasibility, including a detailed design of the bridges, corresponding cost estimates and an outline of the proposed source of funds to undertake construction. Additionally, to confirm whether construction of the Forest Drive Bridge is feasible, the subcommittee requests that Anne Arundel County complete its feasibility evaluation. The subcommittee also requests information on the agreement with Heritage Baptist Church for location of Forest Drive bridge ramp.

- To evaluate the potential for quality of life impact of relocation and upgrade of Weems Whelan Field and upgrade of the two County owned athletic fields, the subcommittee requests information which helps determine their feasibility, including the cost and source of funds to undertake the improvements.

Questions from Listening Survey:

- There is lots of talk about the sound generated by the Public Works facility, are there any numbers to show the peak volume and constant noise levels for the facility? Is there air pollution data? Will the facility have any equipment to capture air pollution?

- Which option would create more traffic problems, housing or Public Works, at either site location? The additional housing on Spa was undesirable to some because of the increase in traffic while the Forest Drive location for Public Works was seen as worse than housing by others. Shouldn't the fact that the Forest Drive location will be developed in some way be taken into consideration by the Task Force? If Public Works is built there the community will have a say in how it is developed which they wouldn't have with a private developer.

Appendix

The Community Subcommittee's Listening Session Survey Summary is in Appendix 2.

Impact on Environment Subcommittee

Subcommittee Chair: Jesse Iliff, Arundel Rivers Federation
Subcommittee member: Bill Davidson, former Finance Manager, Division of Solid Waste Services, Montgomery County

The environment subcommittee respectfully submits the following interim findings and recommendations to the City Council regarding environmental impacts associated with redevelopment of the City's public works facility in its current location and impacts associated with execution of the proposed land swap with the 1701 Forest Drive parcel.

Qualification: The subcommittee members do not hold themselves out as experts in the particular subject matter, but rather citizen volunteers with some relevant professional background.

Summary of Findings:

A potentially very significant environmental consideration related to the proposed land swap hinges on the question of whether the remediation measures required by the Maryland Department of the Environment (MDE) would differ depending upon land use (residential versus ballfield). If the required measures are the same regardless of land use, then this consideration is essentially common to both options. It is our understanding that the City is currently assessing this issue. As further information is uncovered, weighing the environmental pros and cons of the proposed land swap should become clearer. The Environment Subcommittee expects that the City will have more detail on the relative remediation of contamination requirements depending upon land-use at the Spa Road site in the coming months, and any findings made by the City will be disseminated to the community through the Task Force as long as it remains assembled.

Apart from the extent of contamination at the Spa Road site, the remaining environmental considerations relate to stormwater management for the construction of new facilities, and after construction, and the environmental justice considerations of relocating the public works facility to the Forest Drive parcel, which is surrounded by communities largely comprised by people of color.

Relevant Documents:

Resource Basis: The following interim findings and recommendations are offered based on review of the following materials:

1) All materials distributed at the initial Task Force meeting on July 23, 2019;
2) Phase I & II Environmental Site Assessment for the City's Spa Road facility, performed by Drum Snell & Associates, dated September 20, 2002;
3) Record of Soil Exploration for the City's Spa Road facility performed by Hillis-Carnes Engineering Associates, Inc., dated April 24, 2019;
4) Waters of the U.S. Delineation Report for the City's Spa Road facility performed by ECS Mid-Atlantic, Inc., dated August 2, 2016;
5) Report of Subsurface Exploration, Laboratory Testing, and Geotechnical Engineering Analyses for the City's Spa Road facility, performed by ECS Mid-Atlantic, Inc., dated February 28, 2017;
6) Environmental Review for 937 Spa Road, City of Annapolis Department of Public Works- Spa Road Facilities, redevelopment, Anne Arundel County, Maryland, performed by the Maryland Department of Natural Resources, dated April 19, 2017;

7) Redevelopment Proposal for Department of Public Works, prepared by La Terra Homes, received by the Task Force via email on July 29, 2019;
8) Inventory of Public Works Vehicles, provided by Public Works Director David Jarrell to the subcommittee;
9) Maryland's Environmental Resources and Land Information Network;
10) Maryland's Searchable Integrated Report Database [Combined 303(d)/305(b) List];
11) Written testimony of community members;
12) Questions from community members presented at the public meeting and submitted in writing to the Subcommittee after the public meeting;
13) Correspondence with the City's Department of Public Works and Office of Law;
14) City display included as Appendix C in the 2nd Interim Report of the Finance Subcommittee;
15) Photos taken by the Environmental Subcommittee upon its site visit.

Assumptions: In addition to the materials noted above, the following findings and recommendations are made on the following assumptions (by review of this draft, the City is requested to confirm or correct these assumptions):

1) No immediate or substantial increase in vehicular traffic resulting from selection of either alternative for the new DPW facility;
2) Disturbance to soils and attendant contaminants located on the Spa Road site resulting from either development proposal;
3) The City will execute robust and thorough review of all proposed development plans, and thoroughly inspect all erosion and sediment control devices from a design and enforcement point of view during construction and also will inspect and enforce continued effective stormwater management facilities maintenance on an ongoing basis after construction is has been completed;
4) The 1701 Forest Drive Parcel, being relatively small, unforested, and privately owned, will eventually be developed in some fashion.
5) Local Vehicular Emissions Impacts (including particulates and other compounds of potential concern emitted from diesel trucks) could represent an environmental equity issue in the case of the move to Forest Drive. However, the committee has been given to understand that the City plans to change its public works fleet to natural gas and/or electricity, in any event, independent of the swap consideration.
6) Contamination of the Weems-Whelan ball field site (resulting from past use as a landfill) may require substantial environmental remediation work. The environmental committee of the Task Force has been given to understand that the City will be carrying out whatever environmental remediation is needed at that site regardless of the whether a land swap occurs. However, Spa Road remediation requirements may differ depending upon land use, or they may be the same. If the latter case, consideration of the environmental values associated with site remediation needs need not mediate in the direction of either option, swap or no swap. In addition to the potentially very significant Spa Road site contamination remediation issue, the Environment Subcommittee recognizes three additional areas for consideration of environmental impacts:
    - Stormwater management during and after construction;
    - Potential historical wetlands at Forest Drive; and
    - Environmental Justice concerns.

Option 1: Redevelopment of Spa Road site for new Public Works Maintenance Facility

Stormwater: The Spa Road site (11.97 acres) is substantially larger than the Forest Drive site (3.59 acres), and therefore affords the City more space to construct the facilities it needs and provide robust erosion and sediment control during construction and long-term stormwater management after construction. However, the site is closer to receiving waters than the Forest Drive parcel. If Assumption 3 above is accurate, the extra space to install stormwater management and erosion and sediment control devices may be adequate to protect Spa Creek from excessive sedimentation impacts. The City has committed, if it builds the PW facility on Spa Road, to a minimum of 75% stormwater treatment with a goal of 100%, knowing that will likely require off-site mitigation.[10] The Environment Subcommittee recommends that if the City elects to redevelop the Spa Road parcel that it commit to treating 100% of stormwater on site, notwithstanding the lower legal minimum. This is especially important because the Severn River, into which Spa Creek flows, is already listed as impaired by total suspended sediments (TSS) in Maryland's Integrated Report [Combined 303(d)/305(b) List].

Weems-Whelan: The extent of contamination, and therefore the environmental risk and potential fiscal impact of remediation activities at Weems-Whelan field, is uncertain. The City is currently processing a contract amendment to take and test samples of the Weems-Whelan cover soil over the incinerator ash to determine the extent of contamination. The results of this testing should be available by the end of October, and once the results are finalized, the City will discuss the extent of required cleanup activities with MDE's Land Restoration Program.

Regardless of the findings of the soil testing, the City is liable for any and all contamination on the Spa Road property, both to EPA/MDE and to private third parties. Even if the City sells the property to a buyer with knowledge of the contamination, it still does not appear that our liability would disappear. EPA and MDE have authority to pursue the owner of the property when contamination occurred even if that person or entity is no longer the owner, and liability to private third parties (i.e. tort claims in a civil action) would not change.

One avenue to reduce (but not eliminate) the City's long-term liability for the contamination is to participate in MDE's Voluntary Cleanup Program:
(https://mde.maryland.gov/programs/LAND/MarylandBrownfieldVCP/Pages/vcp_info.aspx)

However, participation in the voluntary cleanup program could be a long and expensive process. The City would need consultants/engineers to perform a Phase I Environmental Site Assessment and maybe a Phase II Environmental Site Assessment (in MDE's discretion), and possibly to assist with a public hearing on the City's application. If MDE decides the contamination is significant enough, then the City must prepare and submit a response action plan (again needing consultant/engineer assistance), and once approved, actually complete that plan.

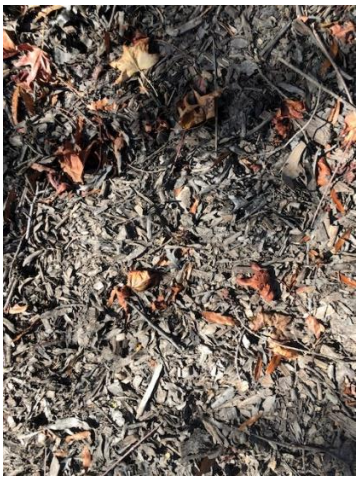
Note that it is also possible that the remediation requirements that MDE determines are necessary may differ depending up land use—residential versus ball field (i.e., swap versus no swap), or they may be identical. If the latte is the case, then environmental consideration arising from the old landfill on the Spa Road site become essentially common to both options.

[10] Source: email from City Manager Teresa Sutherland to Task Force Chair Jared Littmann on October 21, 2019.

Environmental Justice: Retaining the facility at its current location does not affect environmental justice concerns.

Possible Recent Historical Wetlands:

During the first Task Force meeting, we heard concern about observed wetlands conditions across the back of the Forest Drive site. Upon query, the DPW assured the subcommittee that there are no wetlands on either site. Upon its due-diligence site visit, the subcommittee found limited evidence of the anecdotally reported wetlands (see photos below). Neither subcommittee member is a trained professional in the art of wetlands identification, but we did find it difficult to explain the existence of the isolated cattails in the photo which are located on the boarder of an obvious "fill" of woodchips (see photo), which woodchip fill runs along the back of the Forest Drive property. The depth of the woodchip fill is not known but they are quite spongy to walk upon.



Option 2: Land Swap with Forest Drive Parcel-New Developments at Both Sites

Stormwater: As the City notes in its Maintenance Facility Task Force Presentation, "Area for SWM would be extremely tight" at the Forest Drive site. This fact raises concern about the ability of the City and its contractors constructing the new facility to adequately treat stormwater, both during and after construction. Crab Creek, the tidal receiving waters for the Forest Drive parcel, and the non-tidal tributary streams that will be immediately impacted by any sediment from construction, are both listed as impaired for Total Suspended Solids by the Maryland Department of Environment, so robust stormwater management during and post-construction is critical to minimizing environmental degradation. DPW spelled out, as nearly as we can find, its intended levels of stormwater management relative to the two sites—Forest Drive (swap) versus Spa Road (no swap), in a statement at the bottom of a City exhibit that is included in Appendix C of the Finance Subcommittee's 2nd Interim Report. This was in the context of providing cost estimates to that subcommittee. In its display, DPW states:

Stormwater Management:

Forest Drive: For new development, the City now requires stormwater treatment at the greater of 125% or the maximum extent practicable.
DPW believes the size of the Forest Drive property will likely preclude 125% stormwater treatment on-site. DPW is unable to reasonably estimate the stormwater treatment costs at Forest Drive without first developing a concept design, determining where off-site mitigation might take place, and testing the soils both on-site and off-site.

Spa Road: The original Spa Road design included 50% stormwater management. However, for redevelopment, the City now requires the greater of 75% or the maximum extent practicable, with a goal of 100%. The incremental cost to increase treatment from 50% to 75% is included in the table above. Treatment of 100% stormwater will be difficult without impacting Weems-Whelan Field. DPW is unable to estimate the cost to treat the additional 25% treatment off-site (from 75% to 100%) without identifying where the off-site mitigation might take place.

Note that required stormwater management for the tight Forest Road site could be carried out both on-site and off-site.

Weems-Whelan: Presuming that remediation would be done in either case, the environmental values associated with site remediation need not mediate in the direction of either option, swap or no swap. Again, it is possible that MDE's required remediation measures may differ depending upon land use (residential versus ball field), in which case the environmental consideration would be essentially "common-to-both" options. Still, however, time and practical considerations might mediate in the direction of a swap. Explanation: As a practical matter, any land swap agreement would create an urgent time-imperative for any remediation needs to be defined and carried out—a time imperative that would not exist if the City continued to hold the land. (As Mr. Baum logically stated at the kickoff meeting, any actual swap agreement would have to shield him from responsibility for remediation of the Spa Road site.) Moreover, if site remediation is needed, then an approach to remediation (physical measures) acceptable to the state authorities would have to be defined, and, presumably, these measures would have to physically be carried out to the satisfaction of the state, prior to construction of housing on the site. Thus, in the case a swap, or even serious pursuit of a swap, both parties—the City and the potential private equity partner—would be motivated to get remediation needs defined and implemented in a timely manner. Absent pursuit of a swap agreement, this time imperative (to get environmental remediation done) is lessened. This consideration may mediate in the direction of pursuing the swap. Better definition of the need for remediation of the old landfill could clarify this consideration.

Environmental Justice: The operations of the Public Works facility will result in an increase of traffic on Newtowne Drive, which is the entrance road to the Newtowne 20 and Woodside communities. Both communities are predominantly comprised of people of color. The subcommittee notes that there are no representatives from the Housing Authority of the City of Annapolis, which manages the Newtowne 20 community, on this Task Force. This raises the question of whether the communities that will be most directly affected by this development have been able to weigh in on the proposal. The

Subcommittee recommends targeted outreach to the neighboring communities to ensure that community members' concerns are addressed.

Remaining Questions:

1) What is the extent and nature of contamination at the Spa Road site, and how would MDE's required remediation measures differ (if at all) depending upon land use (residential versus ballfield), and the timeline for achieving required remediation of that contamination?
2) Is the City willing to investigate the potential historical wetlands issue at the Forest Drive site, and is it willing to associate itself with the apparent possible historical wetlands review for the site, and if new data shows historical wetlands, what would the City's mitigation requirements be?
3) What commitments is the City prepared to make regarding stormwater management at each site above the minimum legal requirements in City Code? Specifically, with the understanding that stormwater mitigation for the Forest Drive site could be placed both off-site and on-site, is the City willing to commit to achieve the same level of stormwater treatment at both sites. Absent this commitment, the Spa Road site is favored for its better ability to manage stormwater.

Impact on Housing Subcommittee

Subcommittee Chair: Kathy Koch
Subcommittee member: Cliff Martin (Backup: Diane Haislip)

Report:

Overall Analysis:

The need for additional housing (especially affordable) is common to both sites and there are possibilities based upon the final decision.

Based upon the Land Use Subcommittee report, there is agreement that housing is a far more complex issue that requires a long-term comprehensive plan after a study of all factors impacting the areas. However, that subcommittee has indicated from a broader perspective that the Spa Road location would potentially be preferable for additional residences. Although residential development at the Spa Road site will require a Special Exception (Source: Impact on Land Use Report).

Both sites are in similar residential areas, and the new facility would have similar impacts on the residential areas that surround them. The choice of either site would result in the potential of additional housing resources at the other site but would require a comprehensive long-term plan to ensure that the environment, infrastructure, schools and other impact areas are not negatively affected. The plan should include a detailed plan to increase and enhance affordable housing resources.

Feasibility of Residential at Spa Road and the MPDU Impact

After the passage of recent legislation, the City Code now mandates that 15% of total units constructed are to be Moderately Priced Dwelling Units (MPDU) in the City of Annapolis.

1. If the City were to choose to sell the Spa Road location (8.25 acres) and develop the new facility at the Forest Drive location, there would be the possibility of adding up to 58 units (Source L. Farrow email of 8/5/19). The Spa Road site "is split zoned between R2 and R3. There could probably be approximately 23 units on the R3 portion, and 35 units on the R2 portion. However, on the R2 portion, only 30% of the units could be townhomes. The rest of the units would need to be single-family detached (assuming the project comes in as a planned development). There are also critical area limitations that would need to be taken into account and would restrict impervious surface." (Source: L. Farrow e-mail, 8/5/19, 11:52 AM)
2. With the new 15% MPDU requirement, and a maximum build of 58 residences, this could result in 9 additional MPDUs at that location. However, the current proposal is for a total of 50 residences which would require 8 MPDUs.

Tom Baum (LaTerra Homes) updated his initial proposal due to recent legislation and provided this analysis (email on September 27 at 11:36 am.)

1. How many units would you be permitted to build? The maximum number of units allowed would be 9 units per acre x 8.75 acres (east side parcel only) = 74 dwelling units. This would be the max under a Special Mixed Plan Development application.

2. How many units would you choose to build? What are the variables that would raise or lower this? Per Page 17 of the proposal, and accompanying site plan on Page 5, I am proposing 50 residential units. The variables to the ultimate unit count would come through:
    a. City Council approving the land contract at a stated target density, and
    b. The Planned Development process that will determine what the City ultimately will accept and approve. It should be noted that Paragraph 7 on page 17 of my proposal conditions the proposed Land Value on achieving 50 market rate units, with a pro-rata adjustment (up or down) based on final site plan approval.

3. How do you handle fractions when applying the MPDU standard? For example, if you build 58 units and the requirement is 15%, how do you build 8.7 MPDU units? Fractions are typically rounded up – in your example 8.7 becomes 9 units required.

Feasibility of Residential at Forest Drive Location (Source L. Farrow email of 8/5/19)

The Forest Drive location is a far smaller parcel (3.59 acres), resulting in fewer residence and subsequently fewer affordable MPDU units.

1. The location and site are 3.59 acres (relatively small for residential in R2 and R3).
2. In R2, the requirement is 5,400 square feet per unit.
3. In R3, the requirement is 3,600 square feet per unit.
4. Based upon size and regulations, development would yield a very small number of residential units which is economically not feasible for many developers.
5. This small site would likely not yield any MPDU units without exceptions or density bonuses.

Impact on Land Use / Other Governments Subcommittee

Subcommittee Chair: Phil Hager
Subcommittee member: Eliot Powell

Posted Documents (https://www.annapolis.gov/1562/Land-Use-and-Partnerships-with-Other-Sub):

- Critical Area Commission staff clarifications (PDF)

Report:

The analysis performed by the Land Use Subcommittee is constrained – as dictated by the provisions of the authorizing legislation (Resolution R-37-19) – to only two possible outcomes: construct the DPW facility at its present site (Spa Road) or at 1701 Forest Drive. The aforementioned Resolution further stipulates that the Task Force examine specific issues, among these are: environmental impacts, land swap, cultural and historic resource impacts, housing issues, zoning requirements, traffic and transportation connectivity, intergovernmental coordination and partnering with other agencies/levels of government, quality of life considerations, economic development and commercial effects, influences upon tax revenues and city service provision, and impacts upon DPW employees.

A Public Works Maintenance Facility Task Force Memorandum provides further guidance. This document defines the purpose of the Task Force as being: "to provide the City Council with findings and recommendations on the benefits and detriments of (a) rebuilding the City's Public Works facility in its current location on Spa Road or (b) selling the Spa Road land and purchasing designated property on Forest Drive to build the Public Works facility at that location." The Memo further calls for the establishment of subcommittees and the assignment of roles to each subcommittee. Each subcommittee is then charged with producing a "mini-report". It should be noted that purchasing the Forest Drive site will involve the re-purposing of the Spa Road site. The re-purposing of that site also triggers "benefits" and "detriments".

The full Task Force met on 23 July; subcommittees were formed, and individual subcommittee chairs were selected. A Land Use Subcommittee comprised of Philip Hager and Eliot Powell was identified. Resolution-based issues for analysis by this subcommittee include: (1) zoning requirements, (2) environmental impacts (including Critical Are considerations), (3) cultural and historic resources, (4) housing, and (5) intergovernmental coordination (to include partnering with other agencies/levels of government).

A second Task Force meeting took place on 13 August. Neither member of the Land Use Subcommittee was able to attend due to prior commitments. A public hearing took place on 3 September; both subcommittee members were in attendance, however, neither called upon to report on preliminary findings.

As previously noted, the study's outcomes are limited to (2) two: construction of the facility at Spa Road or re-location of the facility to the property on Forest Drive. There is no "No Option" option, nor is there the ability to identify new alternatives or to recommend further analysis.

Given these limitations, this report focuses on "benefits" and "detriments" associated with both of the pre-identified outcomes in each of the five (5) above-noted issue areas.

Issue Area (1): Zoning Requirements

The necessary zoning approvals at the Spa Road location have already been obtained. Land Use at that site is identified as "Institutional" which is consistent with a public use (such as the DPW facility). The zoning classifications are residential which is not specifically consistent, however, an institutional use such as a City facility, is permitted via Special Exception. No further zoning-based approvals are required for the DPW facility at the Spa Road site.

Residential development at the Spa Road site will require a Special Exception, changes to the allowable coverage limits in the Critical Area, and an amendment to the Growth Allocation. Portions of the Spa Road site are in the Critical Area with both IDA and LDA designations. According to the Critical Area Commission (CAC) staff, a change in use is not grandfathered coverage; thereby limiting coverage in the IDA to 50% and in the LDA to 15%. Administrative relief to increase the coverage is possible through an amendment to the Growth Allocation. The Growth Allocation amendment (i) is estimated at 8 months, (ii) has not been granted by the City thus far, (iii) but, according to CAC staff, it would be supported by them. Coverages are not transferable between Critical Area designations.

Construction of the DPW facility at 1701 Forest Drive will involve obtaining a Special Exception. Land Use and Zoning designations are residential; however, the conformity of those uses will be evaluated as part of the hearing process. The granting of the Special Exception at the Forest Drive site is possible – perhaps even probable – but is not a certainty. Even if the Special Exception application is approved, it will involve a time commitment that is not necessary if the Spa Road site is utilized.

If the Forest Drive site is selected as the future home for the maintenance facility, then the Spa Road site will be re-developed in a residential fashion. The Spa Road site is split zoned R2 and R3. Development approvals would be secured via the PUD process. While the PUD authorization and the Special Exception approval are entirely within the realm of feasibility, the fact that they will involve a process that will need to take place gives the nod to the Spa Road facility based upon an evaluation that is limited only to approvals needed and timeframes for securing those approvals.

Further analysis requires the review of detailed site development plans, including engineering schematics.

Issue Area (2): Environmental Impacts

If the Forest Drive site is selected as the future home for the maintenance facility, then the Spa Road site will be re-developed as a residential use. This re-use will trigger significant land use reviews; however, preliminary information appears to indicate that all Code-based requirements can be met at that site. Further, the new use has identified removal of existing impervious areas as well as the re-location of fuel dispensing facilities, so it may be possible to characterize this option as a "benefit". It is unclear, however, why utilization of this site for the maintenance facility could not also incorporate the removal of existing impervious areas as well as the re-location of fuel dispensing facilities.

Regardless of which option is selected for the Spa Road property, significant stormwater management benefits (including sediment capture) would accrue. The physical constraints (size) of the Forest Drive

site will serve to make desired stormwater management a challenge and may involve a more significant financial investment.

