

BALTIMORE COUNTY COUNCIL



BUDGET MESSAGE

Fiscal Year 2013 - 2014

May 23, 2013

**BALTIMORE COUNTY COUNCIL
BUDGET MESSAGE
FY 2014**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| SECTION I – BUDGET MESSAGE | I-1 |
| | |
| SECTION II – OPERATING BUDGET | |
| Total Government-Wide | II-1 |
| Pie Charts – General Fund Services Provided and Sources of Financing | II-2 |
| General Fund Services Provided and Sources of Financing | II-3 |
| General Fund Revenues | II-4 |
| General Fund Surplus | II-5 |
| Spending Affordability Guideline | II-6 |
| General Fund Operating Budget | II-7 |
| | |
| SECTION III – CAPITAL BUDGET & PROGRAM | |
| Consolidated Public Improvements: | |
| FY 2014 - Projects | III-1 |
| FY 2014 - Sources of Funding | III-2 |
| Six-Year Program - Projects | III-3 |
| Six-Year Program - Sources of Funding | III-4 |
| Biennial Comparison - Projects | III-5 |
| Biennial Comparison - Sources of Funding | III-6 |
| Debt Affordability Guidelines | III-7 |
| | |
| SECTION IV – RECOMMENDATIONS | IV-1 |

SECTION I

BUDGET MESSAGE

I am pleased to deliver the Baltimore County Council's budget message for fiscal year 2014.

Slightly more than two years ago, my colleagues and I, and the County Executive, began this term of office in the midst of a difficult economic period, following a great recession, the effects of which continue to challenge government officials at all levels. The County Executive and two current Councilmen had dealt with the onset of this recession as members of the prior County Council. The newer members of this Council quickly came up to speed with the task.

The Council is the legislative branch of County government. We establish policy by passing laws. The most important law that we enact each year is the County's annual budget which, by law, must be balanced. In a few minutes, we will vote to adopt a balanced budget for fiscal year 2014. That enactment establishes our policy statement for the essential services we provide. Our emphasis is on the services that are essential to our citizens – public education, public safety, and an adequate infrastructure, all of which allow County residents to live, work, play, and attend school in a healthy, safe environment.

The challenge of governing during a slow economy is all too familiar to us at this time. Despite slow growth in revenues, our government has maintained services at the levels our citizens demand because this County Executive and County Council, and the previous Executive and Council, were prepared, and we continue to stay prepared. Equally important, the County Executive and his team are good managers and have been creative in utilizing technology to meet the needs of government. Here, we offer our thanks to Mr. Rob Stradling and his Office of Information Technology for the excellent work they have done and continue to do in implementing the technology initiatives proposed by the Executive and approved by this Council.

For example, we have funded technology initiatives that allow the Police Department to improve its crime and incident reporting and records management systems. We have funded a facility scheduling program that will allow the public to view Recreation and Parks facility availability online. We are funding the first phase of a plan to install wireless internet in all schools. We are funding upgraded security and identification systems for schools, and have funded upgraded security cameras. We are funding mobile hotspots for every medic unit that will allow instant access to 911 Center data, thereby increasing the efficiency of our emergency responders. We have funded a Chesapeake Bay Critical Area Program mapping database that will improve the accuracy and efficiency of responding to Critical Area issues. These and other technology-based initiatives represent investments that will improve the effectiveness of County agencies, allow citizens to interact more easily with County government, and save money.

The County continues to provide essential services. Yet there are nearly 600 fewer government positions than there were three years ago – and no employees were fired or furloughed. In lieu of such drastic measures, we approved a retirement incentive program that will continue to save the County roughly \$20 million per year, and we approved agency consolidations and the outsourcing of government services. For example, today we approve an appropriation for the Division of Property Management that funds 22 fewer positions. We are able to do so because the Division has outsourced the services these positions would have provided, for an expected annual savings of nearly \$200,000.

Another challenge to the budgeting process that is now familiar to us is the tendency of the State and federal governments to try to solve their fiscal problems by pushing them off to local governments. It is with local governments that citizens most closely identify and to which they most often look for solutions. Our ability to provide solutions depends, in part, upon a cooperative effort with State and federal officials.

In recent years, the County has absorbed significant reductions in State aid, including a shift to the counties of a portion of the cost of teachers' pensions and the shift of certain administrative costs associated with the State's real property assessment function. This year brought a new wrinkle – a requirement that the County adopt a law to establish an annual fee to fund its stormwater remediation program.

For years, the State and the counties have been trying to mitigate the adverse effects of stormwater runoff to the Chesapeake Bay, and the purpose of this new State law is to accelerate this process. We do not object to that goal, but we object to a State mandate that directs us how to operate. This County is able to comply with federal and State stormwater management requirements with or without such a law. In fact, the lead sponsor of this 2012 law, known as the Watershed Protection and Restoration Program, points to Baltimore County as a model jurisdiction for successful stormwater management programs.

Nevertheless, the County has complied. The Executive presented to us a proposal to implement this mandate. We modified his proposal and improved it by ensuring that the Council will retain its oversight responsibility for the program. With the other improvements we made to the legislation, the annual stormwater management fees that will be paid by County residents, businesses, and institutions are fair and balanced. In fact, the fees are some of the lowest in the State. Used effectively, as in this case, the legislative process invites and benefits from the sharing of ideas in an open, deliberative manner. What invariably results is improvement in the good management practices I've cited.

The Council appreciates the fine work done by Vince Gardina and the Department of Environmental Protection and Sustainability which, in cooperation with the Department of Public Works, crafted the proposal that was presented to us. Mr. Gardina served as an effective and articulate spokesman for the program's rationale and for the science and policy decisions underlying that rationale. However, we believe

the process would have been better served had the proposal been open to public input in its development stage prior to its presentation to us.

Though I have specifically mentioned two Directors and the employees of their departments, I want to express the Council's appreciation for the efforts of all County employees. Without their cooperation, our efforts to get through these difficult times while maintaining the delivery of essential services would be fruitless. We know that a cost-of-living increase is not affordable this year, but we are pleased to be able to fund longevity and step increases for all government employees.

The management abilities and work ethic of County employees are producing the results we require – the delivery of essential services. The County is realizing other benefits as well: the crime rate is down, our schools are safer and better able to produce students who can achieve their potential, County residents have received government services for nearly a generation without an increase in local taxes, our triple Triple-A bond rating has been maintained, and the County is projected to have a healthy surplus for the current fiscal year and at the conclusion of fiscal year 2014. All of this is attributable, directly or indirectly, to the preparation we have done, the policy decisions contained in the budgets we have adopted, the aggressive use of new technology initiatives, and sound fiscal management practices.

However, we recognize that effectively managing the County's operating budget will not create economic growth. We must improve the economic climate by making Baltimore County a "pro-business" jurisdiction. The County should work closely with the private sector to generate projects that will create new jobs. We should aggressively market the use of Industrial Revenue Bonds to support specific manufacturing projects; the Alberee Products and Goodwrappers projects are examples of the positive business development that can be generated with the use of these bonds.

The burden of improving the economic climate falls on us as elected officials; our agent in this effort is the Department of Economic Development. We urge the Executive to ensure that the Department has the resources needed to do its job.