Removal of the DPW facility from such close proximity to the headwaters of Spa Creek is an unquestionable benefit but it remains unclear whether the benefits accruing from a residential re-use of the site could not be achieved through the design and construction of an effective stormwater management system in conjunction with the re-construction of the maintenance facility on Spa Road. One final consideration about stormwater should be noted. Not only is the Forest Drive site physically smaller in size and therefore limited in its ability to provide adequate storm water management, it is near the headwaters of Crabbe Creek. It would be important to avoid a situation where the negative consequences associated with contamination of Spa Creek were merely substituted for Crabbe Creek.

The Spa Road site lies within the Chesapeake Bay Critical Area Overlay Zone. Consequently, development at that location will require conformance with the regulations associated with the Critical Area. Preliminary indications suggest that satisfying requirements associated with the Critical Area will be substantially easier if the maintenance facility remains at the Spa Road site. Changing the use from its present institutional use to a private-based residential development may limit lot coverage and will necessitate Critical Area reviews and administrative processes. Even if all necessary approvals are secured, the timeframes will need to be adjusted by a substantial margin.

Further analysis requires the review of detailed site development plans, including engineering schematics.

Issue Area (3): Cultural and Historic Resources

There are no formally documented historic or cultural resources site on the Forest Drive property, however, several credible private researchers have identified significant potential resources associated with this location, especially in connection with this area's role as a military installation during the Civil War. There is strong anecdotal evidence to suggest that the Forest Drive property is part of a 200-acre tract of land on which "Camp Walton" stood for the duration of the Civil War. This encampment (along with nearby Camp Harris) were secondary camps set up by the Union on private lands, which took overflow parolees from the Parole Camp and from St Johns College. Any concrete proposals for use of this site should proceed only following a Phase I Archaeological survey to identify the presence or absence of cultural resource artifacts from the Civil War era or previous occupation.

There do not appear to be any challenges about cultural resources at the Spa Road site, however, inquiries are pending.

Issue Area (4): Housing

Decisions concerning housing need, type and affordability need to be more fully evaluated as part of the City's comprehensive planning process. As an inherently comprehensive planning-type issue, it probably exceeds the scope of this Task Force. Because it has not yet been established that more or less housing is desired and that certain types of housing are valued over others, it is impossible to identify, analyze and produce recommendations in this issue area. From a broad perspective, Spa Road is less traveled than Forest Drive thereby making the Spa Road site preferable as a location for future residential uses. As far as existing residential uses are concerned, residents in and around the Forest Drive site made it abundantly clear that they had strong reservations to the location of the DPW facility in such close proximity to their homes.

Issue Area (5): Intergovernmental Coordination

Regardless of which alternative is ultimately pursued, the project would benefit from additional intergovernmental coordination, including, but not limited to:

The County -	Traffic and Transportation-related considerations
	Petroleum Dispensary and related issues
The BOE -	Sports/Athletic field usage, enhancement/rehabilitation
State (MDE) -	Environmental remediation concerns
State (DNR) -	Critical Area compliance

Finally, there may be possible positive outcomes from discussions related to consolidation of services and use with the County and/or state. There are potential benefits that could accrue regardless of the option selected.

Recommendations

There are significant challenges associated with both alternatives. It is difficult to identify all the obstacles – and, conversely, benefits – associated with either option because full engineering analyses or other studies have not been undertaken. Once the outcomes of these examinations are available, the picture may become clearer. At the very least, a Phase I Archaeological survey of the Forest Drive site should be undertaken before any final decisions are made.

While many issues of distinction between the two options remain "a toss-up", it is hard to ignore the obvious stormwater management attributes of the Spa Road site; the fact that all necessary zoning approvals have been secured for the utilization of the Spa Road site for the DPW facility; the obvious and vocal opposition of residents along Forest Drive to the idea of siting the DPW facility there; these benefits, coupled with the other environmental benefits that would accrue from the restoration activities that would accompany the reconstruction of the DPW facility at Spa Road reinforce the desirability of that option. While none of these advantages rule out the Forest Drive site, they do serve to focus the land use discussion and demonstrate the need for further evaluation.

Impact on Traffic / Connect. / Rec.

Subcommittee Chair: Joel Campbell
Subcommittee members: Greg Stewart, Jon Korin, Nester Flores, Alan Kushner, and Tom Baker

Documents Posted

(https://www.annapolis.gov/1563/TrafficConnectivityRecreation-Subcommitt):

- Traffic Subcommittee Questions (PDF)
- City's Total Fuel Usage
- List of Public Works Vehicles
- Traffic Studies
- 1. City of Annapolis Bay Village
- 2. Annapolis Kiddie Academy
- 3. Village of Providence Point
- 4. Chesapeake Grove
- 5. 1750 Forest Drive
- 6. Move Anne Arundel Plan
- 7. Forest Drive Corridor Study
- Subsurface Soil Investigation for Weems Whelan Field 08-01-19 (PDF)
- Overpass Standards
- Bike Master Plan
- Bike / Path Map

Report:

The traffic/connectivity/recreation subcommittee was formed to compare the potential impact of relocating the Department of Public Works facility to Forest Drive from Spa Road, on the surrounding business and residential community. The approach to this task has included identifying the issues necessary for a valid comparison of the sites in the categories being reviewed. Comparing the issues identified for each location in a quantitative manor where data is available and a qualitative manor, based on stakeholder feedback, where data is insufficient.

Who are the stakeholders?

- All residents, visitors and businesses impacted by an increase / decrease in traffic
- Communities impacted by Forest Drive location and connectivity plans
- Drivers, pedestrians, bicyclists and transit users along and crossing the Forest Drive corridor and the Spa Road corridor
- Users of the designated sports facilities
- Anne Arundel County
- Maryland State Highway Administration

How did you contact stakeholders?

The subcommittee members have met several times to determine the approach that will be utilized to evaluate the impacts of the proposed swap. Having identified the stakeholders and methodology in addition to the factors to be considered, our next step was to reach out to the stakeholders beyond those represented on the committee. To date members of the community, traffic department and the school board, who are members of the subcommittee, in addition to Providence Point Property owners have either provided feedback or identified issues. We also participated in the scheduled Public Hearing as well as a Listening Session organized by the Community subcommittee. Significant feedback from these sessions has been incorporated as appropriate. Additional Stakeholder feedback is expected to be received primarily through focused outreach by sub-committee members or from feedback received during the scheduled public hearing on October 24th.

What are the issues that require stakeholder feedback?

- The subcommittee endeavors to compare;
    - Impact on traffic for all modes at each location
    - Feasibility of road improvements proposed for the Forest Drive DPW site
    - Feasibility of improvements planned for recreation facilities identified in the swap proposal
    - Feasibility of pedestrian bridges and the ped/bike networks they would connect to
    - Safety considerations
    - Benefits of improved pedestrian and bike connections to key destinations
    - Others as identified

What was your research methodology?

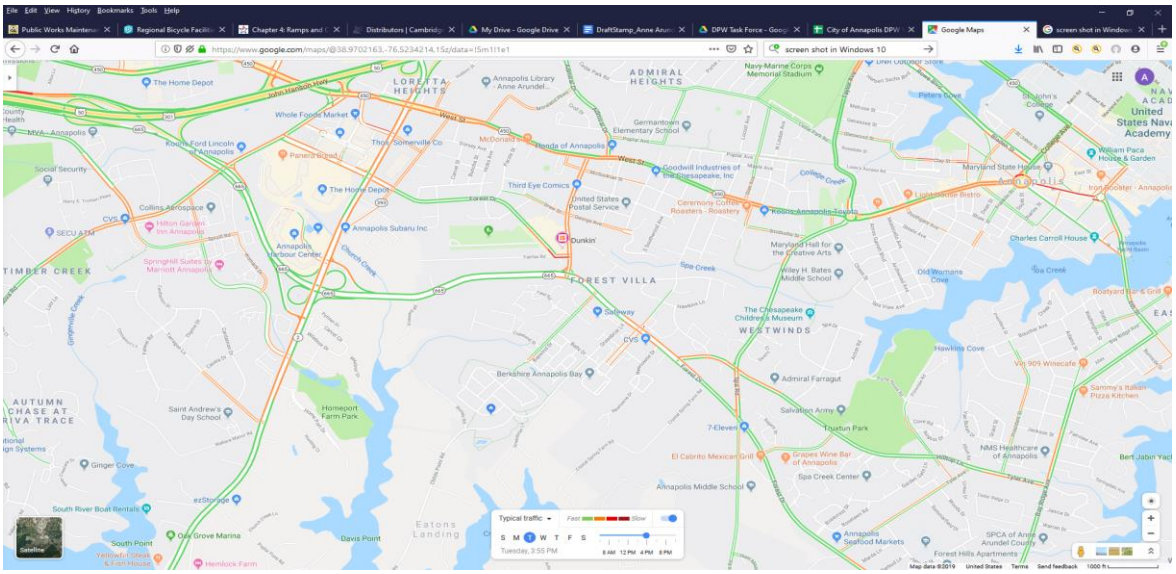
The Subcommittee has compiled a list of questions that are being used to help answer many of the questions above. Additionally, these questions serve as a basis for conversations with other stakeholders to solicit feedback based on the factual findings of the questions. Ultimately, we expect to create a matrix, attached at the end of this report, identifying a list of factors analyzed and a comparison of the benefits and detriments for each factor for the two DPW site options. Where possible the data will be quantitative to support the findings reported in the matrix.

What does the data show?

<u>Traffic</u>

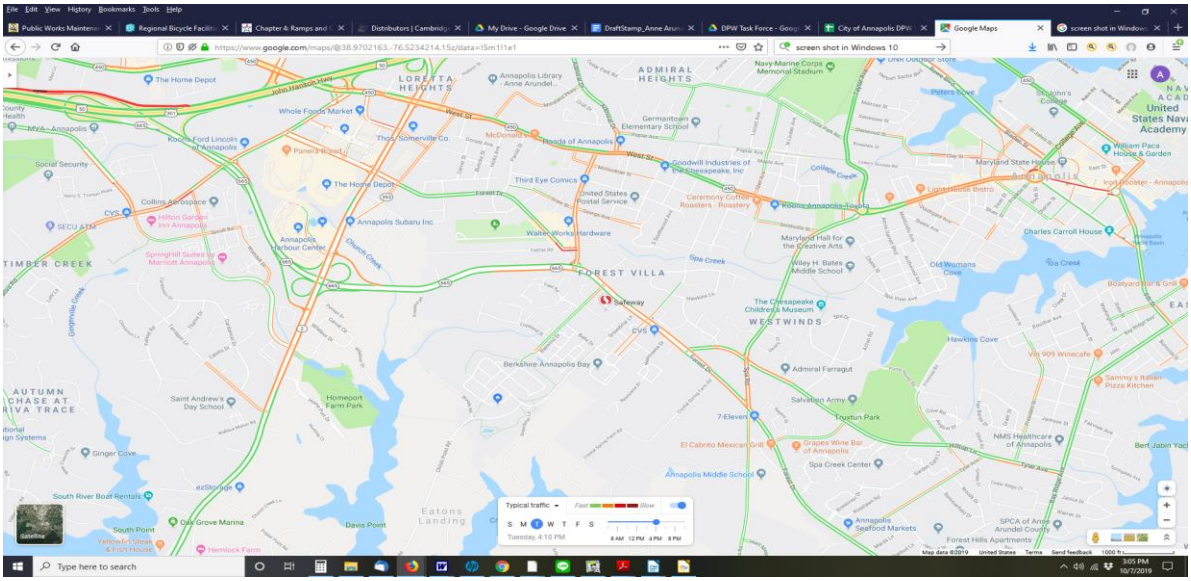
In evaluating traffic impact, we have limited our discussion to the effect of DPW related traffic on surrounding areas for each of the proposed locations. Lacking location data on the work sites DPW vehicles service, we could not compare the impact on total miles driven and time per trip for the two locations. The Spa Road location is more centrally located within the Annapolis city limits so one could assume dispatching from there would lead to fewer miles driven and shorter drive times than the Forest Drive location. In addition, the congestion on Forest Drive, Hilltop Lane and Spa Road between Forest Drive and Hilltop Lane would most likely add significantly to the transit time for vehicles dispatched from the Forest Drive location. The Forest Drive sector study stated the Forest Drive was currently at capacity and was projected to be over capacity soon. In addition, wait times at some of the Forest Drive intersections already do not meet the standards for acceptability.

Two areas to be considered for the impact of the DPW facility on the surrounding communities are levels of traffic on the surrounding roads and access to locations within the City from the facility. Google Maps was utilized to investigate average traffic levels during morning and evening rush hours. The figure below shows typical traffic congestion for morning peak travel for the areas surrounding both proposed locations. We used Google's traffic speed legend as a measure of congestion. We assumed that a roadway showing a color ranging from orange to brown is a congested road segment.



Heavy traffic is seen along Forest Drive, Hilltop Lane, Spa Road and South Cherry Grove Road in the areas around the Forest Drive location. No locations of heavy traffic are seen on Spa Road near the Spa Road location. The traffic data show Forest Drive at capacity westbound from 7:00 am until 8:30 am.

The figure below shows average traffic levels for late afternoon until early evening for the areas surrounding both proposed locations.



Again, heavy traffic is seen along Forest Drive, Hilltop Lane, Spa Road and South Cherry Grove Road in the areas around the Forest Drive location. There is a small delay on Spa Road southbound due to the traffic signal at the current DPW facility location. The traffic data show Forest Drive at capacity eastbound from 3:30 pm until 6:00 pm.

Based on the congestion level review performed above, it is expected that DPW vehicles will experience longer service time from the Forest Drive location. Similarly, the DPW vehicles will experience similar service time as compared to today's service time from the Spa Road location.

In terms of access to City locations for DPW vehicles, vehicles leaving the Forest Drive location will experience heavy traffic to reach all areas of the City. Vehicles leaving the Spa Road facility will only see heavy traffic when the reach the area surrounding the Forest Drive facility or West Street.

Ingress/Egress Considerations:

Vehicles leaving the Spa Road location will be able to use the existing traffic signal at Spa Road Trail. The speed limit on Spa Road at this location is 25 mph. The combination of a traffic signal and low speed limit should allow for convenient access to and from the location. Because no detailed design exists for the Forest Drive location, evaluating access is more complicated. Two concepts have been proposed: right in/right out from the front of the facility directly onto Forest Drive; and a rear entrance to the facility from an extension of Skippers Lane. The extension of Skippers lane into the rear of the facility is dependent on the American Legion Chapter agreeing. In addition, because this would remove some parking areas in the rear of the facility, an agreement would have to be made with the American Legion to allow parking on their property. To date, while there have been initial discussions there is currently no agreement between the City and the American Legion Post. We will discuss access to the Forest Drive location separately for each scenario.

<u>Right in/Right out from/to Forest Drive</u>: Because most of the City is in the north and east of Forest Drive, we will assume most DPW traffic approaches on Forest Drive from the east. The most direct path (not allowing for U turns on Forest Drive) would be to turn left at South Cherry Grove Road, left again at Skippers Lane, left at Newtowne Road and finally right onto Forest Drive to approach it from the west to allow for a right turn into the facility. Because the intersection of Newtowne Road and Forest Drive is not signaled, turning onto Forest Drive could be slow and hazardous. As was shown on the traffic maps, traffic on South Cherry Grove Road is already heavy.

<u>Extension of Skippers Lane</u> Similar to the right in/right out option, the Skipper's Lane option will add vehicle miles traveled on the local roadway network. Also, there will be an increase in heavy vehicle traffic on the local roadway network as well. It is expected that the additional traffic on South Cherry Grove intersection will have a negative impact to the Forest Drive operation. The increase in traffic volume will require the County to adjust signal timings. At this point, it is not certain that the Forest Drive corridor would be able to accommodate the needed signal timing adjustments.

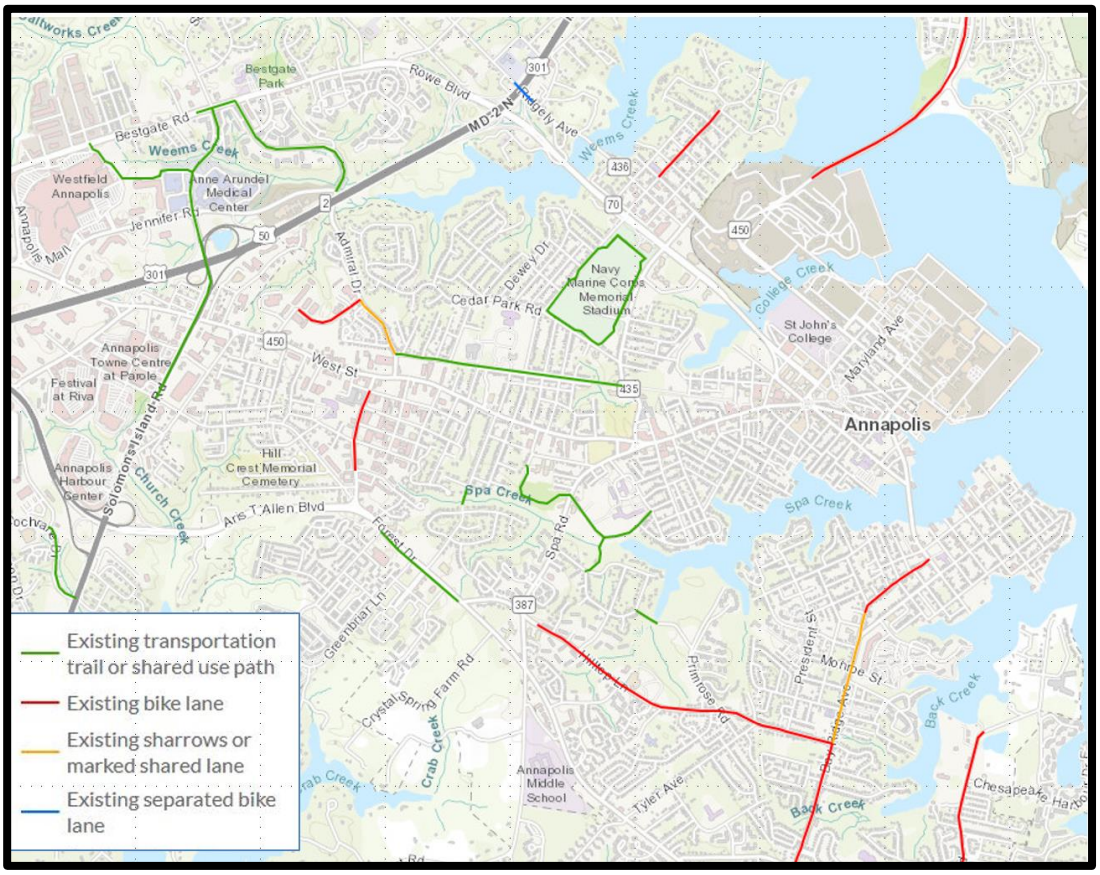
<u>CONNECTIVITY</u>

A key objective of the proposed land swap is to improve non-motorized connectivity for Annapolis residents and visitors. Connectivity requires safe and convenient infrastructure that allows people of varying age and ability to travel on foot, bike or other micro-mobility devices such as eBikes, scooters and personal mobility devices like battery-powered wheelchairs. Improved connectivity provides numerous benefits including traffic reduction, cleaner air/water, improved population health, more vibrant economy, enhanced property values and greater personal interaction among diverse neighborhoods. Annapolis currently has a limited number of shared-use paths (paved trails) including

the Poplar Trail, Spa Creek Trail, USNA Stadium Loop and the path along Forest Drive near the Safeway. Unfortunately, these trail segments are disconnected and do not form a network. For some people, biking or walking is a choice they will make if they can safely get from origin to destination. For others, it may be the only affordable way to travel. The lack of a network inhibits the choice traveler and makes it dangerous for the no-choice traveler.

There are many segments of trails and on-road bike lanes but they must be connected to form a safe and convenient network so more people can walk and bike from their neighborhoods to school, work, shopping, healthcare, recreation and other local destinations.

EXISTING BIKEWAYS IN THE ANNAPOLIS AREA



The net proceeds from the land swap could be used to create a better-connected network including safe crossings like Forest Drive and Hilltop Lane where there is currently a controlled pedestrian signal crossing. Grade-separated pedestrian bridges are a safe way to cross such roads but to be effective they must be part of a network to be broadly used. "At-grade" crossings can be made safer using pavement marking, lights, signals, user-activation, etc. like the existing crossing of Spa Road along the Spa Creek Trail and as described above at the intersection of Forest Drive and Hilltop Lane.

We rate connectivity and shared-use path network as a positive vision if the swap goes through as the net proceeds are in fact used to enhance and connect the network. This network would help provide safer biking and walking among areas including the Forest Drive corridor, Downtown Annapolis, West Street corridor, Parole Town Center and the AAMC/Annapolis Mall area. There are numerous schools, employment, shopping, healthcare, and recreation destinations within just a few miles of the many

residential neighborhoods. A safer trail network will make biking and walking an attractive alternative to driving. There remain questions about the economics and engineering of the proposed pedestrian bridges which make it difficult to assess the feasibility and cost without engineering studies. However even without pedestrian bridges, there is considerable work that could be done to improve the trail network and yield the many benefits identified above.

Anne Arundel County has had considerable success securing grants for feasibility, design and construction of bikeways including both trails and on-road bike lanes. Examples include segments of the in-process Broadneck and South Shore Trails, the B&A Trail to AACC/Broadneck Trail Connector and the Hiker/Biker Bridge over the Patuxent River that will connect the existing AA and PG County sections of the WB&A Trail. AA County and the City of Annapolis recently were awarded a grant for feasibility and design of an extension of the Poplar Trail westward to connect to the South Shore Trail. The County and City also recently requested a SHA study of improved connections from the existing bike lane on the USNA Bridge to King George Street and Taylor Avenue. The Downtown Annapolis Partnership secured a grant which it provided to the City of Annapolis for "sharrow"[11] bike markings on streets designated in the Annapolis Ped/Bike Master Plan. A pedestrian bridge over Forest Drive can't be built unless and until Anne Arundel County authorizes it. However, with or without pedestrian bridges, based on recent grand awards in the City and County, the group concludes that it is possible that the City and County could secure grants that would leverage the land swap met proceeds, on a matching basis, to further build out the Annapolis pedestrian and bike network.

RECREATION

Part of the land swap proposal includes providing funding to enhance fields currently located at Bates Middle School as well as the addition of a multi-use field on School Board Property to replace Weems-Whelan field. The current development proposal expects to consume Weems-Whelan field as it presently exists. Based on feedback in the public forums, there is widespread community support for the upgrade and enhancements of these fields.

While the enhancement to the fields would be welcome, there are issues with several items that make assessing the vision difficult. First, the plan for upgrading the fields to artificial turf would require careful evaluation of stormwater retention and would likely put the Bates compound to close to allowed limits for impervious surface potentially impacting future development of the site if necessary to enhance the school buildings themselves. This is true even without the addition of the Weems Whelan replacement which would have further impact on the impervious surface calculations.

Additionally, the fields would most likely only be available during non-school hours as a safety precaution. Current School Board guidelines require any visitors to school property be properly vetted by the office prior to entering the school grounds. This process would make the use of the fields impractical during school hours. None of the fields anticipate being lighted thereby limiting the availability significantly especially during the winter months.

[11] A Sharrow is a bike lane marking on the road without stripes. There are sharrows on a variety of downtown streets and others like a portion of Admiral Drive and Bay Ridge Rd.

Lastly, the maintenance and upkeep of the fields, in addition to the periodic replacement of turf has not been addressed between the City and the School Board.

While there have been promising discussions between the two entities, to date there are no agreements in place and there is much work to be done prior to assessing these improvements as part of the land swap proposal. This subcommittee will continue to request and pursue data to more adequately address this part of our remit.

SAFETY

Safety is term that generate strong emotional response. Our approach to incorporating a safety component to the evaluation of the two sites is based on using readily available information. Unfortunately, we were not able to obtain crash summary before the interim report. It is our goal to have the comparison completed by the final report. The comparison will review the number of crashes by type (vehicle, pedestrian and bikes).

We do have the general crash information on Forest Drive. According to Move Anne Arundel!, the intersections of Forest Drive with Hilltop Lane and South Cherry Grove Road are in the top five accident locations for local roads in Anne Arundel County. Again, a more detailed crash data review will assist us in evaluating the risk for both locations.

Did survey participants have other concerns?

- Cost of additional traffic impact studies are not accounted for in the use of excess funds available from the swap proposal
- Parking growth potential, (additional staff parking, additional DPW vehicle parking) not accounted for in the current Forest Drive plan and are an area of concern
- No commitment on improvement of the fields and no formal agreement with AACSB for the use of and access to the fields if they are improved
- No formal agreements with the American Legion or Heritage Baptist for the property necessary to fulfill the project vision placing the City in a poor negotiating position
- Unclear on the access to the property between Newtowne Road and the American Legion which would be required for the landing on the pedestrian bridge over Forest Drive

Matrix of issues examined and resulting analysis

Universal Assumptions									
	No formal planning performed on Spa Road location								
	Costs associated with relocation not quantified and only assessed based on perceived risk								
	Where possible quantitative results have informed rating of associated Benefits or Detriments								

	Clear detriment									
	Neutral									
	Clear benefit									
		Current Spa Road Location	Spa Road	Proposed Forest Drive Location	Forest Drive					
			Strength of		Strength of	Assumptions	Decision Needed	Responsible Entity	Recommendation	Reference
Traffic			Information		Information					
	Lack of Traffic Impact Study		Low		Low	No Recent Studies Available	Funding for specific Impact Study(s)	Anne Arundel County/ MSHA/City of Annapolis	Funding for specific Impact Study(s)	
	Major Artery Congestion		High		High	Traffic volumes viewed during rush hour periods	Proceed with Studies for both locations		Proceed with Studies for both locations	Google map typical traffic, Forest Drive Sector Study
	Neighborhood Road Congestion		High		High	Traffic volumes viewed during rush hour periods	Proceed with Studies for both locations		Proceed with Studies for both locations	Google map typical traffic
	Ingress/Egress		High		High	No fourth leg at Hilltop Ln. Right in/right out still an option	Decision on Skipper extension versus Right in Right Out needed to finalize traffic	Annapolis DPW		Anne Arundel County DPW Traffic Engineering Division

							impact			
	A. With Skipper Lanes	N/A	High		High	Land can be acquired to support the extension and no other issues prevent completion	Decision on Skipper extension versus Right in Right Out needed to finalize traffic impact	Annapolis DPW		Google map typical traffic
	B. Right In/Right Out	N/A	High		High	Site plan can support Forest Dr. frontage required for this approach	Decision on Skipper extension versus Right in Right Out needed to finalize traffic impact	Annapolis DPW		Google map typical traffic
	Alternate fueling site impact		Low		Low					Google map typical traffic
	Access to service locations		Low		Low					
Recreation										
	Trail		Medium		Medium					
	Parks									
	Fields		Medium		Medium					
	Additional Parking			?						

Connectivity										
	Transit plan		High		High					
	Sidewalks		High		High					
	Shared use path network		Medium		Medium					
	Pedestrian Bridges		Low		Low					
	Community access		Medium		Medium					
Safety										
	Total Crash		High		High					Move Anne Arundel Page 9 - Technical Memorandum #5: Analysis of Traffic Crashes
	Ped/Bike with Bridge	N/A			Low					
	Ped/Bike without Bridge		Medium		Medium					

Appendix 1: Business Subcommittee Survey Data

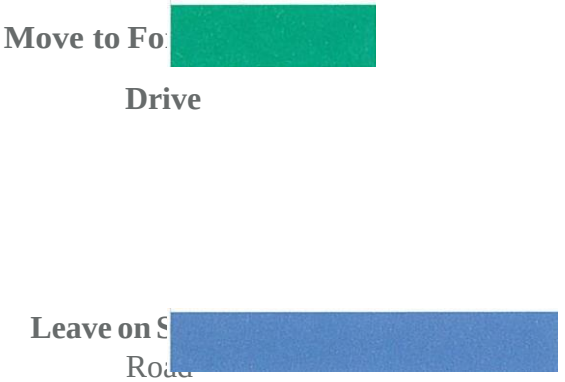
Q £ INVIT E

Public Works Maintenance Facility Task Force Survey

Q1 **Q**

Taking into consideration everything you now know about the land swap proposal, would you choose to move the Department of Public Works facility to Forest Drive or leave it on Spa Road?

Answered: 26 Skipped: 0



0% 10% 20 % 30% 4 0% 50 % 60% 70% 80% 90% 100 %

ANSWER CHOICES	RESPONSES	
move to Forest Drive	**34.62 %**	
leave on Spa Road	**65.38 %**	17
TOTAL		**26**

Q2 **Q**

What do you see as the GREATEST BENEFIT to your business by moving the Department of Public Works facility to Forest Drive? (Please rank each answer from most to least beneficial, with 1 being most beneficial and 6 being least beneficial.)

Answered: 17 **Skipped: 9**

More customers

Q £INVITE

Improve

Mor e job opportu nities...

More reven ue for the city

More business - Growth along...

Other (specify)

0 2 4 5 6 7 8 9 10

business growth along **Forest Drive**	1	2	1	3	5	4	76	2.69
other (specify)	50.00% 7	0.00% 0	74.29% 2	7.74% 7	7.14% 1	21.43% 3	74	4.14

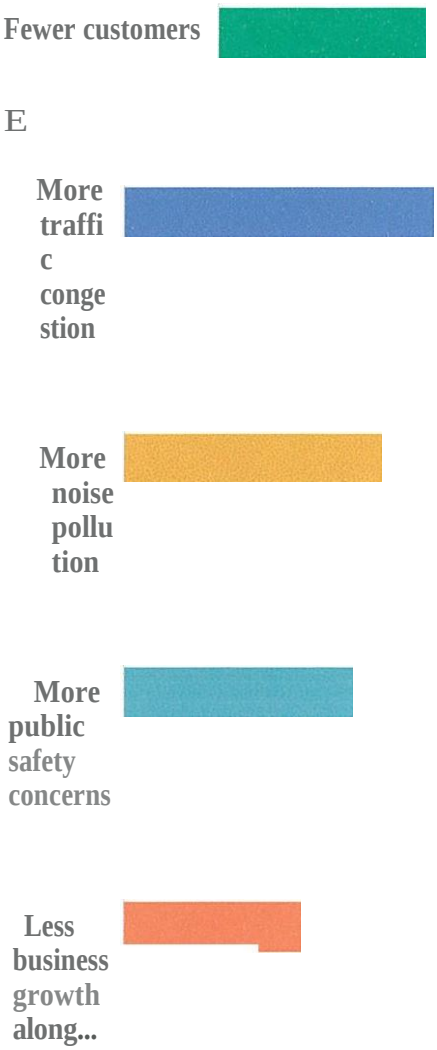
Q3

0

What do you see as the GREATEST DETRIMENTS to your business by moving the Department of Public Works facility to Forest Drive? (Please rank each answer from most to least detrimental, with 1 being most detrimental and 6 being least detrimental.)

Answered: 19 Skipped:

Q £INVITE



	2	3	4	5	6	TOTAL	SCORE
Fewer Customers	23.08% 3	7.69% 0	0.00% 3	23.08% 3	23.08% 3	23.08% 1	23.08% 13 3.54
More Traffic Congestion	50.00% 7	35.71% 5	0.00% 0	14.29% 2	0.00% 0	0.00% 0	14 5.21

More Noise Pollution	14.29% 2	6	42.86% 3	21.43% 2	7.14% a	14. 29% 14	4.36	0.00 %
More Public Safety Concerns	14.29 % 2	7.14% 1	42.86% 6	28.57% 4	0.00% 0	7.14% 1	14	3.86
Less **Business** Growth along **Forest Drive**	13.33% 2	6.67% 1	6.67% 1	6.67% 3	20.00% 7	46.67% 1	15	3.00
Other (Please Specify)	16.67% 2	8.33% 1	0.00% 0	0.00% 0	8.33% 1	66.67% 8	12	2.25

Q4 Q

As a business owner, do the benefits of moving the facility outweigh the detriments for you?

Answered: 25 Skipped: 1

Ye

N

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

ANSWER CHOICES

Yes

N.O

RESPONSES

36.00%

64.00%

9

16

25

26 responses

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ANSWER CHOICES TOTAL

QS Q

Overall, do you recommend that the City proceed with moving the Department of Public Works to Forest Drive?

Answered: 26, Skipped: 0

0o/o 10% 20o/o 30%4 0 % SOo/, 60o/o 70% 80o/o 90% 100%

ANSWER CHOICES	RESPONSES	
Yes	34.62%	9
No	65.38%	17
TOTAL		26

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Appendix 2: Community Subcommittee Listening Session Survey Summary

Listening Session Survey Summary

A Listening Session organized by the Community Subcommittee of the Public Works Maintenance Facility Task force was held at Maryland Hall, October 7, 2019, from 6:30pm to 8:30pm.

The purpose of the Listening Session was to hear directly from Annapolis residents about the quality of life impact of the two proposed Department of Public Works Maintenance Facility site options under consideration by the Annapolis City Council, Option #1 the Forest Drive location and Option #2 Spa Road location.

Following a brief introductory overview of the two Site options residents were invited to present oral testimony with respect to the two options and to fill out a Listening Session Survey.

Approximately 65 residents attended, and 28 surveys were collected at the conclusion of the Listening Session. A summary of the survey responses by Ward is shown below.

1. OPTION #1 – Move to Facility to Forest Drive Site

1.a. Ward 1 Resident Comments – Option #1 Impact on Residents

- "In favor of the move to link communities across and through Annapolis."
- "Increase of Traffic on Spa Rd., 40 Homes."
- Loss of Murray Hill green space – huge concern."
- Gentrification of Murray Hill neighborhood increasing."
- "Concern over noise."
- "Seems to be concern over property values."
- "Direct and Substantial."
- "Great opportunity to visually improve the area and connect to other neighbors."
- "Have better facilities for all."

1.b. Ward 3 Resident Comments – Option #1 Impact on Residents

- "More traffic thru Heritage."
- "May be noise and traffic."
- "Loss of $(revenue) if value of land not proper (appraisal and actual sale)."
- "More traffic thru Heritage will be inevitable, and will impact on safety of our residents – unacceptable."

1.c. Ward 4 Resident Comments – Option #1 Impact on Residents

- "Since there will be this new facility what would the Police chief do about policing the area because we rarely have policing now?"

- "Will Woodside be effected because the value went up when all the new homes was built around us?"
- "Devastating.
- "Too congestive to add such a facility with additional trucks."
- "Impacts more communities and residents than remaining on Spa Road at current location."
- "Generating too much additional traffic on already congested Forest Drive at that intersection."
- "Devaluation of residential properties."
- "Extreme negative impact – noise, traffic, congestion, pollution."
- "Negative impact on property values."
- "An added insult to residents of Public Housing."
- "More congestion, disruption to communities on Forest Drive."
- "Some impact but not significant."
- "The major impact would be traffic, i.e. adding additional time sitting in traffic would be more problem."
- "Don't feel any impact with this project."
- "No impact!"
- "Great idea."
- "Significant – We will adversely affect property values, especially true of lower income residents."
- "Will potentially cause salt runoff and other contaminated runoff into Crab Creek."

1.d. Ward 5 Resident Comments – <u>Option #1 Impact on Residents</u>

- "Value of homes will go up – good."
- "Tax base will be widened – good."
- "Traffic increased and Forest Drive – bad" Consideration should be given."
- "Businesses will have increased revenue on West Street – Good."

1.e. Ward 8 Resident Comments – <u>Option #1 Impact on Residents</u>

- "Re-doing the athletic fields would be a positive for residents and for the environment."
- "Pedestrian Bridges would help to connect disparate parts of the city, but will they be approved by the County and will they be affordable?"

1.f. Ward (?) Resident Comments – <u>Option #1 Impact on Residents</u>

- "Decrease in home value."

OPTION#1 – Move Facility to Forest Drive Site

1.g. Ward 1 Resident Comments – Option #1 Impact on Traffic

- "PW would add less traffic to Forest Drive than developing homes on those 2 acres."
- "Increased."
- "The traffic on forest Drive is already horrible, whether the condos are there or the public works."
- "Increase traffic."
- "Not as impactful as residential development would be."

1.h. Ward 3 Resident Comments – Option #1 Impact on Traffic

- "Hopeless."
- "Primary impact would be at South Cherry unless a pass thru directly to Hilltop or Spa."
- "Unless this traffic slows light cycle, probably not significant to go out of town but may be a problem going into the peninsula."
- "Heritage is locked in if intersection or traffic backs up."
- "Issue with traffic going thru Skipper and Day Care or South Cherry Grove."
- "More traffic on Forest Drive. Is practically impossible – it's about gridlock now."

1.i. Ward 4 Resident Comments – Option #1 Impact on Traffic

- "Coming and going home from Newtown."
- "High rate of accidents on Forest Drive so will this be put into play because it may be a new entrance and when new things happen on Forest Drive it can be bad?"
- "Traffic is currently backed up, additional cars, trucks would make it also hazardous."
- "Already too congested."
- "Extreme negative impact on Forest and possibly South Cherry Grove."
- "Very congested."
- "I have concerns today with traffic, so I have even more concerns with adding a facility that would add to the traffic."
- "It is bad and it will get worse."
- "There are so many accidents as it is. The last thing to do is to add additional traffic."
- "Don't feel any impact with traffic.
- "No impact!"
- "Critical – Forest Drive traffic volume already at capacity. Future peninsula development is inevitable. Building in potential 'roadblocks' this close to existing roadway makes no sense."

1.j. Ward 5 Resident Comments – Option #1 Impact on Traffic

- "This will get worse, but hire a traffic engineer to study this."
- "Also support public transit to Baltimore, and Washington DC."

- "Bring the Metro to Annapolis. PLEASE!"
- "There is no legitimate reason why a rail system should not be built between DC, Baltimore, and Annapolis."

1.k. Ward 8 Resident Comments – Option #1 Impact on Traffic

- "Traffic added to a road that is already stressed from a capacity standpoint."
- "Given the speed of traffic on Forest Drive, Right turns into and out of the property do not seem practical without causing an increase in the # of vehicle accidents."

1.l. Ward (?) Resident Comments – Option #1 Impact on Traffic

- "Need current traffic studies."
- "Will this require new light signals?"
- "What was the result of the traffic study for congestion?"
- "Would become even worse unless we add more lanes."
- "Already too heavy."

OPTION #1 – Move Facility to Forest Drive Site

1.m. Ward 1 Resident Comments – Option #1 Proposed New Spa Road Homes

- "Please reserve at least 15% for moderately priced dwellings."
- "Loss of green space is big issue."
- "Huge increase in density of population of Murray Hill."
- "Increase in traffic near Maryland Hall."
- "Developer benefits the most."
- "Impact on Spa Creek, erosion, runoff."
- "More homes that wouldn't otherwise ever be there."
- "The density increase on Spa Drive will have a negative impact on new and old residents."
- "Major impact – loss of playing fields."
- "Major impact – loss of green space."
- "Major impact – increased traffic."
- "Major Impact – Increased runoff into Spa Creek."
- "Will add more traffic on Spa, However the benefit outweighs this."

1.n. Ward 3 Resident Comments – Option #1 Proposed New Spa Road Homes

- "No!"
- "Pinch traffic along Spa Road if light or intersection not designed well."
- "Increased traffic for Spa, which is low capacity."
- "The increase in traffic from 50+ high-end townhomes will choke up Spa Road to the point it will be stop and go for every rush hour."

1.o. Ward 4 Resident Comments – Option #1 Proposed New Spa Road Homes

- "How many is going to be affordable for low income residents and who will they be open to?"
- "Why build homes on ground that has toxins?"
- "Builder should use his/her property – no land swap!"
- "No concrete advantages to moving facility to Forest Drive other than to the developer in a monetary way!"
- "Why is Annapolis so eager to enrich developers?
- "More traffic if add homes."
- "Money maker for the Developer."
- "Land has problems, chemicals."
- "The city should get a much more favorable deal."
- "Development is good."
- "Significant – new homes will be built on an already contaminated site. Any new homes on this site should not be built without very significant remediation of existing condition. '

1.p. Ward 5 Resident Comments – Option #1 Proposed New Spa Road Homes

- "Do it. Please."
- "Smart development, yes, but development should be allowed."

1.q. Ward 8 Resident Comments – Option #1 Proposed New Spa Road Homes

- "Would have a positive impact on property values (i.e. higher)
- "Would add to city's tax base and help to prevent or delay future property tax increases."
- "May squeeze out nearby long-term residents who may be unable to afford higher taxes if property values increase."

1.r. Ward (?) Resident Comments – Option #1 Proposed New Spa Road Homes

- "What was the result of the traffic study for congestion?"
- "No!"
- "New homes can be put elsewhere, not essential to be there."

2. OPTION # 2 – Locate Facility at Spa Road Site

2.a. Ward 1 Resident Comments – Option #2 Impact on Residents

- "Not in favor."
- "Does this mean we leave the Facility on Spa Road?"
- "We have lived with it for years and have no issue with it."
- "Improve the facility!"
- "The DPW employees have voted against the Move."
- "Not much since it's always been there."
- "Little impact"
- "Not much change."
- "No substantial difference than the current impact or what it had been when public works was there before."
- Prefer better fields and a park than a public works and the possibility of development (residential) on Forest."

2.b. Ward 3 Resident Comments – Option #2 Impact on Residents

- "Does this mean leave the facility on Spa Rd?"
- "Construction but maybe not much more than now when completed."
- "Very little increased impact on residents on Spa Road."
- "This is the solution that has been proposed for over 2 years."

2.c. Ward 4 Resident Comments – Option #2 Impact on Residents

- "The residents have lived with the facility on this land for years."
- "Nothing should change except there would be a new facility."
- "Fewer residential density, hence less residential impact."
- "None – as is."
- "No change since residents already had Public Works there."
- "Need more green space – not less."
- "Isn't - Stay on Spa Road."
- "Stipulate that the developer allocate an underdeveloped portion for all local residents use."
- "Property on Spa road is contaminated. DPW should remain on Spa Road."
- "I favor Option 2."
- "Without a very expensive remediation and a well thought-out new construction of the facility at this location which will, in and of itself, be very expensive, the impact will be very significant, perhaps even critical. Such remediation will be required even if the site is moved!"

2.d. Ward 8 Resident Comments – Option #2 Impact on Residents

- "Not much of an impact, as facility has been located here for many years."

2.e. Ward (?) Resident Comments – Option #2 Impact on Residents

- "Do not move. Should be rebuilt where it was."

OPTION # 2 – Locate Facility at Spa Road Site

2.f. Ward 1 Resident Comments – Option #2 Impact on Traffic

- "Regardless of PW site, more homes will be filling Spa Rd."
- "Why would there be a change if PW remains?"
- "If there are no gas pumps, there might be less traffic."
- "Traffic only when public works facility is in operation so not a huge impact if facility stays on Spa Road."
- "How many more trucks/employees being added to public works compared to what it is now?"
- "Little impact."
- Not much change."
- "Traffic already backs up on Spa Road in the morning."
- "PW doesn't impact traffic on Spa Road. As a 20+ resident of Truxton I am very aware of this."

2.g. Ward 3 Resident Comments – Option #2 Impact on Traffic

- "Construction but not much more than now when completed."
- "Very little change from the amount of traffic PW generates now."

2.h. Ward 4 Resident Comments – Option #2 Impact on Traffic

- "Need two lanes because traffic is horrible now."
- "Why would it change, again this facility has been there for years?"
- "Keep it simple – keep the facility on Spa Road."
- "Same as currently generated."
- "Roadway area not at traffic capacity whereas Forest Drive is."
- "none-as is."
- "Not at capacity like Forest Drive."
- "No problem now with facility on Spa Road."
- "Developer is the big winner, plus homes will add traffic on Spa Road."
- "Needs to be studied but with DPW vehicles already present I see no impact."
- "I recommend building maintenance facility at Spa Road the way it is."
- "Not nearly as significant as a relocation to Forest Drive."

2.i. Ward 8 Resident Comments – Option #2 Impact on Traffic

- "No impact as facility is already located on Spa Road."

2.j. Ward (?) Resident Comments – <u>Option #2 Impact on Traffic</u>

- "Not as bad as Forest Drive."
- "Has always been there without traffic complaints."

3. Proposed Benefits of Move to Forest Drive
(Funded by Land Swap Cash and Potential Grants Funds)

3.a. Ward 1 Resident Comments – <u>Forest Drive Pedestrian Bridge</u>

- "More important that traffic and lights are addressed."
- "Why not find sponsors to build the bridge? It seems very important to residents, why base the Land Swap on it?"
- "Awesome idea but not guaranteed which is a huge issue for me."
- "With minimal connecting paths it is needless."
- "Yes!"

3.b. Ward 3 Resident Comments – <u>Forest Drive Pedestrian Bridge</u>

- "No Bridge!"
- "This shouldn't be part of the discussion, period."
- "Should be part of the County-City discussions about Forest Drive."
- "Good idea given lack of traffic controls.
- Without it County and City should work on traffic calming (i.e. speed awareness) for Forest Drive."
- "Pathway."
- "Bad idea – won't be used."

3.c. Ward 4 Resident Comments – <u>Forest Drive Pedestrian Bridge</u>

- "Be wonderful for the residents (especially kids to cross Forest Drive safely. They'll be able to go around Annapolis."
- "Would look unsightly."
- "It may be mentioned that the bridge will be built – but may be too costly."
- "Foolish waste of $."
- "Expand existing sidewalks"
- "Have a 4way pedestrian traffic signal @ Forest Drive& Hilltop. This allows pedestrians to cross in any direction. This works in New York City – should work here."
- "A Bridge to Nowhere that will have little traffic or purpose."
- "There are easier and cheaper at-grade fixes if the concern is pedestrian safety."
- "Costly and not essential."

- "Not sure will be used enough according to studies done on pedestrian bridges – unsightly too."
- "I see this as a waste of public money."
- "We need to have final design and County commitment, not just the Mayor's word."
- "Any bridge build over Forest Drive must consider future development of the peninsula area, which is inevitable. Failure to do so would be an incompetent waste of public funds? I see no evidence that future developments (which would probably require building a much more extensive bridge doe to road widening) has not been made!"

3.d. Ward 8 Resident Comments – Forest Drive Pedestrian Bridge

- "Will the County approve, given the height requirements?"
- "Will easements be needed from property owners to provide pedestrian and bicycle access to the Bridge?"
- "Bridge would provide a safer way of crossing a heavily traveled Road."