The land use decisions we make are also designed to improve the County's economic climate. The Metro Centre at Owings Mills on the County's west side, the half-dozen projects recently built, or in progress, to revitalize Towson, and the Greenleigh at Crossroads mixed-use Town Center project we recently approved on the east side of the County, are examples of land use decisions that will generate jobs which will drive the County's economic recovery. Likewise, the announcement by the Sparrows Point Partnership, chaired by Economic Development Director Dan Gundersen, provides a blueprint for the revitalization of the Sparrows Point peninsula that is projected to generate thousands of new jobs.

Each land use decision that we make, whether in the context of comprehensive zoning, or in reviewing a discrete proposal such as Greenleigh at Crossroads, is made with the intention of encouraging balanced, reasonable growth throughout the County to complement the business initiatives envisioned by the Department of Economic Development. We make these decisions for the benefit of the entire County and with the long view in mind, despite the strident protests we sometimes hear from those with vested interests or limited agendas.

An important part of the County's land use philosophy is to promote development that is compact, mixed-use, and walkable. In concept, roads in such developments should be carefully designed to allow safety for pedestrians, bicycles, transit vehicles, and automobiles.

The Council has adopted the Eastern and Western Pedestrian and Bicycle Access Plans, and in 2011, we created the Baltimore County Pedestrian and Bicycle Advisory Committee. Part of our charge to this Committee is to establish land use planning practices that will increase safety by enhancing the understanding of bicycle and pedestrian laws, and to encourage walking and bicycling use while promoting safe operations for all users.

The Administration is in the process of identifying pedestrian and bicycle access projects for implementation. The Council urges the Administration to intensify these efforts, ensuring that all major projects incorporate pedestrian and bicycle access plans that take into account the safety of all pedestrians and bicyclists.

The capital budget we adopt today represents a significant investment by the County in the growth of the local economy. Our schools, roads, bridges, buildings and amenities cannot be allowed to deteriorate if we are to grow out of this recession, attract business to the County, and expand the tax base.

The capital budget and capital program we adopt provide, among other things:

- \$51.4 million for renovations and an addition to Hereford High School and for renovations to Pikesville High School, with both projects to include air conditioning;
- \$28.6 million for major maintenance projects, including the renovation of Dumbarton Middle School and Catonsville Elementary School, with both projects to include air conditioning;
- \$25.9 million for a new elementary school in the northwest corridor and for design work for additional seats in the central and southwest corridors;

- \$22.8 million towards the installation of air conditioning in various schools;
- \$5.4 million for roof replacements at various schools;
- \$2.7 million for an addition to Sparks Elementary School;
- \$62.4 million for Streets and Highways projects, including nearly \$28.1 million for the countywide roadway resurfacing project, \$12.9 million to support the construction of Owings Mills Boulevard South, \$5.0 million for improvements to Rolling Road, \$3.0 million for street sweeping, and \$800,000 for traffic calming devices in residential neighborhoods;
- \$25.4 million for the Community College, including \$11.9 million for the construction of a new STEM building on the Catonsville campus;
- \$16.9 million for various Parks, Preservation and Greenways projects, including \$11.1 million for Gough and Sollers Point Parks, the Perry Hall Gymnasium, and a new Padonia Community Center; \$2.9 million for field and lighting at Spring Grove and lighting upgrades at Perry Hall and Jacksonville Elementary schools and Hereford Middle School; \$1.2 million for recreation facility renovations, including Battle Acre Park, The War of 1812 Historic sites, and Todds Inheritance; \$430,379 to create accessible walking trails for Marshy Point, Indian Rock, and Catonsville Community Park; \$235,000 in State funding and private donations for the new Acorn Hill playground at Robert E. Lee Park; and \$50,000 for the countywide NeighborSpace program;
- \$16.5 million for various Waterway Improvement projects, with \$6.4 million earmarked for projects related to new stormwater compliance requirements;

- \$15.0 million for Storm Drain projects, with the bulk of this funding earmarked for projects related to new stormwater compliance requirements;
- \$11.1 million for various Bridge projects throughout the County;
- \$5.4 million for Refuse Disposal projects, including \$3.7 million to complete construction of a new cell at the Eastern Sanitary Landfill; and
- \$1.6 million for countywide Agricultural Preservation (a total of \$11.6 million in the 6-year capital program).

Turning to the operating budget, we are funding the Board of Education and the Community College of Baltimore County at maintenance of effort levels. We have made no reductions to the budgets of either of these entities. Nor have we reduced any of the Executive's proposed appropriations to the Police and Fire Departments. We agree with the Executive's proposals for these agencies that provide our citizens with essential education and public safety services.

At the request of the Executive, and with the full cooperation and agreement of the Council, our public safety agencies are working even more closely with the Board of Education to ensure the safety of our children in the learning environment.

Today we provide \$4.5 million for the Department of School Safety and Security (which was established in FY 2013 in response to school-based incidents involving weapons). The budget includes approximately \$183,000 for two new employees.

On February 4, 2013, the Council approved Bill 1-13, which appropriated \$2.75 million, and together with an additional \$1 million from the speed camera program, provided a total of \$3.75 million for Phase I initiatives in the school system's three-phase Safety and Security Plan. Phase I initiatives included adding security cameras, installing electronically-controlled entryways, and completing miscellaneous other repairs, such as fixing non-locking exterior doors.

Today's budget includes \$2.5 million for Phase II initiatives, which involve the installation of a one-card staff and student identification and swipe-entry system. The new system will allow staff to report hours worked and enable door access. For students, the system will be used for attendance, library borrowing, transportation, and door entry. The cards will also serve as staff and students' identification.

Phase III, planned for the 2014-2015 school year, will include upgrading security cameras at middle and high schools to be accessible to the Police Department; refining the card access system to specific doors in all schools; continuing to address the security issues of open space areas and trailers; and enhancing the elementary school camera system to include cameras at all entrances and parking areas.

The Police Department also works with the school system on other school safety initiatives. The Department recently completed security assessments in 168 school buildings. This year, the Department will be conducting periodic audits and providing support to school administrators regarding threat assessments, facility safety awareness, and safety training and procedures.

The Police Department also provides School Resource Officers, who are police officers deployed to County secondary schools. An additional 6 officers will be added this year (at Hereford, Cockeysville, Ridgely, Dumbarton, Sudbrook Magnet, and Sparrows Point Middle Schools); every secondary school will then have at least one full-time school resource officer. The plan is that these officers will eventually have tablet devices that display live streaming video feed from school security cameras.

Children and adults should feel secure, both in school and in having their basic needs met. We applaud the Executive for the foresight to recommend an increased appropriation to the Department of Health and Human Services for emergency social services needs.

The recession has increased the number of individuals and families who have insufficient financial resources to meet their basic needs. There is also evidence of an upward trend in the number of children, and disabled and elderly adults, who are at risk of abuse or neglect, or who are homeless. We believe that government has an obligation to meet the needs of those who are most vulnerable, whether by providing financial assistance, energy, food, or medical assistance, in-home assistance, foster care, or any other support service the Department has available for emergency situations. The ultimate goal is to empower these individuals to maintain meaningful and healthy lives within their communities. We leave intact the increased appropriation for these emergency purposes.