3.f. Ward (?) Resident Comments – Forest Drive Pedestrian Bridge

- "Good idea. It provides safe travels and opportunity."
- "Forest Drive is ideal for the bridge."
- "Not be presented as part of the deal, just a possibility."

3.g. Ward 1 Resident Comments – Spa Road Pedestrian Bridge

- "A street-level, safe intersection would be ok but preserve space for a future bridge if possible."
- "Why not find sponsors to build the bridge? It seems very important to residents, why base the Land Swap on it?"
- "Why not add lights along the trail? Why make it contingent on the land swap?
- "Awesome idea but not guaranteed which is a huge issue for me."
- "No need – already a stop light and bridge on one side connecting to existing pathways."
- "Yes!"

3.h. Ward 3 Resident Comments – Spa Road Pedestrian Bridge

- "No Bridge!"
- "This shouldn't be part of this discussion period."
- "Good idea given lack of traffic controls."
- "Doesn't seem necessary"
- "Can be handled by better use of existing light."

3.i. Ward 4 Resident Comments – Spa Road Pedestrian Bridge

- "The need for a bridge on Spa Road would be much smaller than what would be proposed for Forest Drive."
- "No bridge necessary."
- "Install a traffic signal for pedestrians to walk across and those using walking aids or wheelchairs."
- "Another bridge to nowhere that will have little traffic or purpose."
- "There are easier and cheaper at-grade fixes if the concern is pedestrian safety."
- "I see this as a waste of public money."
- "Would only be justifiable if there were adequate funds to provide appropriate current use of such a bridge. As of now, anticipated use has not been adequately evaluated."

3.j. Ward 8 Resident Comments – Spa Road Pedestrian Bridge

- "Unnecessary."

3.k. Ward (?) Resident Comments – Spa Road Pedestrian Bridge

- "Good idea. Provides safe travels and opportunity."
- "Should not be presented as part of the deal, just a possibility."

3.l. Ward 1 Resident Comments – Athletic Fields

- "Priority for Phase 1."
- "Add individual exercise areas."
- "Yes."
- "Negative impact."
- "Loss of one large athletic field."
- "Loss of parking surrounding fields."
- "Loss of green space."
- "Yes!"

3.m. Ward 3 Resident Comments – Athletic Fields

- "Environmental remediation?"
- "These are very important to the community and should be maintained if not increased."
- "The city should improve the fields."

3.n. Ward 4 Resident Comments – Athletic Fields

- "Will the fields remain?"
- "Definitely need this. The children population is growing."
- "Fields should be repaired no matter what happens.""
- "Use allocated Seed $ to upgrade existing fields."

- "Not worth the negative impacts."
- "Need to upgrade but find another way."
- "Improvement to fields is a benefit."
- "Again there should be written commitments."
- "Existing fields are probably already contaminated. Therefore if they are to be used in the future, they should be evaluated for such contamination and remediated."

3.o. Ward 8 Resident Comments – Athletic Fields

- "Given the intense current use of the fields, upgrading will cause a short term disruption, but would be beneficial, long term, and a positive for the environment."

3.p. Ward (?) Resident Comments – Athletic Fields

- "Good idea."
- "How much new useable public green space will be developed (acreage)?"
- "I want to have a new tax base for the budget, but I also want to get something from the developer to keep Annapolis beautiful and useable."
- "Should not be sold."
- "It's a staple field for Hispanic Community."

3.q. Ward 1 Resident Comments – If you support the move to Forest Drive, do you support the move without the Bridge?

- "I support it."
- "I'd hope that space could be preserved in case we can do it in 10 years."
- "No building of homes on Spa Road."
- "Yes."

3.r. Ward 3 Resident Comments – If you support the move to Forest Drive, do you support the move without the Bridge?

- "Do not support Forest Drive location."
- "I strongly oppose the bridge being added as we can barely afford our debt as is. And we have to pay for the new building."
- "Yes, but not ideal."
- "Don't support it either way."

3.s. Ward 4 Resident Comments – If you support the move to Forest Drive, do you support the move without the Bridge?

- "No I do not support without the bridge because that will be the connection around Annapolis. Unless you are able to make a safe way to cross major streets."
- "No! and No!"
- "No and No!"
- "I do not support the move of the maintenance facility to Forest Drive."
- "Support move without pedestrian bridge."
- "No. Primarily due to a likelihood of significant environmental drainage that would be incurred at either the Forest Drive or Spa Road locations due to contaminated runoff entering major tributaries of both the Severn and South Rivers. A continuing search for a location further away from major tributaries to major rivers should be made."

3.t. Ward 8 Resident Comments – If you support the move to Forest Drive, do you support the move without the Pedestrian Bridge?

- "Do not support the move to Forest Drive."

3.u. Ward (?) Resident Comments – If you support the move to Forest Drive, do you support the move without the Pedestrian Bridge?

- "No."
- "Not a direct answer, but I would prefer new, useable public green space versus a bridge."
- "I don't support the move but a bridge would be good."

SURVEY ANALYSIS

4. Total Surveys submitted: 28

Ward 1: 6 / 21%

Ward 3: 4 / 14%

Ward 4: 10 / 36%

Ward 5: 1 / 4%

Ward 8 : 1 / 4%

Ward (unknown): 6 / 21%

Appendix 3: Finance Subcommittee Full Report

Executive Summary (The Executive Summary is in the main body of the report and duplicated here for ease of reading the entire report in one place.)

A land swap is a relatively simple transaction. While the values are significantly higher, the mechanics are no different than the swaps and trades that took place in our grade school cafeteria. Every school had the one kid, whose parents always packed the most coveted sandwich. That kid was king. He could trade that sandwich for anything. And if he was willing to trade that coveted sandwich and meet his needs with a less popular one, like liverwurst, he often got extra treats from chips to cupcakes as well. He didn't need to look for offers; offers came to him. He just had to select the one that best met his interests.

That is the position in which Annapolis finds itself today. The City's Spa Road property is something that others want. It should come as no surprise that a developer has offered a property - that while of less broad appeal - may meet Annapolis's needs plus $2MM in cash to acquire the Spa Road land.

The question before the City Council is a remarkably simple one: Is the City willing to move the Department of Public Works ("DPW") operations to a more challenging and smaller location in order to gain $2MM? To advise their decision, they have asked for this subcommittee's thoughts on whether the offer is attractive enough.

The subcommittee's mission is to outline the "benefits and detriments" of the two options: (1) Maintaining DPW operations at Spa Road, and (2) Relocating DPW to Forest Drive. In the context of finance, we evaluated "benefits and detriments" in terms of the relative impacts that the two options would have on the City Capital and Operating budgets. At a high-level, those benefits and detriments derive from the following:

Option 1: Maintaining DPW Operations at Spa Road.

Benefits:

- *Design work is fully paid.*
- *The project can be completed 2 months' sooner.* We are sympathetic to the fact that DPW has been without a "home" for some time and that employees were working in subpar settings in the years prior to that. Spa Road has the advantage, albeit a small one, in terms of time to completion.

Detriments:

- *The opportunity cost.* Annapolis does not have the strongest financial history. It has only been 6-years, since the bond rating agencies – the organizations that rate the city's ability to pay back debt and inform investors how risky a loan to the city might be – assigned Annapolis a negative outlook. The City was faulted for not putting away enough money to cover the

retirement costs of its employees. Stories circulated around town of small businesses not being paid promptly for goods and services provided to the City.

The record-setting period of economic growth that followed the last recession provided tailwinds for Annapolis's financial recovery. But as every sailor has come to know, sometimes tailwinds are not enough. In recent years, the City has had to resort to tax increases to propel the ship along and pay for existing services at existing levels.

With a history of flat revenue and little appetite for increased taxes, positive net proceeds from a land swap might represent the only viable path to Annapolis investing in new program services and better infrastructure. One could go so far as to argue that Annapolis does not have the luxury of turning away extra money.

- *The City retains responsibility for Spa Road Environmental Remediation.* Few things are as certain in life as the City's ownership of the environmental issues present at Spa Road and the costs to remediate them. Failing to address them now does not make them go away.

Option 2: Relocating DPW Operations to Forest Drive.

Benefits:

- *Potential net proceeds of land swap.* As you will see from the report, there is a real possibility that the $2MM offered by the developer in addition to the Forest Drive property outlasts any differential costs. (Likewise, there remains a possibility that the differential costs erode the $2MM.)

- *Potential to leverage net proceeds as seed funding/matching funds for grants.* Many grantors provide funds as a match to existing cash-in-hand for a project. The City does not have excess cash to use for this purpose, and net proceeds may represent one of the few viable paths to successfully leveraging a grant strategy.

- *Increased Annual Net Revenue.* Under Option 2, the City would benefit from increased tax revenue net of increased annual expenses. There are a range of reasonable assumptions that one might make in order to estimate those annual net benefits to the City. So, we calculated net annual benefits for each set of assumptions—6 distinct cases.

Detriments:

- *There are differential (swap versus no-swap) capital costs that will reduce and could potentially eliminate the proceeds of the land swap.* We identified 15 elements that could generate differential capital cost impacts. For 8 of these the City provided cost estimates that we used, and for 4 of the remaining elements, we developed our own estimates, leaving just 3 elements identified but not included in cost impacts. In keeping with the City's estimates, in each case we identified both "low" and "high" estimates. Our preliminary estimate of capital cost needed to move DPW to Forest Drive (that could erode the $2.0MM cash offer) is $1.12MM to $2.66MM.

20-Year Net Present Value:

Taken together, the developer's $2.0MM cash contribution, less the City's differential capital costs, plus the City's annual net revenue benefits—were combined to generate, in today's dollars, the 20-year net present value to the City of doing the deal. This NPV parameter distills "the long view" for the City into a single term of financial merit, but our analysis had to accommodate a range of estimates and assumptions.

20-Year Net Present Value of Swap Under Varying Assumptions ($000)

Differential Capital Cost	**$ 1,122**	**$ 2,656**
Annual Net Benefits Case		
Case A	$ 1,628	$ 7
Cases C	$ 1,343	$ (278)
Cases D	$ 1,414	$ (207)
Cases B, E, & F	$ 910	$ (711)

A word of caution: The largest single element contributing to the "high" end of the capital cost range is $759K, which cost estimate was developed by the committee itself. This was to account for the committee's reasoned thinking that the Maryland Department of the Environment ("MDE") *might* require a "slurry wall" to protect the headwaters of Spa Creak from landfill leachate possibly coming from the old land fill under the Weems-Whelan ball field. Again, this potential high cost element is reasoned thinking on the part of the subcommittee, itself, and it could disappear once the City completes additional sampling and confers with MDE. It is also possible that MDE would require no remediation at all, or that whatever it does require might be measures that would inherently be included in preparation of building construction base and included in the developer's plans. In that case, the "low" end of the capital cost needs could be reduced by $500K. While we have done our best to bring into focus the likely best- and worst-case scenarios, only more due diligence will bring the likely cost into sharp focus. We are encouraged that the City is now taking additional soil samples and planning to meet with MDE in the remaining weeks to bring these crucial details to closure, and we would hope to be able to revise our report accordingly.

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Overview and Objective

The Finance Subcommittee's objective is to determine the financial benefits or detriments associated with the 2 location options (i.e., Spa Road or Forest Drive) for the new Department of Public Works (DPW) facility. We have done this by working through the following questions:

a. Is the proposed land swap a reasonable deal yielding a net positive fiscal result for the City?
b. If the City receives net proceeds from the transaction, does it have a reasonable chance of increasing the impact of those net proceeds by leveraging grants? If it does, what might that look like?
c. Does the location of the DPW facility (i.e., Spa Road or Forest Drive) affect the cost of operations in a material way?

Methods and Analytical Framework

To examine the reasonableness of the $2.0MM cash offered to the City, our approach was limited to simply examining the appraisals provided by the City, the reported methods used to prepare those appraisals, and State of Maryland property assessment records.

To examine budgetary effects on the City, we sought to clarify elements that would have different budget impacts (Forest Drive versus Spa Road; swap versus no swap). This is because the pooling of common costs could tend to obfuscate or diminish clarity of the City's choice. So, we sought to separate-out (and to eliminate from our analysis) any budgetary impacts that would be common to both options (Forest Drive versus Spa Road; swap versus no swap).

The City of Annapolis formally budgets for its capital costs separately from its operating costs. Accordingly, we examined capital budget impacts separately from ongoing net operating budget impacts.

To examine the potential for "grant leveraging" to achieve the potential vision described in the City's proposal, we attempted to: (1) inventory the array of potential grants available, including their matching requirements, (2) review the City's historical track record in competitively winning those grants, and (3) weigh the numerical effects of the differential capital costs in moving to Forest Drive in reducing City funds available to meet grant-matching requirements. The latter is dependent on the difference in capital budget impacts, underscoring the importance of estimating the difference between the capital expenditures needed in order to move DPW to Forest Drive versus remaining at Spa Road.

For the most part, we relied on the City DPW in order to identify distinguishing cost elements of the two options, as well as for estimates of the costs of those elements. We did, however, identify a few additional elements, and in those cases derived cost estimates to the best of our ability.

Qualifications and Limitations

The Subcommittee took seriously its charge to evaluate fiscal impacts on the City, and it endeavored to do so dispassionately and with an appreciation that its section of the overall report may be uniquely looked to for objective financial analysis.

The limitations of time worked against our objective of fulsome deliberation. The timeline imposed on the Task Force would have been challenging to any qualified paid professionals, let alone the volunteers who took up this charge.

While both members of the subcommittee have had solid careers in public administration, neither claims extensive formal academic training in accounting or fiscal management. That said, both do have extensive on-the-job experience in budgeting, finance, and fiscal management.

One member has formal academic environmental and engineering training and experience, but neither member possesses a Public Engineer license, and neither holds himself out as an expert for the volunteer support purpose of this report.

No budget or appropriation was made available to the subcommittee to engage supporting expertise.

Findings and Analysis

Proceeds of Land Swap Transaction

In exchange for receiving the City-owned land east of Spa Road (i.e., the 8.24-acres where DPW currently resides), the Developer has offered a 3.59-acre parcel on the eastbound side of Forest Drive located between South Cherry Grove Avenue and Newtowne Drive and $2MM in cash. Differential costs are weighed against that $2MM in our further analysis to determine whether the transaction produces a positive net amount available for grant matching.

Reasonableness of Offer

In its first report, the full Task Force called out an important and intertwined governance question that the Mayor and Council must resolve: whether the City is better served by using a competitive process to ensure the maximum value of the Spa Road site.

If the City is only open to considering land swaps, then the existence of other competitive bids would rely upon there being other well-suited parcels of land. In our first meeting, the City shared that it had done a search for alternate sites for DPW and had determined that no other feasible sites existed. If that is the case, then it seems unlikely that there would be other competitive bids.

Arguably, the City could separate the transaction into two parts: (1) the competitive disposal of Spa Road through an RFP, and (2) the purchase of an alternate site for DPW through the normal means of procurement to potentially include eminent domain. The City would have to be sensitive to the timing and coordination of separate transactions, or else it could either: (1) be purchasing a site for DPW prior to receiving the assets of the sale of Spa Road, stressing the City's finances and creditworthiness; or (2) have sold Spa Road without fully resolving where to house DPW. Nonetheless, we recognize that the City has now made public the high-level findings of two appraisals and logic would suggest that any future bid for Spa Road would be based in part on those appraisals. As a result, the bulk of our analysis is of the relationship between LaTerra's offer and the appraisals received by the City.

Relationship to Appraised Value

The City paid for two independent appraisals to be prepared for each of the two properties, and the City provided full copies of those appraisals to the subcommittee on October 9. Numerical comparisons appear below.

Exhibit 1

Comparison of City Appraisals and LeTerra's Offer										Implied Location Premium (Forest / Spa)
Valuing Entity	Spa Road, E. Side			Forest Drive			Difference			
	8.24		Ac.	3.59		Ac.	4.65		Ac.	
Peabody Associates Appraisal	$	3,300,000			$1,900,000					
Westholm Associates Appraisal	$	4,675,000								
Wineholt Group Appraisal				$	1,810,000					
Average of the the 2 appraisals	**$**	**3,987,500**		**$**	**1,855,000**		**$**	**2,132,500**		
Average Appraised Value Per Acre	$	483,920	$/Ac.	$	516,713	$/Ac.				6.8%
LaTerrra's Values and Swap Offer	**$**	**4,200,000**		**$**	**2,200,000**		**$**	**2,000,000**		
LaTerrra's Value Per Acre	$	509,709	$/Ac.	$	612,813	$/Ac.				20.2%
Difference							**$**	**(132,500)**		

Source: See Appendix A and Potential Developer's Land Swap

It was with understandable reluctance that the City shared full copies of is appraisals, and this sharing was appreciated by the subcommittee. The full appraisals are now posed online.[12] Our comments on the appraisals will be limited.

If the average of the two City appraisals for each property is to be our guide (and using the Proposed Developer's acreage figure), then LaTerra's offer is shy of equitable by $132,500. However, there may be other factors that the City is considering in order to explain its consideration of the $2,000,000 offer—perhaps the burden of a competitive bidding process. As added reference data, the Maryland State Department of Assessments and Taxation (SDAT) data for these properties is shown in Appendix B. It is unclear why the Peabody appraisal for Spa Drive invokes (on page 3) the definition of Fair Market Value that applies in the case of condemnation actions. If this is the market value definition that Peabody applied, then that may explain the large disparity between Peabody's $3.3MM and Westholm's $4.765MM for the west side of Spa Road. Clarification should be sought, because if we disregard that Peabody figure, then the foregoing comparison that yielded that $132,500 "shy-of-equity" figure jumps to $820,000.

Unexplained for the Forest Drive properties is that while the 3.59 acres indicated in the "Potential Developer's Land Swap.pdf", is the same acreage as in the Peabody appraisal, this 3.59-acre figure is about 4% higher than the sum of the Forest Drive parcels appraised by the Winehold Group—3.455 acres.

None of the appraisers appear to have been aware of soil contamination and thus may have presumed the possibility of dwellings with basements. All the appraisals indicated presumed lot yields (e.g., Peabody presumed a lot yield of 64 townhomes including 7 Moderately Priced Dwelling Units - MPDUs).

[12] The City's initial reluctance to share the full appraisal documents is understandable as reflective of the balance it was trying to strike between its desire for transparency and its reluctance to make public a document that could impact its bargaining power in ongoing negotiations. However, on October 9, 2019, responsive to the subcommittee's September 17 request, the City did share full copies of its appraisals and this is appreciated. The full appraisals are all available at: https://www.annapolis.gov/1558/Finances-Subcommittee

The Westholm appraisal of the Spa Road property provided a review of assessment values, normalized to improvement area, for nearby recently constructed residential developments.

Peabody repeatedly laments a paucity of surveying data and recommended that, "a current survey should be completed to accurately estimate the acreage of the Spa Road properties".

Only one of the appraisals for the Forest Drive properties took notice that almost all the Forest Drive property was purchased at an arms-length sale on November 12, 2014 for only $585K. There was no indication that the appraiser attempted to examine what factors may have laid behind that market transaction which could explain its oddly low selling price. Presumably, both the seller and the buyer were knowledgeable parties acting under market forces. The other appraiser ignored the 2014 transaction although it is clearly stated on the SDAT display (see Appendix B.).

Neither of the Spa Road appraisals attempted to explain the State's assessment of over $14MM for the Spa Road land, and it is unknown whether there was any request to examination of the State assessor's work papers supporting that assessment.

All the appraisals, with varying degrees of acknowledgement of alternative methods, declared that they were using the "sales comparison" method. This is a very common and very cheap method of appraisal. The subcommittee believes that the more rigorous, though more expensive, discounted cash flow (DCF) method, as no doubt used by the developer (but of course not shared), would have been warranted on the City's part given the case is of developing vacant land, and the level of public trust to be protected is high.

Analysis of Differential Costs and Determination of Net Proceeds of Land Swap

For the purpose of this report "Differential Capital Costs" to the City are defined as: "the capital costs of moving Public Works (DPW) to Forest Drive minus the capital costs of redeveloping DPW at Spa Road."

Exhibit 2, below, presents Differential Capital Costs identified, and for each, gives a range of values ("Low" and "High") for those differences. It is important to understand that this exhibit does not show the capital costs associated with one DPW siting option or the other. That is, it does not show the cost of developing DPW at Forest Drive, nor does it show the cost of developing DPW at Spa Road. Rather, it shows the estimated difference between those costs, and it gives a "Low" difference and a "High" difference in capital costs to the City.