For the same reasons, several months ago the Council urged the Governor to include funds in the State's supplemental budget for the relocation and expansion of services offered through the Eastern Family Resource Center. This facility, in collaboration with the Franklin Square Medical Center, provides comprehensive medical care to homeless residents of Baltimore County. Its role is to reduce the burden of homelessness by improving the health of those in need. This project represents a public-private partnership, to be funded by the State, the County and Franklin Square. The goal is to provide expanded healthcare services and shelter on the grounds of the hospital.

These are but a few of the highlights of our budget decisions. We made a minor reduction to the budget in only one area. The details of our decisions are set forth in Parts II and III of this Budget Message. During our deliberations, a number of other specific matters came to our attention that warrant a brief comment. These comments are set forth in Part IV.

I want to thank my colleagues for their hard work during these past six weeks and for their thoughtful analysis of this budget; their dedication and diligence exemplify the best of public service. My thanks also to our very able Council staff, our legislative aides and the County Auditor. The County Auditor and her staff spent countless hours reviewing this budget and providing us with the detailed information we needed to make our decisions. The work of the Auditor's Office is often unheralded, but it is vital to the successful operation of the legislative branch of County government. All of these dedicated employees work tirelessly during the budget review process. The result of these efforts is a more efficient and effective government.

Our optimism for the future of Baltimore County persists. We will continue to work with the Executive, our legislators, County employees, and all of the citizens of Baltimore County to confront our collective challenges and strengthen our unique communities. The budget we adopt today helps us fulfill this most important responsibility.

Respectfully submitted,

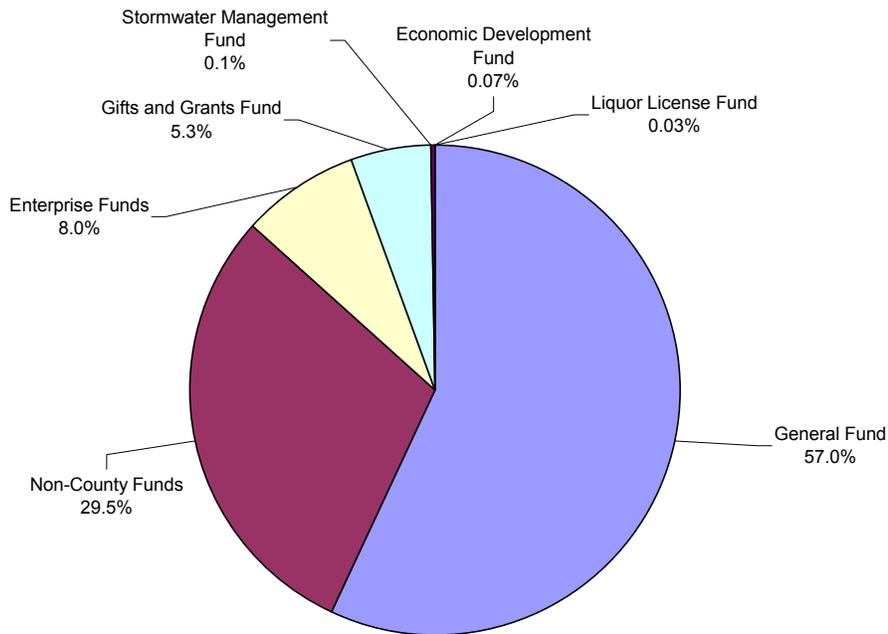
A handwritten signature in black ink, appearing to read "Tom Quirk". The signature is written in a cursive, flowing style.

Tom Quirk
Chairman, County Council

SECTION II

OPERATING BUDGET

TOTAL GOVERNMENT-WIDE



| Operating: | FY 2013 | FY 2014 | Amount of Increase (Decrease) |
|---|----------------------------|-------------------------|-------------------------------|
| Appropriations: | | | |
| General Fund | \$ 1,657,479,154 | \$ 1,724,491,528 | \$ 67,012,374 |
| Gifts & Grants Fund | 169,899,035 ⁽¹⁾ | 159,280,073 | (10,618,962) |
| Liquor License Fund | 675,621 | 669,466 | (6,155) |
| Stormwater Management Fund | 0 | 2,557,566 | 2,557,566 |
| Economic Development Revolving Financing Fund | <u>2,166,000</u> | <u>2,150,000</u> | <u>(16,000)</u> |
| Total Operating Budget Appropriations | 1,830,219,810 | 1,889,148,633 | 58,928,823 |
| Other Budget Authorizations: | | | |
| Non-County Funds ⁽²⁾ | <u>880,932,115</u> | <u>893,790,034</u> | <u>12,857,919</u> |
| Total Operating Budget | 2,711,151,925 | 2,782,938,667 | 71,786,742 |
| Enterprise Funds ⁽³⁾ | <u>237,061,781</u> | <u>240,804,330</u> | <u>3,742,549</u> |
| Total Government-Wide | <u>\$ 2,948,213,706</u> | <u>\$ 3,023,742,997</u> | <u>\$ 75,529,291</u> |

⁽¹⁾ Adjusted for approximately \$4.2 million in grant funds appropriated as of May 6, 2013 not reflected in the Executive's budget documents.

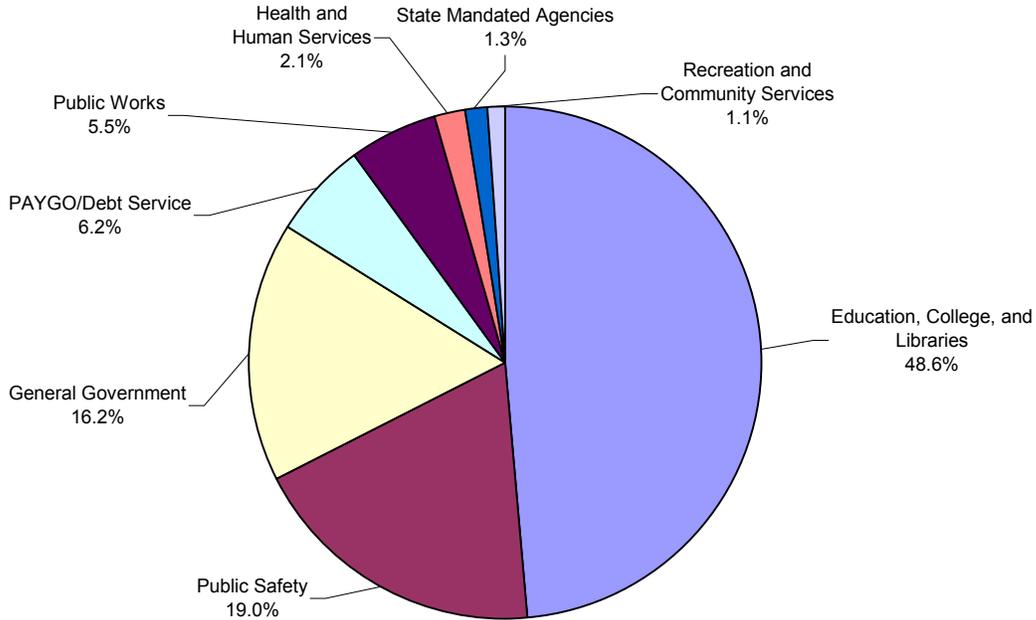
⁽²⁾ Federal, State and other funds directly received by BCPS, CCBC, BCPL, and the Department of Social Services.

⁽³⁾ These self-supporting funds (Metropolitan District, BCPS Food Service, and CCBC Bookstore) are not appropriated and are presented for informational purposes only.