Exhibit 2. Differential Capital Costs

Differential Capital Costs to City

Of Moving Public Works to Forest Drive

As Compared With Staying at Spa Drive

Expenses	Range ($000) Low		High	Ref.
Additional Design Costs	$ 150	to	$ 225	a.
Storage Facilities	$ 100	to	$ 150	a.
Sound Barrier 500 Linear Feet, 15 feet high	$ 190	to	$ 250	b.
Skipper Lane Extension (consruction only)	$ 285	to	$ 350	a.
Phase I Archeological Survey	$ 10	to	$ 20	a.
Stormwater Management	$ 175	to	$ 245	c.
Compliance With City Forest Conservation Requirements (not applicable to Spa Dr. Site)	tbd	to	tbd	a.
Additional Cost for Spa Road if City chooses to replace fueling system there	$ -	to	$ -	d.
Environmental Remediation of Contamination Under the Weems-Whellan Ball Field	$ -	to	$ 759	e.
Baseline Environmental Monitoring to Protect City's Interest Against Future Liability	$ 120	to	$ 180	f.
American Legion: Costs to Gain shared Parking or Access Across back	$ 90	to	$ 225	g.
Additional rental of the auxiliary site where PW materials are being stored.	$ 2	to	$ 2	h.
Additional Area, if quired, Purchased From Adjacent Vacant Site (Crystal Spring)	tbd	to	tbd	i.
Improvements to the "Site 1" Portion of the Forest Drive Property	tbd		tbd	J.
Sound Barrier Along East Side (Crystal Springs), if Needed	$ 0	to	$ 250	k.
Subtotal, Increased Capital Costs Due to Move to Forest Drive	$ 1,122	to	$ 2,656	

Notes to	Differential Capital Costs Table
a.	Appendix A, Exhibit entitled, "COMPARISON OF DEVELOPMENT COSTS FOR PUBLIC WORKS FACILITY SPA ROAD VS. FOREST DRIVE, provided to the subcommittee 9/17/2019.
b.	Op sit. 500 linear feet @ $380-$500/LF. Two potential issues remain--(A) length, and (B) height. A: 500 feet is sufficient for southern boundary of property against Juliana Lane only. East side property boundary, against Masque Farm, although currently vacant, may call for a barrier as well (see below). (B) The PW building height would be 35'3", and townhomes are about same or higher, yet the City indicates that the wall that it costed would be only 15' high. Thus, these estimates may be shy of need.
c.	Op sit.. the City estimates it will cost $30-$60K to meet applicable design standard (75%) at Spa Dr. However, the City provide no cost estimate for meeting applicable design standard (125%) at Forest Dr. Therefore, to estimate the latter, the subcommittee drew on open literature: "Costs of Stormwater Management Practices in Maryland Counties, UMCES, 2011. Our "Low" estimate assumes new hydrodynamic structure less $60K, and "High" assumes new bioretention less $30K. Both assume 4.0 total acres treated, half onsite and half offsite, 2.5%/yr inflation. These costs are conservative as the higher 125% factor is not included.
d.	The City estimates (op. sit.) that "If the City chooses to replace the fueling system at Spa Road", then it would cost $200K-$250K in added capital at Spa. However, this choice at the Spa Road site is indpendent of the choice of where the future PW will reside, and is therefore irrelevant to this analysis.
e.	State (MDE) requirements for either option are unknown at this time, and at the 8/13/2019 Task Force meeting, multiple members pointed out that MDE's requirements may differ substantially depending on the land use chosen (townhomes vs. ball field). On 9/13/2019, the Environmental Subcommittee requested that the City specifically query MDE as to whether its requirements could differ depending on ballfield versus residential use. To clarify MDE requirements, additional (but nearer-to-the-surface) soils testing is being conducted by the City. For the purpose of this table, it is assumed that MDE would require no remediation for ball field use, but that residential use would require: (a) a layer of soil and clay to seal the top of the landfill and (b) a 10,000 sq. ft. slurry wall with ten extraction wells to protect the steam. For estimating (a), it is assumed that the cost of the soil and clay layer would be absorbed by LaTerra as described in described in Tom Baum's 9/12/19 email to Jared Littmann (Appendix B). For (b), unit costs were applied from "Permeable Reactive Barriers Interim Summary Report, USEPA Office of Solid Waste and Emergency Response, Technology Innovation Office, May 2002." https://frtr.gov/costperformance/pdf/PRBSummaryFG0617.pdf.
f.	Baseline sampling around the perimeter of the landfill, including downgradient of landfill along Spa Creek, in order to help defend the City against future liability from environmental effects discovered after the swap. Subcommittee estimate $150K +/-20%. See text for discussion of this important need.
g.	Op. cit. for low-end estimate; "Parking at American Legion" and "Improvements that migh be negotiated in exchange for the Am. Legion alllowing City access across back of its property and/or shared parking". The Legion Membership and Commander have not indicated their requirements, but City estimates parking improvemnts at least $90K. Our high-end presumes that the City just buys the 60' x 200'; strip for pro-rata assessment value based on the Wesholm Group's appraisal of $216K.
h.	Pending written confirmation, Committee's discussion with the City on 9/17/2019: Before closing the swap, the City will vacate the West side of Spa Dr.. This will require consolidating PW activities on East side of Spa Dr., together with $1,000/month rental of a separate plot elsewhere in the City. Two added months needed for swap is per email 8/28/19, Lyn Farrow to Scott Gibson.
i.	At the time of writing, only a preliminary concept sketch plan is available showing how PW operations might physically "fit" on the Forest Drive site. The City acknowledges that the Forest Drive site is tight and not all space elements are represented (e.g. sound walls, stormwater managment structures). As such, there appears to be no room for growth in PW operations over time.
J.	It is unknown what use justifies the City's purchse of 0.73 acre Parcel 2355B along Newtown Road, nor associated capital cost to use.
k.	See note (b), above. This line item was added to recognize the potential need to place a 500-foot sound wall along the east side of the property (against the currently-vacant Masque Farm property), in addition to the Southern boarder of the property.

With the exhibit shown in Appendix C, the City identified (in addition to capital costs that the two options have in common), 11 elements that it believes could generate significant different capital cost requirements in order to consolidate DPW operations on the Forest Drive site rather than at Spa Road. For 7 of the 11 differential capital cost elements identified by the City in Appendix C, the City also provided cost estimates. Where the City did provide cost estimates, the subcommittee used the City's figures. However, in some cases the subcommittee's reasonableness-checking generated comments below or in the footnotes to our Differential Capital Costs table.

In cases where the City declined to give a cost estimate, the subcommittee did its best to provide a reasoned estimate. As a reasonableness check on the accuracy of the City's capital cost estimates, the subcommittee requested that the City provide a historical track record of the City's past success in predicting capital cost estimates as compared with actual costs experienced. At the time of writing, no historical track record has been provided. This, perhaps, should lend a conservative coloring to the overall results of this analysis.

We offer a brief discussion of each differential capital cost element:

Additional Design Costs

Self-explanatory: The City estimates that it will cost an additional $150,000 to $225,000 for additional design work needed if Forest Drive is selected for the new home of all DPW operations.

Storage Facilities

Self-explanatory: $100,000 to $150,000.

Sound Barrier (500 Linear Feet, 15 feet high)

Exhibit 3: Forest Drive Concept Plan

Conceptual Site Plan - Dept. of Public Works
1701 Forest Drive.

The City assumes 500 linear feet @ $380-$500/LF for this wall. There are potentially two issues here—height and length. Regarding height, the City has stated that the DPW building height would be 35'3". The subcommittee estimates that the 15 three-story townhomes located along Juliana Circle are about same height or higher. However, the City indicates that the wall that it cost-estimated would be only 15' high. Thus, these estimates may be shy of need.

Regarding length, 500 feet is enough to create a "sound shadow" with respect to the 15 townhomes to the south of the property along Juliana Lane. The subcommittee has requested, but not yet received the specific location of the sound

wall costed. Presumably, it would be located on the south side of Skipper Lane, since if it were located on the north side, then the necessary truck opening would defeat its purpose. Nevertheless, building a 500-foot sound wall along the south side only, would leave exposed the east side of the property abutting the Crystal Spring (see Exhibit 3). Although currently vacant, a sound wall may be called for along that east side as well. For this purpose, an additional cost item is identified separately, several paragraphs below.

Skipper Lane Extension

As LaTerra's presentation noted, the American Legion, right-in/right-out access to Forest Drive is "particularly hazardous as many traffic movements include having to quickly cross all lanes of Forest Drive to access U-turn capability at the Forest/Hilltop intersection." An added right-in/right-out access to the new DPW would exacerbate this hazard. Thus, the Subcommittee believes the Skipper Lane extension as shown in the concept plan on page 10 of the LaTerra presentation would be necessary. The Subcommittee also found that the City's estimated cost for that extension to be reasonable, between $285,000 and $350,000.

Phase I Archeological Survey

The City identified this cost in Appendix C as $10,000, but during its September 17 meeting with the subcommittee, it identified $20,000 as the typical cost for a Phase 1 archeological survey. So, we used that range.

Stormwater Management

The Mayor's Briefing presentation, 1st slide[13] indicates "150% Stormwater Retention." Cost estimates provided by the City do not appear to be consistent with that indication.

DPW provided cost estimates for additional capital needed in order to meet the "75% or the maximum extent practicable with a goal of 100%" design standard applicable for the Spa Road site—$30,000 to $60,000. However, DPW declined to provide estimates for meeting the applicable standard for the Forest Drive site, "the greater of 125% or maximum extent practicable," explaining that "DPW believes that the size of the Forest Drive property will likely preclude 125% stormwater treatment on-site. DPW is unable to reasonably estimate the stormwater treatment costs for Forest Drive without first developing a concept design, determining where off-site mitigation might take place, and testing the soils both on-site and off-site."

Absent at least a planning-level estimate for meeting the Forest Drive stormwater treatment requirement, any estimate of the *difference* in this potentially very significant capital cost between the two options (Forest Drive versus Spa), would be stymied. Therefore, for the Forest Drive option, the subcommittee drew on open literature: Costs of Stormwater Management Practices in Maryland Counties, UMCES, 2011. Our "Low" differential capital cost estimate for stormwater management uses the unit cost given for "new hydrodynamic structure"-type technology minus the City's estimated high-end estimate of $60,000 to meet the Spa Road requirement. Our "High" estimate of differential capital cost assumes

[13] Available: https://www.annapolis.gov/DocumentCenter/View/13041/Mayors-Office-Summary-PDF

“new bioretention” technology less the City’s $30,000 lower cost estimate for meeting the Spa Drive standard. Both assume only 4.0 total acres treated—half on-site at Forest Drive and half off-site—and 2.5%/yr. inflation (from year 2011, the date of the UMES publication). The resulting differential capital cost range—$174,000 to $245,000—can be considered conservative as the higher 125% factor did not bear upon the unit costs in that UMCES publication.

Compliance with City Forest Conservation Requirements (not applicable to Spa Road Site)

Here our cost analysis is stymied, lending further reason to presume a degree of conservatism in our overall results. As the City notes in its display shown in Appendix C, the Forest Drive site “will require afforestation or reforestation” while “the Spa Road site is in the critical area and will not be subject to forest [City] conservation requirements.” However, “DPW cannot estimate the costs of afforestation or reforestation.”

Additional Cost for Spa Road If City Chooses to Replace Fueling System There

The City estimates (Appendix C) that "If the City chooses to replace the fueling system at Spa Road", then it would cost $200,000-$250,000 in added capital at Spa Road. However, this choice at the Spa Road site is independent of the choice of where the future DPW will reside and is therefore irrelevant to this analysis.

Environmental Remediation of Contamination Under the Weems-Whelan Ball Field

In Appendix C, DPW states, “(t)he costs to remediate Weems-Whelan field, if any, cannot be determined until any requirements are imposed by the Maryland Department of the environment. If remediation can be accomplished with a clay cap, the developer will remediate at his expense. The city does not know whether MD would require mitigation if the Public Works facility is built at Spa Road without disturbing Weems-Whelan field.” At the 8/13/2019 Task Force meeting, two members, not of this subcommittee, pointed out that MDE's requirements may differ substantially depending on the land use chosen (townhomes vs. ball field). On 9/13/2019, the Environmental Subcommittee requested that the City specifically query MDE as to whether its requirements could differ depending on ball field versus residential use. To clarify MDE requirements, additional (but nearer-to-the-surface) soil testing is being conducted by the City. We understand that surface soil sample results are expected in late October and that MDE is being queried by the City at this time (or soon), but that definitive answers are not expected before this report is due. For current purposes, then, the subcommittee did its best to prepare a reasoned range of differential capital cost estimates for this item. We assumed that MDE would require no remediation for ball field use, but that residential use would require: (a) a layer of soil and clay to seal the top of the landfill, and (b) a 10,000 sq. ft. slurry wall (e.g., 20’ deep by 500’ long) together with 10 extraction wells to protect the stream. For estimating (a), it was assumed that the cost of the soil and clay layer would be absorbed by LaTerra as described in Tom Baum's 9/12/2019 email to Jared Littmann (Appendix D). For estimating the cost of (b), the unit cost of $58.76/SF was applied. This unit cost was derived by inflating (at 5.1% from year 2002) the then-medium range unit cost of $24/SF, and noting

that a higher-end year-2002 not inflated unit cost was $52/SF.[14] Extraction wells were assumed to cost $4,500 each and 20% was added for design and miscellaneous. Hopefully, we will know actual MDE requirements and their construction costs before the report must be finalized.

American Legion: Costs to Gain Shared Parking or Access Across Back of Property

With good reason, the City declined to provide estimates of what costs would be necessary to secure approvals by the American Legion (commander and members). Likewise, the Subcommittee found no basis for estimating what these costs might be, but they could be substantial, potentially involving not just parking lot but also site improvements and/or purchase of an easement. Not only front-end capital may be needed, but ongoing annual costs (i.e., maintenance and/or rent). The Legion membership and Commander have not indicated their requirements. That said, our low cost is based upon the City's estimate of $90K for parking improvements, and our high-end cost estimate presumes that the City just buys the 60' x 188.51' strip for the June 2018 assessment value of $216K (See Westholm's American Legion property appraisal at: https://www.annapolis.gov/DocumentCenter/View/13621/Appraisal-of-American-Legion-property-PDF) inflated 2.0 percent per year two years.

Additional Capital Cost Elements

In addition to capital cost elements identified by the City in Appendix C, the subcommittee identified the following additional differential capital cost elements:

- Baseline Environmental Monitoring to Protect City's Interest Against Future Liability,
- Additional Rental of the Auxiliary Site Where DPW Materials Are Being Stored,
- Additional Parking Area, if Required, Purchase from Adjacent Vacant Site (Crystal Spring),
- Improvements to the "Site 1" Portion of the Forest Drive Property, and
- Additional Sound Barrier Along the East Side (Crystal Spring), If Needed

The following paragraphs discuss these additional cost elements identified by the subcommittee.

Baseline Environmental Monitoring to Protect City's Interest Against Future Liability

The new landowner, of course, would bear environmental liability for whatever contamination or environmental effects that the new owner, itself, causes. However, with respect to environmental effects of contamination discovered after the date of the swap, the City would remain forever potentially liable, except, to the extent that the City could successfully assert that it was not at fault for such contamination discovered in the future. (See emails from City Attorney and Mr. Baum in Appendix D).

This "rub", so to speak, would have a great deal to do with who caused what environmental effects, and when—hard stuff to prove, especially in the absence of solid baseline environmental monitoring.

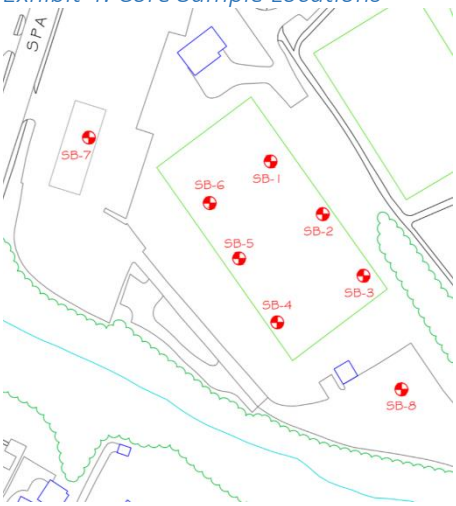
It stands to reason, then, that prior to the swap, the City take steps to protect itself from (or at least minimize) future liability by establishing a solid baseline of groundwater quality conditions at locations surrounding (not just in) the known area of contamination—sometimes called a "nature and extent"

[14] See: "Permeable Reactive Barriers Interim Summary Report, USEPA Office of Solid Waste and Emergency Response, Technology Innovation Office, May 2002, " page 5. Available: https://frtr.gov/costperformance/pdf/PRBSummaryFG0617.pdf.

study. Baseline monitoring would involve monitoring locations that could be sampled again in the future including, in particular, locations down-gradient from the landfill (within a potential down-gradient hydrologic plume) along the bordering Spa Creek tributary.

Hopefully, there is no arsenic or other pollutant now leaching into Spa Creek and, hopefully, no plumb will be discovered in the future. But hope is not a reliable management tool, and the committee is unaware of any currently existing perimeter baseline sampling that could be repeated in the future after the houses are built to defend the against future liability. The image to the right shows where existing soil samples have been taken--within the property where development would take place.[15]

Exhibit 4: Core Sample Locations



City

Absent MDE review, we do not know enough about the scope of a baseline monitoring program to protect the City's interests. For current estimating purpose, the subcommittee assumed that this would include groundwater sampling at 10 perimeter locations, spaced with greater density along near-stream locations, sampled at least 4 times, once each season for 4 seasons, measurements to include hydrologic head as well as landfill compounds of concern, costing the City approximately $150K (+/-20%) out-of-pocket. This estimate assumes physical development of the sampling stations, seasonal sampling, laboratory wet work, generation of a technical report, and 1 meeting of the City's consultant with MDE. In the absence of a transfer of land ownership, of course, there is no need to establish this defense against future City liability.

Additional Rental of the Auxiliary Site Where DPW Materials Are Currently Being Stored.

The subcommittee's discussion with the City on 9/17/2019 revealed that before closing the swap, the City would vacate the west side of Spa Road and consolidate almost all DPW operations onto the east side Spa Road plot retained by the City. However, not all operations will fit there, so the City will need to continue to rent the land that it is currently renting (located elsewhere in the City). That rental cost is just $1,000 per month. According to the City, the timeline for consolidating DPW operations at Forest Drive would be two months longer than the Spa Road option[16].

Additional Parking Area, if Required, Purchase from Adjacent Forested Site (Crystal Spring)

[15] Source: https://www.annapolis.gov/DocumentCenter/View/13235/Appendix-F----Subsurface-Soil-Testing---Weems-Whelan-Field-PDF

[16] September 17, 2019 meeting with City Manager and DPW.

At the time of writing, only a preliminary concept sketch plan is available showing how DPW operations might physically "fit" on the Forest Drive site. (See Exhibit 5- "Conceptual Site Plan"). The City acknowledges that the Forest Drive site is tight, even for current operations, and that not all necessary space elements are shown (e.g. sound walls, stormwater structures). As such, there appears to be no room for growth in DPW operations over time. DPW has stated that, if needed, it could obtain vacant land to the east.

Exhibit 5: Forest Drive Concept Plan

Exhibit 6: Proposed Development at Crystal Spring

At the same time, it is challenging to envision how this depicted concept plan might be reconciled with planning for the Crystal Spring property to the east (Exhibit 6), which planning, at least in past incarnations, has called for Skipper Lane not to terminate, as shown in Exhibit 5, but rather to extend further to the east.

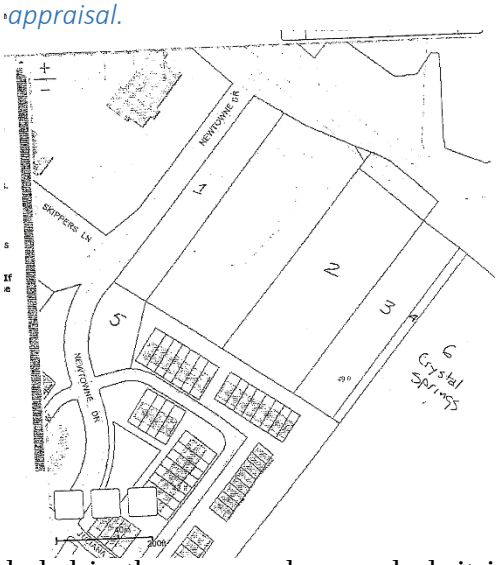
Further extension to the east rather than truncation at the new Forest Drive site, would consume about 10% of the Forest Drive site from possible use for DPW, removing 36 of the 80 parking spaces shown in the Concept Plan (see Exhibit 5).

While the considerations discussed above call into question the adequacy of the Forest Drive site to meet the City's future needs, the subcommittee did not venture to forecast any additional capital cost to accommodate those needs—for the sake of the current analysis, that potential added capital need is assumed to be zero.

Improvements to the "Site 1" Portion of the Forest Drive Property

The appraisal prepared for the City by The Winehold Group illustrates that the Forest Drive property being appraised for the swap includes a 66' x 478' (0.73 acre) rectangle running along Newtowne Road from Forest Drive to Skipper Lane, denoted as "Site 1" (See Exhibit 7). The City's plans for the Site 1, obtained with the swap, are not know nor depicted on its Concept Plan (Exhibit 5). The Winehold appraisal indicates the highest and best use for Site 1 would be for a single house with the balance of site 1 land used toward satisfying forest conservation requirements. However, revenue from sale of Site 1 for a private residence is not mentioned in the City's presentation. On the other hand, the Peabody appraisal puts the pieces together a different way, suggesting the use of Site 1 for "*improved access to Forest Drive by way of Skippers Lane to the Couth Cherry Grove Avenue/Forest Drive intersection.*"

Exhibit 7: Sites 1-4 in The Westholm Group appraisal.



Absent an understanding why it is that Site 1 is being included in the proposed swap deal, it is not possible for the subcommittee to estimate City's cost of carrying out the City's intended use Site 1.

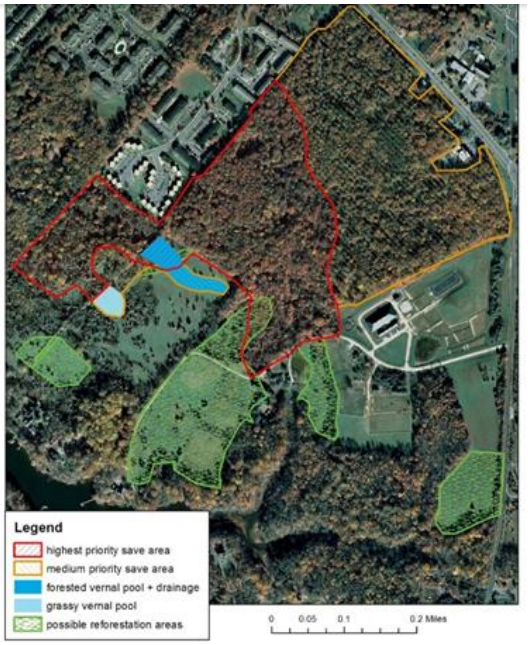
If Site 1 were to be used for widening Newtown Road as indicated by Peabody, (e.g., which could not only improve access for DPW vehicles, it could also facilitate future access to plans for Crystal Spring), then the added capital cost to the City would be approximately $250K (assuming 24' x 478' @ $21.5/SF). However, since we do not know what intended use justifies including Site 1 in the swap, we associate "tbd" differential capital cost with the City's use of Site 1, and we simply ask the City clarify its intent for Site 1, and to identify what capital cost will be associated with that use.

Sound Barrier Along East Side, If Needed

This line item was added in order to recognize the potential need to place a 500-foot sound wall along the *east* side of the property (against the currently forested property immediately to the east). This would be in addition to a sound wall along the southern boundary of the property (against Juliana Lane Townhomes, noted herein).

Current City planning designates the vacant land immediately east of the Forest Drive site as "medium priority save area" (https://www.annapolis.gov/673/Proposed-Development-at-Crystal-Spring), and, as noted above, the current concept plan for Crystal Spring appears to call for Skipper Lane to be extended further east, serving as access to development envisioned for the Crystal Spring property as depicted on the City's website (image depicted in Exhibit 6 above which is from the same City website).

Exhibit 8: Crystal Spring Conservation & Restoration Areas



Since an eastern boundary sound wall would be about the same length as the southern wall, we used the same cost estimate for the high end of the range, as provided by the City, for the southern boundary sound wall. If deemed not needed, then the cost would be zero. Thus, the range of differential capital is $0-$250,000. Finally, since the wall priced by the City would be only 15 feet high, the same price caveat applies as noted above with respect to Julian Lane townhomes.

Capital Budget Implications

The City's currently approved Maintenance Facility Item capital budget is $5.812MM. By comparison, the "low" and "high" estimated differential capital cost to move to Forest Drive, above, are 19% and 44% of that approved $5.812MM budget figure. We do not know to what extent the approved budget figure anticipated these differential capital costs, and perhaps included some allowance for the capital cost of moving the DPW operations to Forest Drive. The approved Fiscal Year 2020 Capital Budget (see Appendix E) states that the $5.812MM figure is based on 25,000 SF of construction at $175/SF, the product of which is only $4.375MM.

The difference—$1.437MM—might represent an unstated budgetary "allowance" for the differential capital cost of moving the DPW operations to Forest Drive. If that is the case, then the Capital Budget implications of Exhibit 2, above, is that the FY2020 capital budget of $5,812MM can either be reduced by $0.315MM or that the budgeted $5.812MM figure is shy of the need and must be increased by $1.22MM—corresponding to the "Low" and "High" values in Exhibit 2, above.

If, on the other hand, the budgeted $5.82MM does not include allowance for the differential capital costs of consolidating DPW operations on the Forest Drive site, then, in order to move DPW operations to Forest Drive, the capital budget would need to be increased by $1.12-to- $2.66MM.

The Multiplier Effect of Grants on the Purchasing Power of Net Proceeds of the Swap

The Mayor has been transparent from the beginning about the need to leverage net proceeds to win grants to pay for the community benefits that his full plan envisions. He is correct that many grantors provide funds as a match to existing cash-in-hand for a project.

We agree with his assertion that the City does not have the excess capital required as seed money to leverage grants to pay for these projects. In recent years, the City has had to increase taxes simply to

cover the costs of service at existing service levels. Using the net proceeds of the Land Swap as required seed funds may be the only viable path towards leveraging grants to pay for these improvements.

Federal Grants

We were able to identify federal grant opportunities available for the purposes outlined in the Mayor's proposal. The grants are awarded on a competitive basis and are not guaranteed. While we cannot say with any certainty what may make an application more competitive, we can say with certainty that the City cannot even be considered without demonstrating that it has the funds to meet the match requirement.

Exhibit 9. Synopsis of Relevant Federal Grants

Grant Name	***Grantor***	***Funding Amount***	***Match Required***
The Recreational Trails Program	*Federal Highway Administration*	*Project amounts from $200K to more than $1MM, with most ranging from $10K to $300K. Maryland had a $1,123,620 RTP Set Aside in Federal FY 2018*	***50%***
MAP-21 Transportation Alternatives	*Federal Highway Administration*	*Undefined*	***20%***
The Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants	*USDOT*	*BUILD Transportation grants may not be less than $5 million and not greater than $25 million. Federal share of project costs for which an expenditure is made under the BUILD Transportation grant program may not exceed 80 percent for a project located in an urban area.*	***20%***

State Funding

In its 2019 Legislative Session, the Maryland General Assembly passed HB1281 which provided $3-4MM for the Maryland Bikeways Program, which provides grants for local communities to fund priority facilities for biking and walking. These grants often complement federal grants and funds allocated by counties and cities and allow these communities to develop bicycle and pedestrian networks that help transform communities across the State. Grantees are required to provide a minimum 20% of Total Project Cost as a match. The matching fund contribution can be in the form of cash, an in-kind contribution, or a 3rd party contribution.

While the Governor vetoed the Bill, Senator Elfreth has shared that the majority caucuses have decided to overturn the veto when the next session begins. Like the federal grants, any award through this program is done on a competitive basis.

Private Funding Grants and Funding

The subcommittee is equally impressed that there is a viable path to private grant funding particularly as the potential projects relate to recreation, greenways, and healthy living. A cursory review of private funders revealed the following options: Bikes Belong, Kodak American Greenways, and US Conference of Mayor's Childhood Obesity Awards. (Note this list provides examples and is not exhaustive.)

Material Differences in Net Operating Costs and Revenues

The subcommittee identified a variety of costs and benefits that could differ, depending upon whether the proposed swap occurs. These included:

1) Tax Revenues collected by the City, net of cost of services
2) Payment to the County for fueling operations
3) Ongoing monitoring per MDE
4) Transportation (due to increased distance from centroid)
5) Discontinuation of gas pump environmental monitoring
6) Annual payments to American Legion, if necessary
7) Payment to the County for accepting ball field maintenance
8) Cost to maintain Newtowne & Skipper Lane extension

Of these, only item 1 above, "Tax Revenues collected by the City, net of cost of services" entered our fiscal impact analysis. The other items were assumed either to be insignificant or potentially significant but completely beyond our capacity to estimate.

Tax Revenues Collected by the City Net of Cost of Services (Increased Annual Benefits)

As a consequence of doing the swap versus not doing the swap, increased tax revenues collected by the City, net of cost of services, will constitute an ongoing annual source of net benefits to the City's Operating Budget. Essentially, we examined the difference in property tax revenues collected by the City, "with" versus "without" the swap, and likewise, we estimated the difference in cost of services (the City's cost of doing what the City does with residential tax revenue)—again "with" versus "without" the swap. The overall combined results we call "Increased Annual Benefits" (see Exhibit 14).

Exhibit 15 will detail how we combined these considerations to calculate the City's Increased Annual Benefits. In the paragraphs immediately below, we will address:

- Tax Revenues Collected by the City from the Proposed Residential Development on Spa Road (with the Swap).
- Taxes from Homes That Would Be Built elsewhere in the City (without Swap)
- Cost of Community Services ("COS") (e.g., for roads, schools, recreation, fire, police, etc.) for 50 Spa Road Homes (with Swap), and

- COS for Homes That Would Be Developed Elsewhere in the City (without Swap)

First, though, it should be noted that the City's fees charged for water, sewer, refuse and other enterprise fund-supported utilities, although collected via consolidated property tax bills, are not included in this analysis. This is because enterprise funds are self-supporting; over time, revenues from fees must match the expenses of those enterprise funds. Thus, our analysis does not address fees charged to support City utilities, nor does it address City costs for those services.

Potential for Increased Property Tax Revenue

Regarding tax revenue, the subcommittee did a reasonableness check on the $300,000 per year revenue estimate that appears in the Mayor's Office Summary.[8] Since property taxes are collected on the basis of properties' assessment values, we did a reasonableness check of the assessment values necessary to generate that level of property taxes. This is an important aspect of our analysis, because to the extent that the City relies on the developer's representation of aggregate future property assessment value (for tax generation) the City would appear to have no recourse under the swap, if that aggregate property assessment value does not materialize.

Slide 1 of the "Mayor's Office Summary" notes the generation of $300,000 in property tax revenue as a benefit of the land swap. Our initial assumption was that $300,000 represented property taxes paid to the City and did not include property taxes paid to the County or State.

In order to test the reasonableness of this benefit, we sought to determine the assessed value required to generate $300,000 in property taxes. Since property tax is a simple formula of rate multiplied by assessed value, we did this by dividing $300,000 by Annapolis's property tax rate (i.e., 0.00738 or $.738 per $100 of assessed value). This yields an assessable tax base of $40,650,406. To achieve this the developer's proposed 50 dwelling units would need to realize an average value of $813,008 (see Exhibit 10).

Exhibit 10. Testing of $300K Increase in City Property Tax Assumption.

City's Proposal for Development of 50 Homes on Spa Road Site			
Annual Tax Revenue Noted in Mayor's Office Summary	**$300,000**		
Citys Prpperty Tax Rate $/100	0.738		
Aggregate Assessment Value	$40,650,407		
Number of Dwellings in Concept Plan	50		
Average Dwelling's Assessment Value	$813,008		
LaTerra's est. of total living space it would build	85,000	to	100,000
Average LaTerra Dwelling's Living Space (SF)	1,700		2,000
Required Average Property Assesment $/ SF of Improvement Constructed	$ 478.24	to	$ 406.50

In order to estimate the total living space that LaTerra would build, we first put a scale to the drawings on page 6 in LaTerra's presentation (actually we used Google Earth for the 1st floor footprints and estimated higher floors from LaTerra's elevation drawings on the same page). This yielded an aggregate of just under 80,000 SF of living space. To double-check this, we then simply asked Mr. Baum how much living space he would be building, His answer was 85,000 to 100,000 SF (October 1, 2019 text exchange with Bill Davidson). So, we used those figures in Exhibit 10.

For comparison, 4-story luxury townhomes, with elevators, being planned for 285 West Street by Bozzuto reportedly "should sell in the '$700,000.00 Plus range". (Westholm's appraisal of Spa Road, p. 23). By comparison, the subcommittee found it simply implausible that the 50 dwellings that LaTerra's proposes to build, on an old landfill, including 20 percent semi-detached MPDUs, could possibly generate an overall average per home assessment value of $813K.

While high home costs are not uncommon in Annapolis, we felt compelled to dig deeper into whether it was reasonable for a development along Spa Road to realize such high property home values. We did this by drawing comparisons to three recently constructed residential developments in the neighborhood (see Appendix F):

- Primrose Hill. A 2018 Craftmark Homes development that includes both detached homes and townhomes. This development is off Milkshake Lane in the Forest Drive Corridor.
- Village Greens of Annapolis. This 2015 Craftmark Homes development is made up of 2-car garage townhomes. It is accessed off Skippers Lane between South Cherry Grove Avenue and Newtowne Drive.
- Enclave at Spa. A 2017 development by K. Hovnanian Homes made up of garage townhomes. It is located off Spa Road near the current DPW site.

As the analysis in the following Exhibit 11 demonstrates, LaTerra would have to generate a significant premium $/SF assessment value over that of the 36 recently constructed reference properties in 3 nearby developments for the City to realize $300,000 in property tax revenue. Note that in Exhibit 10, we prorate the average $/SF values of properties in the 3 reference neighborhoods to reflect the mix of dwelling types that LaTerra proposes to build.

Exhibit 11. Comparing the assumed $300K Tax Yield to Similar nearby Developments.[17]

SDAT Assessment Data for 36 Similar Near-By, Recently Constructed Propperties (see Appendix F)						
		Total Property Assessment per Sq. Ft. of Improvement	LaTerra's Mix of Semi-Detaches & Detatched			
Enclave At Spa Road	12 Townhomes*	$ 190.75				
Vanguard Lane	22 Townhomes*	$ 216.30				
	Avg. Townhome	$ 203.53	76%			
Primrose Hill Lane	Single Family	$ 237.33	24%			
Weighted Average ($/SF)				**$211.64**		
* We used townhomes as a surogate for semi-deteached.						
LaTerra's est. of total living space it would build				85,000	to	100,000
Required Premium over above referenced to near-by actual homes ($/SF)				**$ 266.60**	to	**$ 194.87**
Thus, LaTerra's built living space would have to command a				**126%**	to	**92%**
premium over the avg. $/SF of similar nearby properties in order to yield $300K in City taxes.						

This caused us to question whether our initial read of the Mayor's Office Summary was correct (i.e., that the development of Spa Road would yield $300,000 in property tax to the City alone). Accordingly, we

[17] Source: See Appendix F.

sought to determine the assessable base required for the development to yield $300,000 in total property tax to the City, County and State. Our analysis follows (see Exhibit 12).

Exhibit 12. Testing of $300K Increase in Total Property Tax Assumption.

Total Tax Revenue	Tax Rate $/100	Portion	Total Tax Revenue Assumption		
				$	**300,000**
County	0.561	39.76%	County Portion	$	119,277
City	0.738	52.30%	**City Portion**	**$**	**156,910**
State	0.112	7.94%	State Portion	$	23,813
Total	1.411				

City's Portion of Annual Tax Revenue From Above	**$156,910**		
Citys Prpperty Tax Rate $/100	0.738		
Aggregate Assessment Value Required to Generate That Much City Tax	$21,261,517		
Number of Dwellings in Concept Plan	50		
Average Dwelling's Assessment Value	$425,230		
LaTerra's est. of total living space it would build	85,000	to	100,000
Average LaTerra Dwelling's Living Space (SF)	1,700		2,000
LeTarra's Projected Assesment Value	$ 250.14	to	$ 212.62
Premium (Added $/SF) required over weighted avg. of the 36 Ref. Homes	**$ 38.50**	to	**$ 0.98**
Thus, LaTerra's built living space would have to command a	**18.2%**	to	**0.5%**
Premium over the average $/SF of similar recently constructed nearby properties.			

In Exhibit 12, the figure $212.62/SF is simply the total property assessment value required per square foot of living space, in order to produce that $156,910 per year in City property tax revenue, assuming 100,000 SF of living space is constructed. This figure almost exactly matches the weighted average of the 36 reference properties, prorated to reflect the dwelling type mix proposed by LaTerra. Therefore, we determined that our initial read was wrong and that the $300,000 in new property taxes was split among the City, County and State. Accordingly, we used $156,910 as the City's property tax benefit for all subsequent calculations.

When the City provided full copies of its appraisals, a further reasonableness check on the $212.62/SF figure derived in Exhibit 11 became possible. Exhibit 13 shows an excerpt from page 23 of The Westholm Group's appraisal of the Spa Road west property. Averaging the 4 sales price figures cited by Westholm yields an average selling price of $223.75/SF for the two most residential recent developments in the Sap Road neighborhood. For careful comparison, recall that Exhibit 10 reflects the State's tax *assessment* values for the referenced 36 properties (*not sales* prices). Allowing just a 5.22% difference between selling prices and SDAT tax assessment values, the derivation of $212.62 in Exhibit 10 appears to be

Exhibit 13, Excerpt from Westholm's Spa Road Appraisal

More recently, in the 2013-2015 time frame, at the street entrance from Spa Road into Maryland Hall (approximately 1,350', more or less, northeast of the subject—toward Westgate Circle), the Carraway Lane townhouse subdivision was developed. The following is a brief, outline, description of Carraway Lane.

Carraway Lane: This townhouse subdivision was developed in the 2013-2015 time frame.. There are 19, 2 ½ -story tall, townhouse units, none of which have garages (each does have individual parking pads adjacent to their unit), and typically 22' (+/-) in unit width and varying in size from approximately 2,090 gsf to over 2,500 gsf. Recent transactions indicate individual units have market values in the $500,000 to $540,000 range, more or less. The sale prices indicate sale price rates ranging from approximately $235.00 to approximately $245.00 per gross square foot of building area, including supporting land for townhouse units which are approximately 3 to 4 years old, more or less. Due to being relatively new, all are considered modern and to have "up to date" interiors.

Currently, another major townhouse subdivision project is being developed. Known as the Enclave At Spa, this project is approximately 1,100' south of the subject property (in fact, this property is immediately between, and borders upon, both the Spindrift and The Gentry townhouse subdivisions: The following is a brief, outline, description, of the Enclave At Spa:

Enclave At Spa: This is a 36 lot townhouse subdivision currently being developed on the former Annapolis Radiator shop property. The typical townhomes being constructed are 3 stories in height, 24' wide, vary from 2,387 gross square feet to 2,798 gross square feet in building area, have 3 bedrooms, 2.5 baths, and attached two-car garages. Asking prices vary from $496,990.00 to $565,639.00, plus add-ons which can increase the price significantly. As of the effective date of this appraisal report it is understood that eleven (11) units have been sold, three (30 are under contract, and seven (7) are available. Thus, another 15 units remain to be constructed. Based upon list prices, the indicated rates per square foot vary from approximately $205.00 to $210.00 per gross square foot of unit area, which is the "base price".

quite consistent with Westholm's review of most recent development in the neighborhood, reflected in Exhibit 13.

While the land swap adds a Spa Road residential development to the City's tax rolls, we must remember that it also removes from tax-generating development the Forest Drive property. The true benefit of the land swap is the net effect of both – not the tax value of Spa Road development alone.

If we accept that the taxes generated by a development can be calculated by simply multiplying the tax rate by the number of residential units by the average value of residential units, then it is safe to assume that Spa Road will generate more taxes than Forest Drive simply because Spa Road can likely hold more residential units. Spa Road is 8.25 acres, whereas Forest Drive is 3.59 acres. Both are split zoned between R2 and R3.[18]

Cost of Serving New Development

While the development of Spa Road will certainly lead to increased property taxes, it will almost certainly also result in increased expenses by the City.

We asked the City how their cost of services (COS) would differ, with and without the swap. The City's answer was as follows:

> "We do not anticipate any difference in the cost of community services between the two sites as both can be developed into residential housing, and residential housing must meet adequacy of public facilities (water, sewer, roads, schools, recreational space, fire suppression, and police protection) before it can be approved. There would be no material difference in community services if housing were built on Spa Road and the maintenance facility on Forest Drive, or if housing were built on Forest Drive and the maintenance facility was built on Spa Road." (Theresa Sutherland, 8/28/2019)

We agree; and we would have no reason to presume that the cost of what the City does for its residents differs from one home location to another. Still, however, we need to estimate those costs. To estimate those costs, we turned to both the open literature about COS and to the City's Approved Operating Budget.

First developed in the mid-1980s, COS studies are a well-known methodology for estimating the fiscal impact of different land uses within a municipality. Although the specific methodology for fiscal allocations differ among COS studies, the result is always a ratio of expenditures over revenues.

In 2009, Matthew Kotchen of the University of California, Santa Barbara, and Stacy Schulte of the University of Colorado, published a quantitative meta-analysis of 125 COS studies that focused on three land-use categories: residential, commercial/industrial, and agricultural/open-space in the International Regional Science Review. They found that on average, the COS ratio was 1.18 for land with residential use (i.e., for every $1.00 of revenue raised from residential land uses, $1.18 of expenditures is spent on residential land uses). The study found a minimum COS ratio for residential

[18] L. Farrow e-mail to S. Gibson, 8/5/19, 11:52 AM

land of 0.6, and a maximum of 1.67.[19] The range we settled on—0.71 to 1.0—is close to this literature range, but truncated at 1.0 so as to be conservative in the City's favor (e.g., assuming that the City does not find it necessary to increase property taxes during the planning period).

Generally, COS studies find residential to be the most inefficient use. "Every study shows that housing loses money for the city's treasury: Once they move in, residents need libraries, police, parks and firefighters. Offices and shops, meanwhile, pay for themselves. They require fewer city services and produce more taxes"[20]. (For the sake of our analysis, we assumed residential use of both properties, which is consistent with their zoning.)

COS methodology is not without its critics. John Estill and Tom Means of George Mason University's Mercatus Center published a critique of COS studies in 2018. Among their criticisms is that COS studies rely on average costs rather than marginal costs. While average costs are easier to obtain, relying on average costs assumes a direct proportional relationship between units of housing and COS. Experience tells us this is often not the case. For example, the marginal cost will be less than the average cost if there are significant startup or fixed costs of providing the service.[21] Case in point, a modest increase in residential units would likely not result in the City spending significantly more overall for Parks and Recreation because the modest increase would not require the building of new recreation buildings nor would the existing facilities become more expensive to operate.

In order to avoid the overstatement of benefits (i.e., the assumption that additional tax revenue would be exclusively available to fund new projects or service beyond current levels) and the overstatement of costs (i.e., the flaws of COS), the subcommittee took care to determine a COS ratio that was focused on the cost of services that are more directly related to the size of the population and number of dwelling units and that do not benefit from enterprise funds. After thoughtful consideration, we determined that to be the best course forward to base our COS ratio on public safety spending. As illustrated by the following exhibit, our analysis resulted in a best-case COS ratio of 0.713 calculated in the following Exhibit 14.

Exhibit 14: Calculation of the Community Cost of Services Ratio Based on Safety Services

[19] Kothcen, Matthew and Stacey Schulte. 2009. "A Meta-Analysis of Cost of Community Services Studies." International Regional Science Review, Volume 32, Number 3.
[20] Herhold, Scott. 2010. "San Jose Council Whiffs on Allowing Town Homes Near Santana Row." San Jose Mercury News, December 8.
[21] Estill, John and Tom Means. 2018. "Does Land Development Pay For Itself? A Critique of Cost-of-Community-Service Studies." Working Paper, available: https://www.mercatus.org/system/files/estill-land-development-mercatus-working-paper-v1_2.pdf (September 30, 2019).

	FY 2018 Actual	FY2019 Projected	FY2020 Adopted
Real Property Tax	**$43,168,896**	**$50,373,000**	**$51,884,000**
Net Police & Fire/EMS Expense	**($32,284,547)**	**($34,245,159)**	**($36,968,246)**
Annapolis Net Cost of Public Safety Ratio	**0.748**	**0.680**	**0.713**
		AVERAGE RATIO	**0.713**
Police Expense	*($18,337,072)*	*($19,451,800)*	*($19,620,830)*
Police Grants	*$97,932*	*$198,806*	*$238,854*
Police Expense Net of Grants	**($18,239,140)**	**($19,252,994)**	**($19,381,976)**
Fire/EMS Expense	*($16,618,203)*	*($17,275,100)*	*($19,286,270)*
Ambulance Fees	*$1,764,899*	*$1,800,000*	*$1,700,000*
Fire Grants	*$807,897*	*$482,935*	*$0*
Fire/EMS Expense Net of Grants & Fees	**($14,045,407)**	**($14,992,165)**	**($17,586,270)**

We assume a maximum COS ratio of 1.0. The range we adopted is similar to Kotchen, (we use 0.713 at the low end rather than Kotchen's 0.6), but truncated at 1.0 for our high-end (versus Kotchen's 1.67) recognizing that some of the subject localities in Kotchen's study were responsible for the costs of education and trusting that the City will not have to raise taxes over the planning horizon because its rates are adequate to cover its costs.

Where does this leave us? There likely will be more tax revenue as a result of developing Spa Road as opposed to Forest Drive. The best case is that the City is wonderfully efficient, and the new property tax revenue adds to the City's bottom line and is available for new or improved services, or decreased reliance on debt. Worst case scenario, the new taxes are offset 1:1 by City costs. The result will likely fall somewhere between these two scenarios.

Now we are ready to calculate the Annual Net Benefits to the City.

Annual Net Benefits to the City

Exhibit 15 shows how we combined these considerations to estimate the net annual benefits to the City. Differences in the City's annual budget (annual net benefits) resulting from the swap (in comparison with not doing the swap), depend strongly on a choice of perspectives. So, we developed 6 cases representing the permutation of those perspectives, 3 of the 6 yielded zero annual net benefits, and the other 3 indicated net annual benefits to the City of $26,865, $31,261 and $44,543/year.

Increased Annual Benefit (or Cost) to the City of the Swap
Resulting from a Move of Pubilic Works to Forest Drive
As Compared With Staying at Spa Drive

Case Name	A	B	C	D	E	F	Note
Tax Revenues Collected by the City							
From the Proposed Residential Development on Spa Drive (with Swap)	$ 156,910	$ 156,910	$ 156,910	$ 133,373	$ 133,373	$ 133,373	a.
Less Taxes From Homes That Would Be Built elsewhere in City (without Swap)	$ (68,362)	$ (156,910)	$ (68,362)	$ (58,108)	$ (133,373)	$ (133,373)	b.
Increased Revenue Due to Swap	$ 88,548	$ -	$ 88,548	$ 75,265	$ -	$ -	
Cost of Services (COS) (e.g., for roads, schools, recreation, fire, police, etc)							
COS for 50 Spa Rd. Homes (with Swap)	$ 77,978	$ 109,304	$ 109,304	$ 77,978	$ 77,978	$ 109,304	c.
Less COS for Homes That Would be Developed Elsewhere in City (w/o Swap)	$ (33,973)	$ (109,304)	$ (47,622)	$ (33,973)	$ (77,978)	$ (109,304)	d.
Increased Municipal Expenses Due to Swap	$ 44,005	$ -	$ 61,682	$ 44,005	$ -	$ -	
Net Annual Benefit to the City	$ 44,543	$ -	$ 26,865	$ 31,261	$ -	$ -	e.

Derivation of Above	Permiutation of Component Factors Applied						
Case Name	A	B	C	D	E	F	
Consideration							
Thousands of SF of Living Space Assessed at $212.69/SF	100	100	100	85	85	85	f.
Fraction Built Elsewhere in City w/o swap	0.436	1.00	0.436	0.436	1.00	1.00	g.
COS as Fraction of Taxes	0.713	1.00	1.00	0.713	0.713	1.00	h.