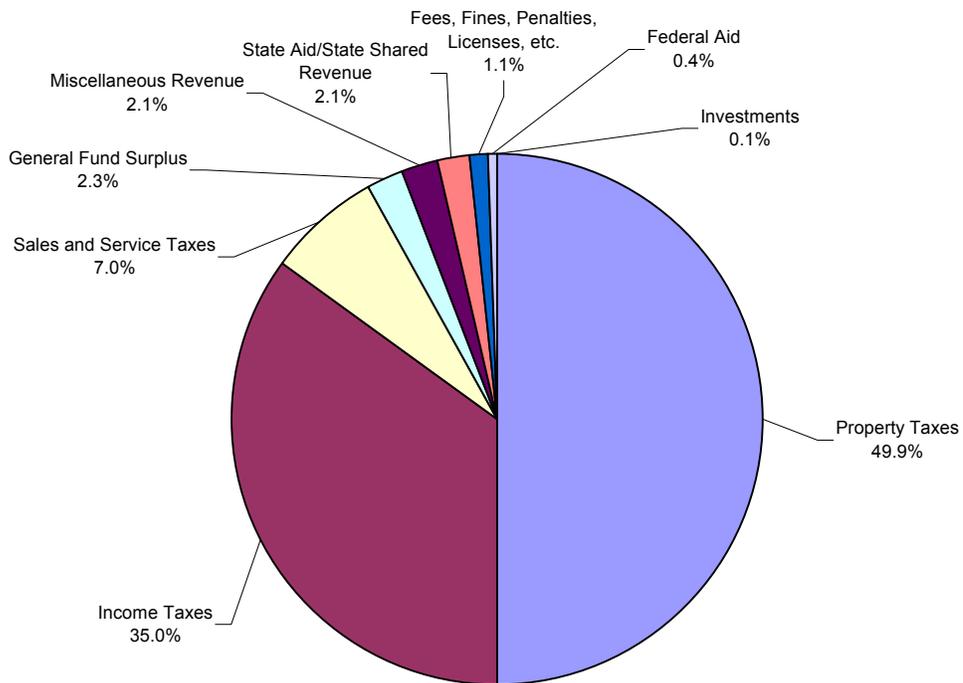
GENERAL FUND OPERATING BUDGET

FISCAL YEAR 2014

SERVICES PROVIDED



SOURCES OF FINANCING



GENERAL FUND OPERATING BUDGET

FISCAL YEAR 2014

SERVICES PROVIDED

| | Amount | Percentage of Total |
|---|-------------------------|------------------------|
| Education, College, and Libraries | \$ 837,489,023 | 48.6% |
| Public Safety | 328,545,785 | 19.0% |
| General Government | 278,815,136 | 16.2% |
| Capital (PAYGO)/Debt Service ⁽¹⁾ | 106,347,733 | 6.2% |
| Public Works | 95,419,819 | 5.5% |
| Health and Human Services | 35,726,862 | 2.1% |
| State Mandated Agencies | 22,943,158 | 1.3% |
| Recreation and Community Services | 19,204,012 | 1.1% |
| Total Adopted Budget | <u>\$ 1,724,491,528</u> | <u>100%</u> |

⁽¹⁾ Excludes component unit amounts, which are included within component unit total.

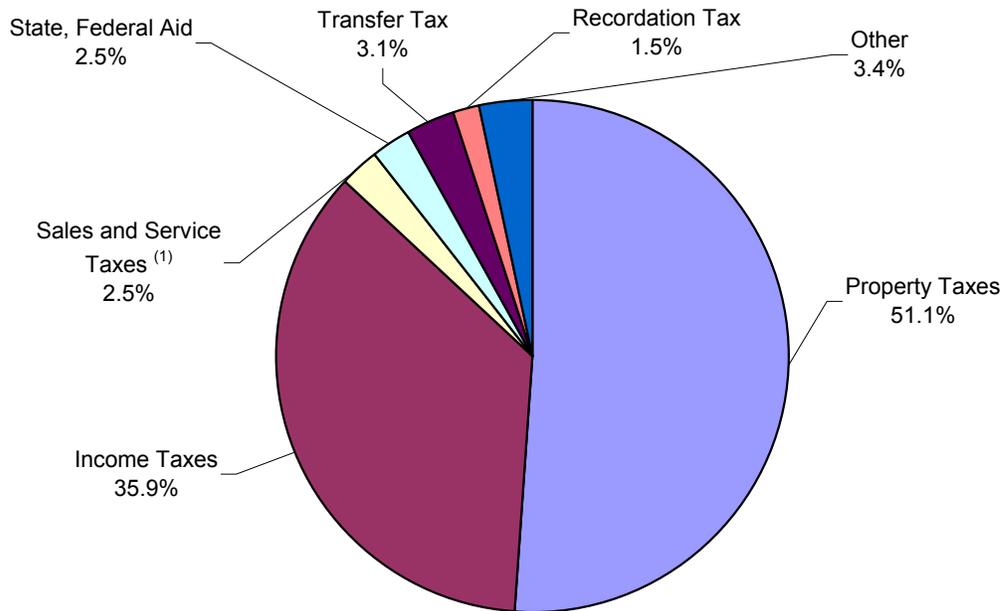
SOURCES OF FINANCING

| | Amount | Percentage of Total |
|--------------------------------|-------------------------|------------------------|
| Property Taxes | \$ 860,143,219 | 49.9% |
| Income Tax | 604,292,819 | 35.0% |
| Sales and Service Taxes | 120,140,201 | 7.0% |
| General Fund Surplus | 39,531,744 | 2.3% |
| Miscellaneous Revenue | 36,162,215 | 2.1% |
| State Aid/State Shared Revenue | 35,824,370 | 2.1% |
| Fees and Other Charges | 10,909,363 | 0.6% |
| Federal Aid | 6,966,629 | 0.4% |
| Fines and Penalties | 4,612,180 | 0.3% |
| Licenses and Permits | 4,559,124 | 0.2% |
| Investment Income | 1,349,664 | 0.1% |
| Total | <u>\$ 1,724,491,528</u> | <u>100%</u> |

GENERAL FUND REVENUES

\$ Millions

FY 2014 Budget



| Source | FY 2012 Actual | FY 2013 Estimate | FY 2014 Forecast | Change | | FY 2014 Budget |
|--|-------------------|----------------------------------|----------------------------------|----------------|-------------|----------------------------------|
| | | | | \$ | % | |
| Property Taxes | \$ 845.2 | \$ 849.3 | \$ 849.3 | \$ 0.0 | 0.0% | \$ 860.1 |
| Income Tax | 593.2 | 622.3 | 627.1 | 4.8 | 0.8% | 604.3 |
| Sales and Service Taxes ⁽¹⁾ | 43.3 | 43.4 | 43.4 | 0.0 | 0.0% | 42.6 |
| Transfer Tax | 43.5 | 50.0 | 52.5 | 2.5 | 5.0% | 52.0 |
| Recordation Tax | 20.4 | 33.4 | 35.1 | 1.7 | 5.1% | 25.5 |
| State, Federal Aid | 31.5 | 36.6 | 42.2 | 5.6 | 15.3% | 42.8 |
| Other Misc. Revenue | 31.8 | 33.0 | 32.1 | (0.9) | -2.7% | 36.2 |
| Service Charges | 10.1 | 11.0 | 11.1 | 0.1 | 0.9% | 10.9 |
| Investment Income | 1.0 | 1.1 | 1.1 | 0.0 | 0.0% | 1.4 |
| Licenses & Permits | 4.9 | 4.2 | 4.2 | 0.0 | 0.0% | 4.6 |
| Fines/Forfeitures | 5.1 | 3.9 | 3.9 | 0.0 | 0.0% | 4.6 |
| Total | \$ 1,630.0 | \$ 1,688.2 ⁽²⁾ | \$ 1,702.0 ⁽³⁾ | \$ 13.8 | 0.8% | \$ 1,685.0 ⁽⁴⁾ |

⁽¹⁾ Excludes transfer and recordation taxes, which are shown separately.

⁽²⁾ Represents the Office of the County Auditor FY 2013 estimate, which exceeds the Office of Budget and Finance FY 2013 estimate by \$12.8 million, or 0.8%, due primarily to differing estimates for income tax revenues.

⁽³⁾ Represents the Office of the County Auditor FY 2014 forecast.

⁽⁴⁾ The FY 2014 budget forecast is represented in the pie chart above; this forecast reflects an increase of \$9.6 million, or 0.6%, from the Office of Budget and Finance FY 2013 revenue estimate of \$1,675.4 million.

GENERAL FUND SURPLUS

| <u>Unappropriated Surplus</u> | <u>FY 2013 Estimate</u> | <u>FY 2014 Forecast ⁽¹⁾</u> | <u>FY 2014 Budget ⁽²⁾</u> |
|-------------------------------|---------------------------------------|--|--|
| Beginning Balance | \$ 185,733,231 | \$ 230,742,023 | \$ 217,966,084 |
| Estimated Revenues | 1,688,200,000 ⁽³⁾ | 1,702,000,000 | 1,684,959,784 |
| Prior Year Liquidations | 500,000 | | |
| Estimated Expenses | <u>(1,643,479,154) ⁽⁴⁾</u> | <u>(1,724,491,528)</u> | <u>(1,724,491,528)</u> |
| Current Year Savings/Deficit | <u>45,220,846</u> | <u>(22,491,528)</u> | <u>(39,531,744)</u> |
| Available Surplus | 230,954,077 | 208,250,495 | 178,434,340 |
| RSRA ⁽⁵⁾ Transfer | <u>(212,054)</u> | <u>(212,584)</u> | <u>(212,584)</u> |
| Year-End Surplus | <u>\$ 230,742,023</u> | <u>\$ 208,037,911</u> | <u>\$ 178,221,756</u> |
| % of Budgeted Revenue (est.) | 14.4% | 12.3% | 10.6% |

| <u>RSRA ⁽⁵⁾</u> | <u>FY 2013 Estimate</u> | <u>FY 2014 Forecast</u> | <u>FY 2014 Budget</u> |
|------------------------------|-----------------------------|-----------------------------|---------------------------|
| Beginning Balance | \$ 84,821,669 | \$ 85,033,723 | \$ 85,033,723 |
| Investment Income | 212,054 | 212,584 | 212,584 |
| RSRA Transfer (5%) | <u>0</u> | <u>0</u> | <u>0</u> |
| Year-End Reserve | <u>\$ 85,033,723</u> | <u>\$ 85,246,307</u> | <u>\$ 85,246,307</u> |
| % of Budgeted Revenue (est.) | 5.3% | 5.1% | 5.1% |

| <u>Year-End Surplus</u> | <u>FY 2013 Estimate</u> | <u>FY 2014 Forecast</u> | <u>FY 2014 Budget</u> |
|------------------------------|-----------------------------|-----------------------------|---------------------------|
| Total Year-End Surplus | <u>\$ 315,775,746</u> | <u>\$ 293,284,218</u> | <u>\$ 263,468,063</u> |
| % of Budgeted Revenue (est.) | 19.6% | 17.4% | 15.6% |

⁽¹⁾ Represents the Office of the County Auditor FY 2014 forecast.

⁽²⁾ Represents corrected estimates provided by the Office of Budget and Finance for FY 2013 and FY 2014 from what was presented in Exhibit H of the Executive's Budget Message.

⁽³⁾ Represents the Office of the County Auditor FY 2013 estimate, which exceeds the Office of Budget and Finance estimate by \$12.8 million.

⁽⁴⁾ Reflects \$14.0 million in estimated reversions according to the Office of Budget and Finance.

⁽⁵⁾ Revenue Stabilization Reserve Account.

SPENDING AFFORDABILITY GUIDELINE

| | FY 2013 | FY 2014 |
|---|--------------------------|----------------------------|
| General Fund Appropriations, Excluding OPEB Accrued Liability | \$ 1,648,479,154 | \$ 1,724,491,528 |
| General Fund Supplemental Appropriation | 9,000,000 | - |
| Estimated Final Spending | \$ 1,657,479,154 (A) | \$ 1,724,491,528 |
| General Fund Exclusions: | | |
| Local Matching Appropriations | | |
| Local Matching Funds | (6,664,737) | (5,683,280) |
| Federal Restricted Funds | (48,428) | - |
| Capital Project Appropriations | | |
| PAYGO | (13,938,277) | (26,560,079) |
| Reserve Fund Appropriations | | |
| Contingency Reserve | - ⁽¹⁾ | (1,000,000) |
| One-Time-Only Appropriations | | |
| One-time revenues, costs or savings | (755,252) ⁽²⁾ | (7,316,350) ⁽²⁾ |
| Total Exclusions | (21,406,694) (B) | (40,559,709) |
| Base Spending (A - B) | \$ 1,636,072,460 (C) | \$ 1,683,931,819 |
| Personal Income Growth Factor | 1.0307 (D) | |
| Spending Guideline (C x D) | \$ 1,686,299,885 | |
| Under (Over) Guideline | | \$ 2,368,066 |

⁽¹⁾ Adjusted to reflect BATs 13-04 and 13-07, which transfer \$800,000 and \$200,000, respectively, from the Contingency Reserve to the General Grant Program to provide funding for homeless shelters. BAT 13-07 will be presented for Council approval on May 23, 2013.

⁽²⁾ Reflects one-time Board of Education costs excluded from the State's maintenance of effort requirement.