Notes and Explanations

a. Assumes city tax rate of 0.738 and Assessment value of $212.69. See Exhibit: "Clarification of the $300,000 Per Year Revenue Anticipated"

b. Negative of above x "Fraction Built Elsewhere." See also note g.

c. Calculated as: the "Cost of Services Fraction" (see note h) x the Average property taxes colelected per Home in the City, where the latter is derived as follows:

Total Property Tax Revenue (FY2020 Budget Book)	$51,884,000
Fraction of Tax Base Residential (Jodee Dickinson, 10/4/19)	0.71
Property Taxes Collected from All Homes in City	$36,837,640
Number of Homes in City (FY2020 Budget Book)	16,851
Property Taxes Collected From Average City Home	$ 2,186

d. Same as above but times the fraction of housing that wold be built elsewhere in the City if not on the Spa Roadsite (e.g., w/ swap)

e. Increased City tax revenue with swap less increased costs of municipal services with swap.

f. See exhibit entitled "Clarification of the $300,000 Per Year Tax Revenue Anticipated".

g. Cases A, C & D assume that if the swap doesn't happen, then the only residential properties that would be develop in its stead would be located on the Forest Drive site only, which site is also zoned R3/R2 but has only 43.6% as much land as the Spa. Road site. Cases B, E & F asssume that, absent the swap, the residential demand for the full 50 dwellings would be met and that it would be fully met within the City.

h. Cases B, C and F assume that City's cost of providing municipal services (other than those services supported by enterprise fund fees) is at parity with property taxes collected. Cases A, D and E assume that the City's cost of providing services is 71.3% of the taxes collected. See text for further discussion of COS.

The exhibit is designed to be self-explanatory, based on the foregoing paragraphs, but additional explanation is provided herewith.

Revenue Collected

The foregoing Exhibit 12 "Testing of $300K Increase in Total Property Tax Assumption," explains the top row of figures in Exhibit 15, "Tax Revenues Collected by the City… From the Proposed Residential Development on Spa Road (with Swap)." More specifically, Cases A, B and C in that row reflect the assumption that the developer builds 100,000 SF of living space, which aligns almost exactly with the $/SF values for the 36 recently built reference homes, while Cases D, E and F deduct the 15% premium to reflect the possibility that the developer builds only 85,000 SF of living space instead.

Another consideration incorporated in Exhibit 15 is the "Fraction Built Elsewhere in City w/o swap". This is in order to recognize the reasonable likelihood that, absent the swap, the market's demand for residential properties to be developed in the City will go forward and be supplied. The subcommittee holds the view that the City does not generate the demand for housing (mommies and daddies do that), but rather the City helps to fulfill that demand by facilitating the desirability of private sector development of housing within the City. After all, "Men come together in cities in order to live: they remain together in order to live the good life" (Aristotle). So, one view might be that if the proposed 50 dwellings were not built on the City's Spa Road site, then that demand for housing would be met somewhere else within the City. Another view of what would happen if the swap were not to occur, is that only the Forest Drive property would be developed (also zoned R2/R3) to meet that demand but that no other new residences would be built within the City. So, Exhibit 16 accommodates both views, in permutation with other considerations discussed.

Specifically, the second row of figures in Exhibit 15, "Less Taxes From Homes That Would Be Built elsewhere in City (without Swap)," reflects two different assumptions: Cases A, C and D assume that if the swap doesn't happen, then homes of the same value will be built somewhere other than Spa Road, but still inside the City, while Cases B, E and F assume, instead, that without the swap, homes generating only 43.6% of the "with swap" taxes would be built within the city—that 0.436 factor being inspired by the site acreage ratio of the Forest Drive site in comparison to the area of the Spa Road site.

20-Year Net Present Value Analysis

Annual net benefits to the City can be combined with the initial cash contribution from the proposing private partner and the differential capital expenditures to yield the City's overall 20-year net present value (NPV) benefit. This is the value of the City's 20-year cashflow, for doing the swap versus not doing the swap, in today's dollars. To evaluate annual net benefit to the City, we developed 6 cases, described in the section above, representing a 6-case permutation of perspectives. Again, 3 of those 6 cases yielded zero annual net benefits, yielding a total of 4 different numerical results in Exhibit 13. For upfront differential capital needs, we have a "low" end and a "high" end (see Exhibit 2). Therefore, we generated 20-year NPV results for a total of 8 cases.

Exhibit 16 presents the summary results of our 20-year NPV assessment of the benefits of the swap to the City. Details of the NPV analysis are presented in Appendix G.

Exhibit 16. 20-Year Net Present Value of Swap Under Varying Assumptions

20-Year Net Present Value of Swap Under Varying Assumptions

All values in ($000)

Differential Capital Expenditure to Do The Swap		Low	High
		$ (1,122)	$ (2,656)

Annual Net Benefits Case		**20-Year NPV**	
Case A	100,000 SF Built on Spa Drive Site 43.6% Built Elsewhere If No Swap COS = Police & Fire Only, Avg. City Home	$ 1,628	$ 7
Cases B	100,000 SF Built on Spa Drive Site 100% Built Elsewhere If No Swap COS = Taxes Charged Average City Home	$ 910	$ (711)
Cases C	100,000 SF Built on Spa Drive Site 43.6% Built Elsewhere If No Swap COS = Taxes Charged Average City Home	$ 1,343	$ (278)
Cases D	85,000 SF 43.6% Built Elsewhere If No Swap 100% Built Elsewhere If No Swap	$ 1,414	$ (207)
Cases E	85,000 SF 100% Built Elsewhere If No Swap COS = Police & Fire Only, Avg. City Home	$ 910	$ (711)
Cases F	85,000 SF 100% Built Elsewhere If No Swap COS = Taxes Charged Average City Home	$ 910	$ (711)

COS = Cost of City Services

The 20-year NPV to the City of doing the swap was therefore calculated for each of the 8 cases—4 assuming the low-end differential capital estimate of $1.12MM, and 4 assuming the high-end differential capital of $2.66MM. That wide range of "first costs" tends to drive the overall results. Only in the case of assuming low-end differential capital costs does the City realize positive (favorable) 20-year net value. If the low-end capital values hold, then the City could realize, between $0.91 and $1,63MM in 20-year NPV. However, in order to realize these positive outcomes, in addition to the low-end capital assumptions holding, a lot of other things would have to go right, including that items 2-8 enumerated at the beginning of Section 7 would have cost impact. These include, in particular, the assumption: that there would be no need for Skipper Lane to be extended further to the east to serve Crystal Spring (which could necessitate rental or purchase of added land to the east), and that the Forest Drive site will prove adequate in size to serve the long-term needs of the City inclusive of necessary features not currently included in the concept plan (e.g., sound wall(s) and stormwater facilities).

Land Value and NPV Analysis:

The value of land held by the City at the end of the planning horizon would be diminished, of course, in the case of the swap (i.e., diminished by 4.64 less acres). However, there is no end-of-period "salvage value" to consider with respect to land. An NPV analysis must assume that the City received enough initial net cash value, at the front end, in order to adequately compensate the City for its future condition

of possessing about 4.64 acres less land at the end of the 20-year planning horizon period than it did at the beginning.

As economic principles, land never loses value because land has infinite "useful life", and an exchange of cash for land can be made between two parties, at any time, based on whatever two parties agree. However, land is not money and money is not land.

As it takes the long-view, the City may do well to think hard about its level of confidence that the Forest Drive site will prove large enough to suit the needs of an ever growing City, as well as the unique lost opportunity nature of municipal land ownership, over time.

Conclusions and Recommendations

What a piece of land is worth is reflective of what someone is willing to pay for it. Absent a competitive bid process testing what people are willing to pay, we must rely more heavily on the insights gained by appraisals.

The two appraisal values obtained by the City for each property were highly disparate, but based on comparison of their averages, the $2.0MM offer would appear to be close (although just $132K shy) to equal to the difference in the two sites' property values. One might argue that the appraisals suggest that the Developer's offer overstates the value of the Forest Drive land.

It is unclear why the Peabody appraisal for Spa Drive invoked (page 3) the definition of Fair Market Value that applies in the case of condemnation actions. If this is the market value definition applied, then that may explain the gross disparity between Peabody 's $3.3MM and Westholm's $4.765MM assessment for the west side of Spa Road. This should be clarified.

We note, however, that the appraisal method used by the City's appraisers (sales comparison), while very commonly used, is a relatively crude method compared to the discounted cash flow (DCF) method. An advantage of the sales comparison method is that it is relatively cheap. For example, the City paid only $3,500 for each of Peabody's appraisals of Spa Road and Forest Drive—0.135% of their combined value, according to Peabody. The DCF method is more expensive because it is more rigorous, requiring more research and analysis. In particular, the DCF method is the preferred method when considering vacant land for subdivision development (our case) and would seem highly warranted in order to protect the interests of the City in the absence of competitive sale.[22] Finally, the DCF is, no doubt, the method used by the developer, itself, and if used by the public partner as well can provide a measure of transparency second only to a public bidding process. This is all to say that a commitment to more due diligence can resolve the remaining issues concerning the reasonableness of the offer.

The property tax revenue generation of $300K per year stated in the City's presentation can be understood to include State and County property taxes as well as City property taxes—the City's share being $159K per year.

Currently, we estimate the differences in front-end capital expenditure necessary in order to move DPW from Spa Road to Forest Drive range from $1.12-to-$2.66MM.

[22] "Doing Deals", Trust for Public Lands, Land Trust Alliance, 1995, pp. 123-128.

We stress again that these interim estimates should strengthen the City's resolve to perform additional due diligence. This range of differential capital cost could change very substantially if State MDE technical remediation requirements for the Spa Road site, attending the proposed residential use, versus those requirements attending continued land use (e.g., as ball fields), become known. MDE's requirements could differ depending upon the land use allowed (residential versus ball fields). This clarification by the State MDE could reduce our "low-end" estimated capital by $500K, and/or reduce our high-end capital by $759K. We are encouraged to understand that the City is now taking additional samples with the intent to work with MDE soon to clarify what remediation MDE will require under the two different land uses.

The City cannot inoculate itself against all future environmental liability for contamination discovered at the Spa Road site (e.g., a contamination plume). However, by gathering thorough baseline environmental data now, it can ameliorate that liability relative to contamination that becomes newly discovered after the date of the swap.

Differences in the City's annual budget (annual net benefits) resulting from the swap (in comparison with not doing the swap), depend strongly on a choice of perspectives. So, we developed 6 cases representing the permutation of those perspectives, 3 of the 6 yielded zero annual net benefits, and the other 3 indicated net annual benefits to the City of $26,865, $31,261 and $44,543/year.

The 20-year net present value to the City of doing the swap was therefore calculated for each of the 8 cases—4 assuming the low-end differential capital estimate of $1.12MM, and 4 assuming the high-end differential capital of $2.66M.

That wide range of "first costs" tends to drive the overall results. If the high-end capital costs hold, then the City loses money. Only in the case of low-end capital cost assumptions does the City realize positive (favorable) 20-year net value. If the low-end capital values hold, then the City could realize, between $0.9 and $1.6MM over 20 years. However, in order to realize this range of potential positive outcomes, in addition to the low-end capital estimates proving true, a lot of other things would have to go right, including that items 2 through 8 enumerated at the beginning of Section 7 would have zero cost impact. These included, in particular, the assumptions that:

- there would be no need for Skipper Lane to be extended in order to serve Crystal Spring,
- there is no cost associated with the City's yet unknown intended use for the 0.73 acre "Site 1" portion of the Forest Drive, paralleling Newtown Road, included in the swap, and
- the Forest Drive site will prove adequate in size to serve the long-term needs of the City inclusive of necessary features not currently included in the concept plan.

The City's opportunity to seek grants in order to leverage LaTerra's $2.0MM cash offer is inherently limited by the extent to which the City's own funds, otherwise available for grant matching, would be impacted by its increased capital expenditures needed in order to move DPW to Forest Drive. Realistic visioning of what grants can do for the City need to be tempered by the impact of these differential capital cost requirements. If the $2.0MM cash offer is netted down by only our low-end differential capital estimate, then $878K would be available to the City for matching-leverage of grants. If the high-end differential capital is needed, then there would be no cash to the City available to be leveraged through grants.

Recommendations

6) Before proceeding with the swap, and in order to protect its economic interests, the City should either:
    a. pay for detailed DCF-based appraisals of both properties, or
    b. select an alternative future home for its consolidated DPW facility and sell its Spa Road property in a transparent competitive fashion.

7) Regarding existing appraisals, the City should:
    a. Carry out Peabody's recommendation that, "a current survey should be completed to accurately estimate the acreage of the Spa Road properties".
    b. Endeavor to become knowledgeable about what conditions or market factors contributed to the curiously low 2014 market price of $585K for the two parcels that comprise almost all the Forest Drive site planned to be used.
    c. Resolve why the Peabody appraisal for Spa Drive invoked the definition (on page 3 of that appraisal) of Fair Market Value that applies in the case of condemnation actions, and whether this definition was used in deriving their appraised values.

8) Before proceeding with the swap, the City should learn:
    a. From MDE, the extent to which its remediation requirements would differ depending upon land use (residential versus ball fields), and
    b. From the City's engineering consultant:
        i. the extent to which those MDE remediation requirements would include construction elements inherently included in the proposed residential development (e.g., added soil base and clay cap), and
        ii. the net cost to the City of those (potentially different) remediation requirements.

9) Before proceeding with the swap, and because of its potentially large cost implications, the City should clarify its Concept Plan for the Forest Drive site <u>at least</u> with respect to:
    a. Its relationship with the Crystal Spring development next door to the east, vis-a-vis the need for Skipper Lane to be extended through to serve Crystal Spring (which extension would eliminate 36 DPW parking spaces from its Concept Plan);
    b. Development of its own reasonable planning cost estimates, including offsite, for required stormwater facilities;
    c. The actual footprint of needed sound walls on both east and south side property boundaries footprints for onsite stormwater management;
    d. The City's intended use of Parcel 2355B ("Site 1" in Exhibit 7) that justifies including that parcel, valued at $200K, in the swap deal, and what City costs are associated with carrying out that use, and
    e. The long-term adequacy (size) of (size required for) the Forest Drive site to meet Public Works needs over the next 20 years.

10) Before closing the swap, the City should conduct the baseline environmental conditions sampling described above. This will not inoculate against, but can ameliorate, the City's liability for contamination (e.g., contamination plume) discovered after the swap date.

Appendix A: Summary of Appraisals Provided by The City

Forest Drive, Sites 1 through 4, inclusive
Appraisal performed by Wineholt Group

Tax Parcel ID
Anne Arundel County Tax Map 51E, Block 23, as Parcels 1769, 1813 and 2355 in the Sixth Assessment District

Current Zoning
R2, Single Family Residence District and R3, General Residence District

Highest/Best Use
Site 1 - Development with a dwelling with the remainder of used to meet forest conservation requirements as support for sites 2, 3, and 4 under the same ownership;

Sites 2, 3, and 4 - Residential development with attached units as a part of a residential planned unit development.

Appraised Value
Site 1 -$80,000
Site 2, 3 and 4 - $1,730,000

Forest Drive, Sites 1 through 4, inclusive
Appraisal performed by Peabody Associates

Tax Parcel ID
(4 Parcels) Annapolis, MD 21401, known as assemblage of 1769, 1813, and 2355/C and also Parcel 2355/B

Current Zoning
Parcel 1813 and 2355 (lots B and C) zoned R3, General Residence District
Parcel 1769 zoned R2, Single Family Residence District

Highest/Best Use
Parcel 2355/B – Eventual assemblage with the adjoining American Legion property so as to provide the American Legion property both a corner location and an improved access to Forest Drive by way of Skippers Lane to the South Cherry Grove Avenue/Forest Drive intersection

Parcels 1769, 1813, and 2355C - Eventual rezoning to a commercial zoning classification for high exposure destination commercial use.

Appraised Value
Parcel 2355/B - $220,000
Parcels 1769, 1812, and 2355/C - $1,700,000

935 Spa Road (east side)
Appraisal performed by Peabody Associates

Tax Parcel ID
Anne Arundel County Tax Map 51F, Grid 8, as Parcel 859

Current Zoning
R2, Single Family Residences and R3, General Residence Districts with RCA, LDA, and IDA Chesapeake Bay Critical Areas (City of Annapolis)

Density
64 Townhouse lots (7 of which are MPDU's)

Highest /Best Use
Eventual townhouse development under planned development use/alternative as defined by the zoning classification

Appraised Value
$3,300,000

935 Spa Road (east Side)
Appraisal performed by Westholm Associates, LLC

Tax Parcel ID
Anne Arundel County Tax Map 51F, Grid 8, as Parcel 859

Current Zoning
R-2 = 5.99 acres (+/-)
R-3 = 2.25 acres (+/-)

Chesapeake Bay Critical Area Overlay Zoning
LDA = 5.99 acres (+/-)
IDA = 2.25 acres (+/-)
Note: Nominal amount of RCA along southwesterly side property line of Parcel 859

Highest/Best Use
Special Mixed Planned Development

Appraised Value
$4,675,000

Selected excerpts from the appraisals, containing property descriptions were also provided by the City, but copies of the full appraisals have not yet been received.

Appendix B: SDAT Property Data for Forest Drive and Spa Road Sites

Spa Road East Parcel

Account Identifier: District - 06 Subdivision - 000 Account Number - 01407408

Owner Information

Owner Name: ANNAPOLIS CITY MAYOR & ALDERMEN
Use: EXEMPT COMMERCIAL
Principal Residence: NO
Deed Reference:
Mailing Address: ANNAPOLIS MD 21401

Location & Structure Information

Premises Address: SPA RD ANNAPOLIS 21401-0000
Legal Description: 15 ACRES SPA RD INCINERATOR PLANT ANNAPOLIS

Map:	Grid:	Parcel:	Neighborhood:	Subdivision:	Section:	Block:	Lot:	Assessment Year:	Plat No:
051F	0008	0859	36200.02	000				2018	Plat Ref:

Special Tax Areas: None
Town: ANNAPOLIS
Ad Valorem: None
Tax Class: None

Primary Structure Built	Above Grade Living Area	Finished Basement Area	Property Land Area	County Use
1950	20,128 SF		15.0000 AC	

Stories	Basement	Type	Exterior	Quality	Full/Half Bath	Garage	Last Notice of Major Improvements
		SERVICE GARAGE	/	C3			

Value Information

	Base Value	Value As of 01/01/2018	Phase-in Assessments As of 07/01/2019	As of 07/01/2020
Land:	13,000,000	14,500,000		
Improvements	1,170,500	1,197,300		
Total:	14,170,500	15,697,300	15,188,367	15,697,300
Preferential Land:	0			0

District: 06 Subdivision: 000 Account Number: 01407408

Parcel 859 per SDAT	15 Acres	$ 14,500,000
Spa Road East, per City Apraisal	8.24 Acres	
Pro-Rata Parcel Value		$ 7,965,333

Forest Drive Parcels

Account Identifier: District - 06 Subdivision - 000 Account Number - 06316800

Owner Information

Owner Name: ANNAPOLIS REALTY PARTNERS LLC
Use: RESIDENTIAL
Principal Residence: NO
Mailing Address: PO BOX 40 TRACYS LANDING MD 20779-
Deed Reference: /29592/ 00001

Location & Structure Information

Premises Address: 1701 FOREST DR ANNAPOLIS 21401-0000
Legal Description: 945 ACRES #77323 1701 FOREST DR ANNAPOLIS

Map:	Grid:	Parcel:	Neighborhood:	Subdivision:	Section:	Block:	Lot:	Assessment Year:	Plat No:
051E	0018	1813	6040001.02	000				2018	Plat Ref:

Special Tax Areas: None
Town: ANNAPOLIS
Ad Valorem: None
Tax Class: None

Primary Structure Built	Above Grade Living Area	Finished Basement Area	Property Land Area	County Use
			0.9400 AC	000000

Stories	Basement	Type	Exterior	Quality	Full/Half Bath	Garage	Last Notice of Major Improvements
			/				

Value Information

	Base Value	Value As of 01/01/2018	Phase-in Assessments As of 07/01/2019	As of 07/01/2020
Land:	79,400	229,400		
Improvements	0	0		
Total:	79,400	229,400	179,400	229,400
Preferential Land:	0			0

Transfer Information

Seller: HOGAN REALTY CAPITAL LLC	Date: 05/19/2016	Price: $0
Type: NON-ARMS LENGTH OTHER	Deed1: /29592/ 00001	Deed2:
Seller: CH- LIGHT OF THE WORLD FAM MINISTRIES INC	Date: 11/18/2014	Price: $585,500
Type: NON-ARMS LENGTH OTHER	Deed1: /27811/ 00082	Deed2:
Seller: RESTORATION COMM DEV CORP	Date:	Price: $0
Type:	Deed1: /17382/ 00476	Deed2:

District: 06 Subdivision: 000 Account Number: 06316800

Account Identifier: District - 06 Subdivision - 000 Account Number - 90102218

Owner Information

Owner Name: ANNAPOLIS REALTY PARTNERS LLC
Use: RESIDENTIAL
Principal Residence: NO
Mailing Address: P O BOX 40 TRACYS LANDING MD 20779-
Deed Reference: /295921/ 00001

Location & Structure Information

Premises Address: FOREST DR ANNAPOLIS 21401-0000
Legal Description: 1.77 ACRES FOREST DR NEWTOWNE

Map:	Grid:	Parcel:	Neighborhood:	Subdivision:	Section:	Block:	Lot:	Assessment Year:	Plat No:
051E	0017	1769	6040001.02	000				2018	Plat Ref:

Special Tax Areas: None
Town: ANNAPOLIS
Ad Valorem: None
Tax Class: None

Primary Structure Built	Above Grade Living Area	Finished Basement Area	Property Land Area	County Use
			1.7700 AC	000000

Stories	Basement	Type	Exterior	Quality	Full/Half Bath	Garage	Last Notice of Major Improvements
			/				

Value Information

	Base Value	Value As of 01/01/2018	Phase-in Assessments As of 07/01/2019	As of 07/01/2020
Land:	87,700	237,700		
Improvements	0	0		
Total:	87,700	237,700	187,700	237,700
Preferential Land:	0			0

Transfer Information

Seller: HOGAN REALTY CAPITAL LC	Date: 05/19/2016	Price: $0
Type: NON-ARMS LENGTH OTHER	Deed1: /295921/ 00001	Deed2:
Seller: CH- LIGHT OF THE WORLD MINISTRIES INC	Date: 11/18/2014	Price: $585,500
Type: NON-ARMS LENGTH OTHER	Deed1: /27811/ 00082	Deed2:
Seller: CH CHESAPEAKE CHRISTIAN CITY	Date: 05/18/2001	Price: $300,000
Type: ARMS LENGTH VACANT	Deed1: /10409/ 00054	Deed2:

District: 06 Subdivision: 000 Account Number: 90102218

Proposed Forest Drive Site

Parcel	SDAT Acres	SDAT Assessment as of 1/1/2018	Purchased On	For	Deed Says Says Acres
1813	0.94	$ 229,400	11/18/2014	$ 585,500	0.833
1769	1.77	$ 237,700	11/18/2014	included in above	1.742
Par C	Not Found	Not Found	Not Found		not found
	2.71	$ 467,100		$ 585,500	2.575

COMPARISON OF DEVELOPMENT COSTS FOR PUBLIC WORKS FACILITY
SPA ROAD VS. FOREST DRIVE

The developer has proposed to sell Forest Drive to the City for $2.2 million and buy Spa Road for $4.2 million if sale and disposition are made via a land swap. The Mayor proposes to use the $2 million difference the City would receive via a land swap to leverage the multitude of grant opportunities the City might take advantage of to expand its bicycle/pedestrian network via pathways and pedestrian bridges and to enhance the Weems Whelan field and adjacent fields on the Maryland Hall/Bates MS property.
Alternatively, if the City chooses to dispose of Spa Road via a competitive RFP, the developer has offered to sell Forest Drive to the City for $2.4 million.