GENERAL FUND OPERATING BUDGET

| Agency/Program Name | FY 2013 Adjusted Appropriation | FY 2014 Proposed Budget | FY 2014 Budget Reductions | FY 2014 Adopted Budget |
|-------------------------------------|--------------------------------------|-------------------------------|---------------------------------|------------------------------|
| Office of the County Executive | \$ 987,072 | \$ 968,513 | -- | \$ 968,513 |
| Circuit Court | \$ 4,472,958 | \$ 4,469,397 | -- | \$ 4,469,397 |
| Orphans' Court | \$ 200,964 | \$ 201,764 | -- | \$ 201,764 |
| Board of Elections | \$ 3,992,194 | \$ 4,207,305 | -- | \$ 4,207,305 |
| <u>Office of Budget and Finance</u> | | | | |
| Budget Formulation & Administration | \$ 1,194,970 | \$ 1,193,279 | -- | \$ 1,193,279 |
| Financial Operations | 4,096,654 | 4,148,208 | -- | 4,148,208 |
| Pay Systems | 248,729 | 263,566 | -- | 263,566 |
| Investment & Debt Management | 330,807 | 332,534 | -- | 332,534 |
| Insurance Administration | 1,655,663 | 1,653,622 | -- | 1,653,622 |
| Purchasing & Disbursements | 1,379,208 | 1,282,446 | -- | 1,282,446 |
| Total Office of Budget and Finance | \$ 8,906,031 | \$ 8,873,655 | -- | \$ 8,873,655 |
| <u>Administrative Officer</u> | | | | |
| General Administration | \$ 1,255,866 | \$ 1,262,350 | -- | \$ 1,262,350 |
| Baltimore Metropolitan Council | 131,488 | 139,633 | -- | 139,633 |
| Total Administrative Officer | \$ 1,387,354 | \$ 1,401,983 | -- | \$ 1,401,983 |
| Department of Corrections | \$ 34,387,582 | \$ 34,508,782 | -- | \$ 34,508,782 |
| State's Attorney | \$ 8,188,038 | \$ 8,267,266 | -- | \$ 8,267,266 |
| Vehicle Operations & Maintenance | \$ 1,138,000 | \$ 205,000 | -- | \$ 205,000 |
| <u>Office of Law</u> | | | | |
| General Legal Services | \$ 2,338,030 | \$ 2,514,832 | -- | \$ 2,514,832 |
| Legislative Relations | 290,964 | 308,856 | -- | 308,856 |
| Ethics/Human Relations | 289,098 | -- | -- | -- |
| Total Office of Law | \$ 2,918,092 | \$ 2,823,688 | -- | \$ 2,823,688 |
| <u>Department of Planning</u> | | | | |
| Community Development | \$ 2,016,273 | \$ 2,044,660 | -- | \$ 2,044,660 |
| Administrative Hearing Office | 512,583 | 378,850 | -- | 378,850 |
| People's Counsel | 183,977 | 183,877 | -- | 183,877 |
| Neighborhood Improvement | 351,026 | 354,542 | -- | 354,542 |
| Total Department of Planning | \$ 3,063,859 | \$ 2,961,929 | -- | \$ 2,961,929 |

GENERAL FUND OPERATING BUDGET

| Agency/Program Name | FY 2013 Adjusted Appropriation | FY 2014 Proposed Budget | FY 2014 Budget Reductions | FY 2014 Adopted Budget |
|---|--------------------------------------|-------------------------------|---------------------------------|------------------------------|
| Office of Human Resources | \$ 2,298,935 | \$ 2,447,954 | -- | \$ 2,447,954 |
| Emergency Communications Center | \$ 11,505,948 | \$ 11,417,005 | -- | \$ 11,417,005 |
| <u>Police Department</u> | | | | |
| Office of the Chief | \$ 3,114,381 | \$ 3,500,991 | -- | \$ 3,500,991 |
| Administrative & Technical Svs. Bureau | 24,321,888 | 24,135,735 | -- | 24,135,735 |
| Criminal Investigation Division | 22,135,562 | 23,001,262 | -- | 23,001,262 |
| Vice/Narcotics Section | 8,346,085 | 8,429,570 | -- | 8,429,570 |
| Operations Bureau | 113,807,317 | 114,584,759 | -- | 114,584,759 |
| Operations Support Services Division | 12,919,291 | 13,499,150 | -- | 13,499,150 |
| Community Resources Bureau | 3,262,683 | 3,235,081 | -- | 3,235,081 |
| School Safety | 1,348,718 | 1,328,000 | -- | 1,328,000 |
| Total Police Department | \$ 189,255,925 | \$ 191,714,548 | -- | \$ 191,714,548 |
| <u>Fire Department</u> | | | | |
| General Administration | \$ 1,010,440 | \$ 947,447 | -- | \$ 947,447 |
| Investigative Services | 1,640,554 | 1,556,384 | -- | 1,556,384 |
| Alarm & Communication System | 901,096 | 931,449 | -- | 931,449 |
| Field Operations | 77,667,698 | 77,801,526 | -- | 77,801,526 |
| Office of Homeland Security/Emerg. Mgmt. | 221,107 | 148,785 | -- | 148,785 |
| Field Operation Administration | 1,328,496 | 1,367,281 | -- | 1,367,281 |
| Fire/Rescue Academy | 1,234,673 | 1,269,954 | -- | 1,269,954 |
| Contributions Volunteer Fire | 6,840,629 | 6,882,624 | -- | 6,882,624 |
| Total Fire Department | \$ 90,844,693 | \$ 90,905,450 | -- | \$ 90,905,450 |
| <u>Permits, Approvals and Inspections</u> | | | | |
| General Administration | \$ 1,304,517 | \$ 1,466,837 | -- | \$ 1,466,837 |
| Electrical Licensing & Regulation | 16,792 | 16,792 | -- | 16,792 |
| Plumbing Licensing Regulation | 27,920 | 27,920 | -- | 27,920 |
| Real Estate Compliance | 712,997 | 762,622 | -- | 762,622 |
| Development Review | 914,909 | 815,533 | -- | 815,533 |
| Code Inspections & Enforcement | 4,479,832 | 4,403,939 | -- | 4,403,939 |
| Permits and Licenses | 696,198 | 625,893 | -- | 625,893 |
| Total Permits, Approvals and Inspections | \$ 8,153,165 | \$ 8,119,536 | -- | \$ 8,119,536 |
| County Sheriff | \$ 5,541,543 | \$ 5,553,184 | -- | \$ 5,553,184 |
| <u>Property Management</u> | | | | |
| Administration | \$ 923,318 | \$ 971,247 | -- | \$ 971,247 |
| Building Maintenance | 6,587,092 | 6,305,134 | -- | 6,305,134 |
| Building Operations & Management | 16,252,849 | 17,378,836 | \$ 100,000 | 17,278,836 |
| Maintenance of Grounds & Recreation Sites | 6,528,423 | 6,100,835 | -- | 6,100,835 |
| Total Property Management | \$ 30,291,682 | \$ 30,756,052 | \$ 100,000 | \$ 30,656,052 |

GENERAL FUND OPERATING BUDGET

| Agency/Program Name | FY 2013 Adjusted Appropriation | FY 2014 Proposed Budget | FY 2014 Budget Reductions | FY 2014 Adopted Budget |
|--|--------------------------------------|-------------------------------|---------------------------------|------------------------------|
| <u>Health Department</u> | | | | |
| General Administration | \$ 2,562,703 | \$ 2,371,487 | -- | \$ 2,371,487 |
| Center-Based Services | 2,908,967 | 2,961,772 | -- | 2,961,772 |
| Acute Communicable Disease Control | 1,251,910 | 1,250,490 | -- | 1,250,490 |
| Environmental Health Services | 2,207,622 | 2,280,315 | -- | 2,280,315 |
| Healthcare Access | 930,821 | 905,193 | -- | 905,193 |
| Animal Control | 1,718,207 | 1,674,692 | -- | 1,674,692 |
| Human Relations | - | 221,785 | -- | 221,785 |
| Child, Adolescent & School Health | 915,322 | 977,421 | -- | 977,421 |
| Prenatal & Early Childhood | 1,526,247 | 1,548,289 | -- | 1,548,289 |
| Home Health Services | 1,450,435 | 1,456,154 | -- | 1,456,154 |
| Eval. & Long Term Care Case Management | 1,830,456 | 1,848,697 | -- | 1,848,697 |
| Community Medical Assistance Programs | 1,008,833 | 1,019,644 | -- | 1,019,644 |
| Dental Health Services | 807,525 | 821,633 | -- | 821,633 |
| Total Health Department | \$ 19,119,048 | \$ 19,337,572 | -- | \$ 19,337,572 |
| <u>Department of Social Services</u> | | | | |
| Adult Foster Care | \$ 145,000 | \$ 145,000 | -- | \$ 145,000 |
| Welfare to Work Program | 400,000 | 400,000 | -- | 400,000 |
| Bridge Program | - | 460,344 | -- | 460,344 |
| Emergency Funds | 641,798 | 650,000 | -- | 650,000 |
| Domestic Violence/Sexual Assault | 122,500 | 127,260 | -- | 127,260 |
| Day Resource Center - YPSC | 216,298 | 206,223 | -- | 206,223 |
| In-Home Care Program | 229,147 | 227,962 | -- | 227,962 |
| Volunteer Program | 79,652 | 69,362 | -- | 69,362 |
| Adult Services | 872,745 | 940,546 | -- | 940,546 |
| General Administration | 1,178,263 | 1,239,655 | -- | 1,239,655 |
| SPPA Program | 274,948 | -- | -- | -- |
| Children's Services | 453,260 | 436,442 | -- | 436,442 |
| Family Investment Division | 566,307 | 655,957 | -- | 655,957 |
| Family Services | 1,214,728 | 1,307,726 | -- | 1,307,726 |
| Total Department of Social Services | \$ 6,394,646 | \$ 6,866,477 | -- | \$ 6,866,477 |
| <u>Community College of Baltimore County</u> | | | | |
| Instruction | \$ 19,036,567 | \$ 19,118,212 | -- | \$ 19,118,212 |
| Public Services | 105,169 | 105,924 | -- | 105,924 |
| Academic Support | 3,690,821 | 3,660,257 | -- | 3,660,257 |
| Student Services | 3,185,787 | 3,187,481 | -- | 3,187,481 |
| Institutional Support | 7,888,707 | 7,860,128 | -- | 7,860,128 |
| Operation/Maintenance of Plant | 4,290,744 | 4,265,793 | -- | 4,265,793 |
| Mandatory Transfers (Grants) | 265,000 | 265,000 | -- | 265,000 |
| Debt Service | 6,468,982 | 6,152,762 | -- | 6,152,762 |
| Total Community College | \$ 44,931,777 | \$ 44,615,557 | -- | \$ 44,615,557 |

GENERAL FUND OPERATING BUDGET

| Agency/Program Name | FY 2013 Adjusted Appropriation | FY 2014 Proposed Budget | FY 2014 Budget Reductions | FY 2014 Adopted Budget |
|---|--------------------------------------|-------------------------------|---------------------------------|------------------------------|
| <u>Department of Aging</u> | | | | |
| General Administration | \$ 723,862 | \$ 785,305 | -- | \$ 785,305 |
| Adult Medical Day Care | 50,000 | 50,000 | -- | 50,000 |
| Senior Centers Network | 1,840,458 | 1,758,642 | -- | 1,758,642 |
| Special Geriatric Services | 166,424 | 238,135 | -- | 238,135 |
| Facilities | 390,084 | 370,048 | -- | 370,048 |
| Transportation Services | 1,081,857 | 972,059 | -- | 972,059 |
| Program & Volunteer Services | 293,157 | 236,034 | -- | 236,034 |
| Total Department of Aging | \$ 4,545,842 | \$ 4,410,223 | -- | \$ 4,410,223 |
| <u>Department of Education</u> | | | | |
| Administration | \$ 21,108,558 | \$ 30,116,630 | -- | \$ 30,116,630 |
| Mid-Level Administration | 53,187,145 | 54,290,910 | -- | 54,290,910 |
| Instructional Salaries & Wages | 259,466,897 | 261,493,534 | -- | 261,493,534 |
| Instructional Textbooks & Supplies | 8,896,090 | 9,554,971 | -- | 9,554,971 |
| Other Instructional Costs | 291,056 | 4,163,157 | -- | 4,163,157 |
| Special Education | 64,624,860 | 63,693,974 | -- | 63,693,974 |
| Student Personnel Services | 5,817,862 | 5,947,722 | -- | 5,947,722 |
| Health Services | 9,307,491 | 9,421,669 | -- | 9,421,669 |
| Student Transportation Service | 16,489,782 | 16,594,335 | -- | 16,594,335 |
| Operation of Plant & Equipment | 49,445,299 | 51,972,337 | -- | 51,972,337 |
| Maintenance of Plant & Equipment | 21,187,795 | 18,822,704 | -- | 18,822,704 |
| Fixed Charges | 177,545,683 | 183,615,347 | -- | 183,615,347 |
| Capital Outlay | 2,374,502 | 2,398,801 | -- | 2,398,801 |
| Federal & Restricted Programs | 48,428 | -- | -- | -- |
| Debt Service - County Bonds | 35,274,354 | 35,556,521 | -- | 35,556,521 |
| Contribution to Capital Budget | 8,938,277 | 9,967,244 | -- | 9,967,244 |
| Total Department of Education | \$ 734,004,079 | \$ 757,609,856 | -- | \$ 757,609,856 |
| <u>Department of Libraries</u> | | | | |
| General Administration | \$ 6,421,530 | \$ 6,903,806 | -- | \$ 6,903,806 |
| Circulation/Information Services | 13,810,612 | 14,489,460 | -- | 14,489,460 |
| Customer Support Services | 11,182,091 | 11,078,144 | -- | 11,078,144 |
| Buildings/Vehicle Maint. & Operation | 2,511,116 | 2,792,200 | -- | 2,792,200 |
| Total Department of Libraries | \$ 33,925,349 | \$ 35,263,610 | -- | \$ 35,263,610 |
| Cooperative Extension | \$ 248,571 | \$ 244,242 | -- | \$ 244,242 |
| <u>Department of Recreation & Parks</u> | | | | |
| General Administration | \$ 1,035,818 | \$ 878,081 | -- | \$ 878,081 |
| Recreation Services | 9,556,248 | 9,523,101 | -- | 9,523,101 |
| Total Department of Recreation & Parks | \$ 10,592,066 | \$ 10,401,182 | -- | \$ 10,401,182 |