	Spa Road		Forest Drive		
Description	**Best Case**	**Worst Case**	**Best Case**	**Worst Case**	**Comments**
Beginning construction cost	4,286,000	4,286,000	6,000,000	6,000,000	Spa Road: Cost is from contractor and includes Building 2 and 10 storage facilities at $10,000-15,000 each Forest Drive: Cost should be similar to full cost for Spa Road, including the 10 storage facilities
Additional cost for rear site on Spa Road	1,720,000	1,720,000	-	-	October 2016 estimate from contractor BGC
Inflation - two years at 5.1%	628,000	628,000	628,000	628,000	Inflation at 5.1% for two years
Additional design costs	50,000	75,000	200,000	300,000	Spa Road: Additional design for increased stormwater management Forest Drive: Design costs for stormwater management and site adaptation to the Forest Drive site
Salt barn	100,000	150,000	100,000	150,000	1600 SF at $60-$90/SF for 800 tons of storage
Remove gas pumps from Spa Road site	200,000	250,000	200,000	250,000	2 underground storage tanks and associated equipment per price quote obtained
Forest Drive only:					
Sound barrier	-	-	190,000	250,000	500 linear feet at $380-500/LF
Parking at the American Legion	-	-	90,000	120,000	30,000 square feet at $3-4/SF
Skipper Lane extension	-	-	285,000	350,000	500 linear feet at $570-700/LF
Phase 1 archeological survey			10,000	10,000	DPW estimate for Phase 1 survey only
Spa Road:					
Additional cost for 75% stormwater treatment	30,000	60,000			This is the incremental cost to increase stormwater treatment from 50% to 75%. Stormwater treatment of 50% is already included in the costs on lines 1-2 above.
Additional cost for Spa Road if City chooses to replace the fuel system	200,000	250,000	-	-	Two underground storage tanks and associated equipment per price quote obtained
Total excluding costs below that cannot be estimated at this time	**7,214,000**	**7,419,000**	**7,703,000**	**8,058,000**	

Stormwater Management:

Forest Drive: For new development, the City now requires stormwater treatment at the greater of 125% or the maximum extent practicable. DPW believes the size of the Forest Drive property will likely preclude 125% stormwater treatment on-site. DPW is unable to reasonably estimate the stormwater treatment costs at Forest Drive without first developing a concept design, determining where off-site mitigation might take place, and testing the soils both on-site and off-site.

Spa Road: The original Spa Road design included 50% stormwater management. However, for redevelopment, the City now requires the greater of 75% or the maximum extent practicable, with a goal of 100%. The incremental cost to increase treatment from 50% to 75% is included in the table above. Treatment of 100% stormwater will be difficult without impacting Weems-Whelan Field. DPW is unable to estimate the cost to treat the additional 25% treatment off-site (from 75% to 100%) without identifying where the off-site mitigation might take place.

Afforestation/Reforestation:

The Forest Drive site will require afforestation and/or reforestation. Without a site design, DPW cannot estimate the costs for afforestation or reforestation. The Spa Road site is in the critical area and not subject to forest conservation requirements.

Remediation of contaminants at Spa Road/Weems-Whelan Fields:

The costs to remediate Weems-Whelan field, if any, cannot be determined until any requirements imposed by the Maryland Department of the Environment are known. If remediation can be accomplished with a clay cap, the developer will remediate at his expense. The City does not know whether MDE would require mitigation if the public works facility is built at Spa Road without disturbing Weems-Whelan field.

American Legion Improvements:

The above costs do not include any improvements to the American Legion property that might be negotiated in exchange for the American Legion allowing the City to access to the maintenance facility across the back of its property and/or shared parking. Both the Commandant and members of the American Legion board have expressed that they are receptive to the Mayor's proposal. However, any compensation to the Legion or improvements would have to be approved by their membership.

Appendix D: Emails from Tom Baum and City Attorney Related to Environmental Remediation

TB **Thomas Baum <tbaum@laterrahomes.com>**
9/12/2019 3:45 PM

To: Jared Littmann; Kerry Berger **Cc:** Jesse Iliff; David Jarrell, P.E.; Lyn Farrow; Bill Davidson; Teresa Sutherland

Jared –
While you are not asking me specifically, here are my thoughts relative to Question 4:

First, it is important to stipulate that a full environmental analysis has not been performed nor a cleanup plan reviewed by MDE, so until those things have happened, this is still a conceptual approach:

Given Spa Road is a "fill site" with organic fly ash, LaTerra will need to bring in clean structural fill to "bridge" over the top of the existing fly ash, so that homes can be structurally supported by the soil. This is a fairly common practice in these circumstances and involves dynamic compaction of the current in-place fill, potentially adding a geo-fabric to further stabilize the soil, and then a 3' or 4' layer of structural fill that is compacted, which when fully in place, will provide the needed structural support for the homes' foundations.

My environmental engineer did preliminary analysis of the testing done by the City regarding the environmental contamination and opined on the most likely clean up scenario. Her indication is that the most likely scenario that would be required from a VCP (that gets approved by MDE) would be to "cap" the contaminated fly ash with a layer of clay, or perhaps a vapor barrier and a layer of clay or other fill material. This would effectively remediate in place the contamination by containing it, rather than incurring the expense of hauling it off. MDE would typically allow residential developments to be placed on these remediated sites, with restrictions that would be placed on the HOA or condo that made them aware and responsible that they couldn't, for instance, dig thru the cap or barrier. This is the case at 285 West St for example.

As you can see, LaTerra has already planned on capping the site given the structural considerations of the organic fill material on the site. Therefore, for LaTerra to include a clay cap or vapor barrier would be an incremental cost to the structural fill operation. I am budgeting $500,000 for the structural fill operation, and think that perhaps this incremental cost can be mostly or totally covered within my current proposal.

If the City does not end up doing the land swap, I would think they would have to do something similar to providing a cap if they were required to do the cleanup. This cost would be entirely a cost by the City in that circumstance.

If the swap is approved and once LaTerra is under contract, LaTerra would undertake more testing, develop a proposed VCP, and submit to MDE for approval. This will be the only way to fully understand the full cost and scope of the required remediation. Alternatively, if the City did not want to wait until that point, the City could do the same testing and submittal to MDE now or at any point in the process.

Tom

Thomas Baum
Owner
LaTerra Homes

From: **Ashley Leonard** <aeleonard@annapolis.gov>
Date: Tue, Sep 17, 2019 at 2:52 PM
Subject: Re: Question about environmental contamination
To: Jared Littmann <jared@kbtruevalue.com>
Cc: Kerry Berger <keberger@annapolis.gov>, David Jarrell, P.E. <DAJarrell@annapolis.gov>, Lyn Farrow <Lfarrow@annapolis.gov>

Jared:

I spent the morning reviewing state law and MDE materials on its voluntary clean up program.

As of right now, the City is liable for any and all contamination on the Spa Road property, both to EPA/MDE and to private third parties. Even if we sell it to a buyer with knowledge, it still does not appear that our liability would disappear. EPA and MDE have authority to pursue the owner of the property when contamination occurred even if that person or entity is no longer the owner, and liability to private third parties (i.e. tort claims in a civil action) would not change.

If the City goes through MDE's voluntary clean up program, and provided the City makes it through the whole program, then the City would have no liability to EPA or MDE for the currently existing contamination. That being said, the City would still have liability to private third parties. MDE also reserves its authority to go after the City for additional contamination previously undiscovered, actions by the City that make the existing contamination worse, failure to comply with any long term monitoring requirements and/or property use restrictions, failure to comply with a response action plan to clean up the property, and any new contamination that occurs during City ownership.

If the City were to sell after completing the voluntary clean up program, the new owner would ONLY be liable for new contamination, actions by that buyer that make the existing contamination worse, or failure to comply with any property use restrictions. The City would still have liability to private third parties, for additional contamination previously undiscovered, actions by the City that make the existing contamination worse, failure to comply with any long term monitoring requirements, and failure to comply with a response action plan to clean up the property.

An alternative scenario is that a prospective buyer submits the application to go through the voluntary clean up program, not the City. The City would still have liability to private third parties, for additional contamination previously undiscovered, and actions by the City that make the existing contamination worse. The prospective buyer would ONLY be liable for new contamination, actions by that buyer that make the existing contamination worse, failure to comply with a response action plan to clean up the property, or failure to comply with any long term monitoring requirements and/or property use restrictions.

Bottom line is that the City's liability would only decrease, but not be eliminated, by the voluntary clean up program - regardless of whether the City or a prospective buyer complete that program, and regardless of whether the City sells the property.

I would add that going through the voluntary clean up program could be a long and expensive process. The City would need consultants/engineers to perform a Phase I Environmental Site Assessment and maybe a Phase II Environmental Site Assessment (in MDE's discretion), and possibly to assist with a public hearing on the City's application. If MDE decides the contamination is significant enough, then the City has to prepare and submit a response action plan (again needing consultant/engineer assistance), and once approved, actually complete that plan. Following that there could be long term monitoring requirements and property use restrictions. Getting a prospective buyer to apply, in place of the City, would be beneficial. But again would NOT eliminate all City liability.

Ashley E. Leonard, Esq.
Assistant City Attorney
City of Annapolis Office of Law
160 Duke of Gloucester Street
Annapolis, Maryland 21401
aeleonard@annapolis.gov
(410) 263-7954

This email is NOT AN OFFICIAL LEGAL OPINION

Appendix E: 2020 Capital Budget Display - Public Works Maintenance Facility

Project Title	Project Number	Project Phase
Maintenance Facilities	20004	Planning

Project Description:

This project replaces the Public Works facilities formerly located at 935/937 Spa Road. The old facility sustained significant snow damage during the historic snowstorm in February 2010. As a result, the building was condemned and demolished. Where the replacement facility is built is contingent on negotiations with the owners of adjacent parcels on Forest Drive that might be exchanged for the property on Spa Road. Therefore, the total project cost will likely change. The total project cost shown below is based on a 25,000 SF facility at $175/SF.

Financial Activity:

	Expended	Encumbered	Total
March 31, 2018	$ 1,225,696	$ 44,755	$ 1,270,450
March 31, 2019	$ 1,458,819	$ 24,532	$ 1,483,351

Changes from Prior Year:

Status: This project is on hold and delayed until a decision has been made on its location.

Funding: No change.

Scope: No change.

Timing: Design changes anticipated to complete in FY2021, with construction beginning in FY2022.

Non-City Funding Sources:
None

			Capital Improvement Program					
Expenditure Schedule	Prior Approved Appropriations	FY2020 Budget	FY2021	FY2022	FY2023	FY2024	FY2025	Total Project Cost
Land Acquisition	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-
Design	-	-	-	-	-	-	-	-
Construction	5,811,857	-	-	-	-	-	-	5,811,857
Other	-	-	-	-	-	-	-	-
Total	5,811,857	-	-	-	-	-	-	5,811,857

			Capital Improvement Program					
Funding Schedule	Prior Approved Appropriations	FY2020 Budget	FY2021	FY2022	FY2023	FY2024	FY2025	Total Project Cost
Bonds	5,761,857	-	-	-	-	-	-	5,761,857
Pay-Go	50,000	-	-	-	-	-	-	50,000
Grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	5,811,857	-	-	-	-	-	-	5,811,857

Appendix F: SDAT Data for 36 Nearby Recently Constructed Properties

Enclave Court SDAT Assessment Values

Enclave Court Premise Address	Above-Ground Living Area (SF)	Value of Improvements ($)	Value of Improvements ($/SF)	Land Area (SF)	Land Value ($)	Land Value ($/SF)	Total Assessment ($)
1	3,014	$ 424,800	$ 179	2,378	$ 180,000	$ 76	$ 604,800
3	2,485	$ 320,500	$ 163	1,968	$ 180,000	$ 91	$ 500,500
5	3,137	$ 376,300	$ 191	1,968	$ 180,000	$ 91	$ 556,300
7	2,365	$ 308,900	$ 157	1,968	$ 180,000	$ 91	$ 488,900
9	2,715	$ 346,900	$ 176	1,968	$ 180,000	$ 91	$ 526,900
11	2,523	$ 338,600	$ 160	2,121	$ 180,000	$ 85	$ 518,600
13	3,023	$ 380,600	$ 197	1,936	$ 180,000	$ 93	$ 560,600
15	2,557	$ 324,900	$ 183	1,773	$ 180,000	$ 102	$ 504,900
17	3,301	$ 402,700	$ 227	1,777	$ 180,000	$ 101	$ 582,700
19	3,353	$ 393,300	$ 220	1,788	$ 180,000	$ 101	$ 573,300
21	2,481	$ 312,500	$ 173	1,807	$ 180,000	$ 100	$ 492,500
23	2,971	$ 381,300	$ 197	1,934	$ 180,000	$ 93	$ 561,300
Total	33,925	$ 4,311,300		23,386	$ 2,160,000		$ 6,471,300
Average $/SF			$ 127.08			$ 92.36	
Average Total Assessment $ / SF of Improvements							**$ 190.75**

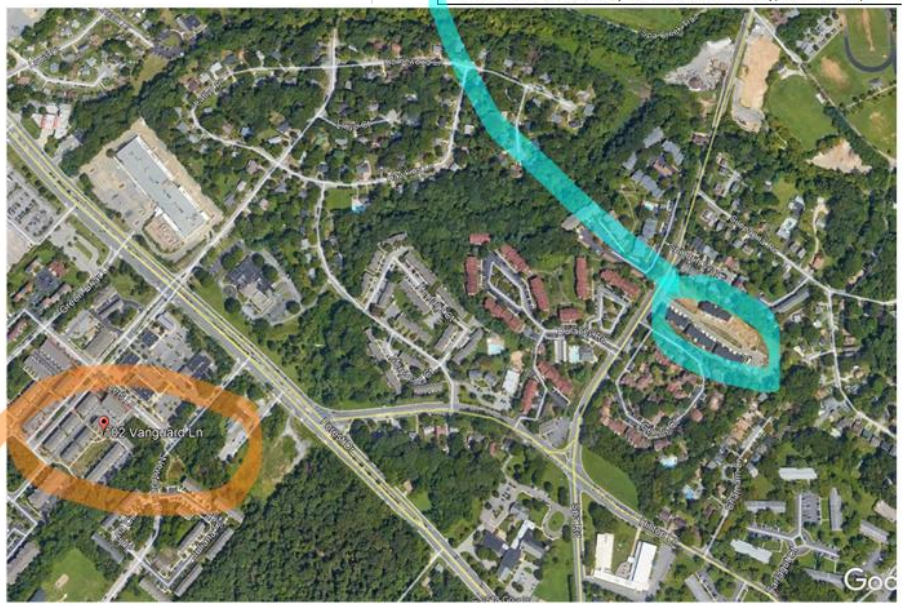
Vanguard Lane SDAT Assessment Values

Vanguard Lane Premise Address	Above-Ground Living Area (SF)	Value of Improvements ($)	Value of Improvements ($/SF)	Land Area (SF)	Land Value ($)	Land Value per Sq. Ft.	Total Assessment ($)
100	2,007	$ 259,900	$ 129.50	1,625	$ 180,000	$ 110.77	$ 439,900
102	2,000	$ 253,000	$ 126.50	1,300	$ 180,000	$ 138.46	$ 433,000
104	2,000	$ 248,800	$ 124.40	1,300	$ 180,000	$ 138.46	$ 428,800
106	2,000	$ 254,700	$ 127.35	1,625	$ 180,000	$ 110.77	$ 434,700
108	2,012	$ 259,000	$ 128.73	1,625	$ 180,000	$ 110.77	$ 439,000
110	2,000	$ 244,900	$ 122.45	1,300	$ 180,000	$ 138.46	$ 424,900
112	2,000	$ 251,800	$ 125.90	1,300	$ 180,000	$ 138.46	$ 431,800
114	2,000	$ 255,500	$ 127.75	1,690	$ 180,000	$ 106.51	$ 435,500
116	2,000	$ 255,500	$ 127.75	1,690	$ 180,000	$ 106.51	$ 435,500
118	2,000	$ 255,100	$ 127.55	1,300	$ 180,000	$ 138.46	$ 435,100
120	2,016	$ 253,400	$ 125.69	1,300	$ 180,000	$ 138.46	$ 433,400
122	2,000	$ 262,400	$ 131.20	1,625	$ 180,000	$ 110.77	$ 442,400
201	2,023	$ 256,000	$ 126.54	1,625	$ 180,000	$ 110.77	$ 436,000
203	2,008	$ 244,100	$ 121.56	1,300	$ 180,000	$ 138.46	$ 424,100
205	2,000	$ 250,900	$ 125.45	1,300	$ 180,000	$ 138.46	$ 430,900
207	2,008	$ 244,100	$ 121.56	1,300	$ 180,000	$ 138.46	$ 424,100
209	2,000	$ 258,300	$ 129.15	1,690	$ 180,000	$ 106.51	$ 438,300
211	2,000	$ 255,500	$ 127.75	1,690	$ 180,000	$ 106.51	$ 435,500
213	2,000	$ 251,800	$ 125.90	1,300	$ 180,000	$ 138.46	$ 431,800
215	2,000	$ 252,800	$ 126.40	1,300	$ 180,000	$ 138.46	$ 432,800
217	2,000	$ 244,900	$ 122.45	1,300	$ 180,000	$ 138.46	$ 424,900
219	2,012	$ 263,600	$ 131.01	1,625	$ 180,000	$ 110.77	$ 443,600
Total	44,086	$ 5,576,000		32,110	$ 3,960,000		$ 9,536,000
Average $/SF			$ 126.48			$ 123.33	
Average Total Assessment $ / SF of Improvements							**$ 216.30**

Primrose Hill Single-Family Units Built in 2018

55	2,912	$ 442,900	$ 152.09	4,738	$ 227,500	$ 48.02	$ 670,400
57	2,840	$ 469,400	$ 165.28	4,444	$ 226,500	$ 50.97	$ 695,900
59	2,966	$ 476,500	$ 160.65	4,345	$ 226,200	$ 52.06	$ 702,700
Total	8,718	1,388,800		13,527	680,200		2,069,000
Average $/SF			$ 159.30			$ 50.28	
Average Total Assessment $ / SF of Improvements							**$ 237.33**

Enclave Court is a nearby Townhome Community, built in 2017/8



Vanguard Lane Vanguard Lane is part of the 2015 Village Greens of Annapolis development built by Craftmark homes. It is accessed off of Skippers Lane between South Cherry Grove Avenue and Newtowne Drive. It is a gated community. The homes are 2-car garage town homes.

Appendix G 20-Year Net Present Value of Swap, Detailed Calculations

20-Year NPV of Differences in Cost to City (All Numbers in $000)

Capital Cost Inflation 5.10% /year ("Task Force Questions and Answers 9/1/19, & 10/9/19)
Annual Inflation on Net Annual Benefits 2.50% /year (City's Updated Questions and Answers 10/9/19)
Discount Rate 3.00% /year (Southerland 8/2819 email: 3% Discount rate.)

		Year No.	1	2	3	4	5	.....	19	20
Using "HIGH" Estimates of Differential Capital Costs						Years 4 thru 20				
1st Costs Same for All Cases	Developer's Cash Payment to City		$ 2,000							
	Increased Capital Needed to Move PW to Forest Drive, 3-year spread (20/60/20)		$ (531)	$ (1,675)	$ (587)					
	Subtotal, Net Cash Flow During 3-Year Development Period (Applied to Each Case)		$ 1,469	$ (1,675)	$ (587)					
Case A	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ 48	$ 49	..... $	69	$ 71
	Present Value of Each Year's Cash Flow		*$ 1,469*	*$ (1,626)*	*$ (553)*	*$ 44*	*$ 44*	..... *$*	*41*	*$ 41*
	20-Year Net Present Value of Moving PW to Forest Drive		***$ 7***							
Case C	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ 29	$ 30	..... $	42	$ 43
	Present Value of Each Year's Cash Flow		*$ 1,469*	*$ (1,626)*	*$ (553)*	*$ 26*	*$ 26*	..... *$*	*25*	*$ 24*
	Subtotal, Net Cash Flow During 3-Year Development Period (Applied to Each Case)		***$ (278)***							
Case D	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ 34	$ 35	..... $	49	$ 50
	Present Value of Each Year's Cash Flow		*$ 1,469*	*$ (1,626)*	*$ (553)*	*$ 31*	*$ 31*	..... *$*	*29*	*$ 29*
	20-Year Net Present Value of Moving PW to Forest Drive		***$ (207)***							
Cases B, E, F	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ -	$ -	..... $	-	$ -
	Present Value of Each Year's Cash Flow		*$ 1,469*	*$ (1,626)*	*$ (553)*	*$ -*	*$ -*	..... *$*	*-*	*$ -*
	20-Year Net Present Value of Moving PW to Forest Drive		***$ (711)***							
Using "Low" Estimates of Differential Capital Costs)						Years 4 thru 20				
1st Costs Same for All Cases	Developer's Cash Payment to City		$ 2,000							
	Increased Capital Needed to Move PW to Forest Drive, 3-year spread (20/60/20)		$ (224)	$ (673)	$ (224)					
	Subtotal, Net Cash Flow During 3-Year Development Period (Applied to Each Case)		$ 1,776	$ (673)	$ (224)					
Case A	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ 48	$ 49	..... $	69	$ 71
	Present Value of Each Year's Cash Flow		*$ 1,776*	*$ (654)*	*$ (212)*	*$ 44*	*$ 44*	..... *$*	*41*	*$ 41*
	20-Year Net Present Value of Moving PW to Forest Drive		***$ 1,628***							
Case C	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ 29	$ 30	..... $	42	$ 43
	Present Value of Each Year's Cash Flow		*$ 1,776*	*$ (654)*	*$ (212)*	*$ 26*	*$ 26*	..... *$*	*25*	*$ 24*
	Subtotal, Net Cash Flow During 3-Year Development Period (Applied to Each Case)		***$ 1,343***							
Case D	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ 34	$ 35	..... $	49	$ 50
	Present Value of Each Year's Cash Flow		*$ 1,776*	*$ (654)*	*$ (212)*	*$ 31*	*$ 31*	..... *$*	*29*	*$ 29*
	20-Year Net Present Value of Moving PW to Forest Drive		***$ 1,414***							
Cases B, E, F	Net Annual Benefit to the City, Once Homes are Built and Occupied					$ -	$ -	..... $	-	$ -
	Present Value of Each Year's Cash Flow		*$ 1,776*	*$ (654)*	*$ (212)*	*$ -*	*$ -*	..... *$*	*-*	*$ -*
	20-Year Net Present Value of Moving PW to Forest Drive		***$ 910***							

Notes:
Capital cost elements identified as potentially significant but not include in this analysis are: Forest Conservation, American Legion, Additional Parking.
Operating costs potentially significant but not include in this analysis include: Payment to 3rd party for Fueling Operations, Annual MDE-Monitoring, Maintenance of Skipper Ln extension, Differences in Cost of Community Services.
Salvage Values: All Buildings & Equipment assumed identical under both options, and both devalued over time at same rate. Thus, there no difference in salvage values (swap-minus no-swap) at the end of the 20 year planning period.
Land: The value of land held by the City at the end of the planning horizon would be diminished in the case of the swap (e.g., by 4 less acres). However, NPV analysis assumes adequate compensation in Yr-1 for this future effect. See text.