GENERAL FUND OPERATING BUDGET

| Agency/Program Name | FY 2013 Adjusted Appropriation | FY 2014 Proposed Budget | FY 2014 Budget Reductions | FY 2014 Adopted Budget |
|---|--------------------------------------|-------------------------------|---------------------------------|------------------------------|
| <u>Debt Service</u> | | | | |
| General Public Facilities | \$ 57,319,576 | \$ 56,334,294 | -- | \$ 56,334,294 |
| Pension Funding Bonds | 8,076,375 | 16,538,728 | -- | 16,538,728 |
| Non-General Obligation Debt | 12,510,983 | 16,881,876 | -- | 16,881,876 |
| Total Debt Service | \$ 77,906,934 | \$ 89,754,898 | -- | \$ 89,754,898 |
| <u>Retirement & Social Security</u> | | | | |
| Contribution-Employee Retirement System | \$ 65,629,629 | \$ 71,573,858 | -- | \$ 71,573,858 |
| Contributions Social Security | 16,771,176 | 16,367,159 | -- | 16,367,159 |
| Contributions Non-System Retirement | 218,000 | 231,450 | -- | 231,450 |
| Total Retirement & Soc. Security | \$ 82,618,805 | \$ 88,172,467 | -- | \$ 88,172,467 |
| Environmental Protection & Sustainability | \$ 4,952,413 | \$ 5,112,590 | -- | \$ 5,112,590 |
| Insurance | \$ 92,433,585 | \$ 101,080,474 | -- | \$ 101,080,474 |
| Reserve For Contingencies | \$ 200,000 | \$ 1,000,000 | -- | \$ 1,000,000 |
| County Council | \$ 1,899,463 | \$ 1,961,303 | -- | \$ 1,961,303 |
| County Auditor | \$ 1,574,264 | \$ 1,507,430 | -- | \$ 1,507,430 |
| Board of Appeals | \$ 217,506 | \$ 214,849 | -- | \$ 214,849 |
| Department of Economic Development | \$ 1,345,282 | \$ 1,249,260 | -- | \$ 1,249,260 |
| Contribution to Capital Budget | \$ 5,000,000 | \$ 16,592,835 | -- | \$ 16,592,835 |
| <u>Organization Contributions</u> | | | | |
| Organization Contributions | \$ 2,761,900 | \$ 2,776,800 | -- | \$ 2,776,800 |
| General Grant Program | 4,457,749 | 4,776,770 | -- | 4,776,770 |
| Total Organization Contributions | \$ 7,219,649 | \$ 7,553,570 | -- | \$ 7,553,570 |
| Local Share | \$ 6,664,737 | \$ 5,683,280 | -- | \$ 5,683,280 |
| <u>Office of Information Technology</u> | | | | |
| General Administration | \$ 3,120,937 | \$ 2,412,391 | -- | \$ 2,412,391 |
| Applications | 5,809,428 | 5,952,889 | -- | 5,952,889 |
| Infrastructure | 7,655,003 | 9,052,125 | -- | 9,052,125 |
| Electronic Services | 3,122,754 | 3,319,618 | -- | 3,319,618 |
| Total Office of Information Technology | \$ 19,708,122 | \$ 20,737,023 | -- | \$ 20,737,023 |

GENERAL FUND OPERATING BUDGET

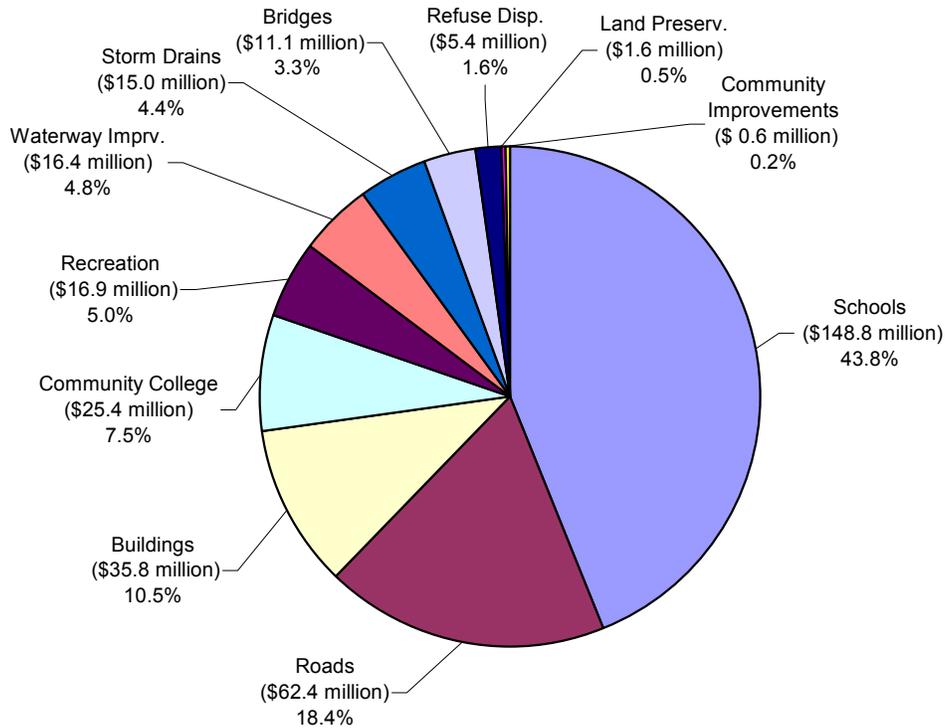
| Agency/Program Name | FY 2013 Adjusted Appropriation | FY 2014 Proposed Budget | FY 2014 Budget Reductions | FY 2014 Adopted Budget |
|---|--------------------------------------|-------------------------------|---------------------------------|------------------------------|
| <u>Department of Public Works</u> | | | | |
| <u>Office of the Director</u> | | | | |
| General Administration | \$ 539,978 | \$ 541,903 | -- | \$ 541,903 |
| Metro Financing/Petition Processing | 25,199 | 25,765 | -- | 25,765 |
| <u>Bureau of Engineering & Construction</u> | | | | |
| General Administration | 370,742 | 370,705 | -- | 370,705 |
| Structural Storm Drain & Hgwy. Design | 1,650,028 | 1,677,490 | -- | 1,677,490 |
| General Surveying | 358,031 | 369,157 | -- | 369,157 |
| Contracts/Construction Inspections | 1,787,370 | 1,774,442 | -- | 1,774,442 |
| <u>Bureau of Highways & Equipment Maintenance</u> | | | | |
| General Administration | 793,909 | 777,537 | -- | 777,537 |
| General Operations & Maintenance | 13,352,069 | 12,570,141 | -- | 12,570,141 |
| Equipment Maintenance | 6,309,719 | 6,255,731 | -- | 6,255,731 |
| Storm Emergencies | 5,987,025 | 5,987,025 | -- | 5,987,025 |
| <u>Bureau of Solid Waste Management</u> | | | | |
| General Administration | 474,665 | 473,651 | -- | 473,651 |
| Refuse Collection | 28,613,290 | 28,666,319 | -- | 28,666,319 |
| Refuse Disposal | 20,312,176 | 22,206,276 | -- | 22,206,276 |
| Recycling | 1,689,235 | 1,761,377 | -- | 1,761,377 |
| <u>Bureau of Traffic Eng./Trans. Planning</u> | | | | |
| Traffic Planning | 9,124,365 | 8,945,435 | -- | 8,945,435 |
| Traffic Sign Installation/Maintenance | 1,533,251 | 1,520,290 | -- | 1,520,290 |
| Traffic Signal Operations/Maintenance | 948,249 | 922,895 | -- | 922,895 |
| <u>Bureau of Utilities</u> | | | | |
| Sewer/Water Operations/Maintenance | 573,680 | 573,680 | -- | 573,680 |
| Total Department of Public Works | \$ 94,442,981 | \$ 95,419,819 | -- | \$ 95,419,819 |
| General Fund Total | \$ 1,657,479,154 | \$ 1,724,591,528 | \$ 100,000 | \$ 1,724,491,528 |

SECTION III

CAPITAL BUDGET & PROGRAM

CAPITAL BUDGET SUMMARY

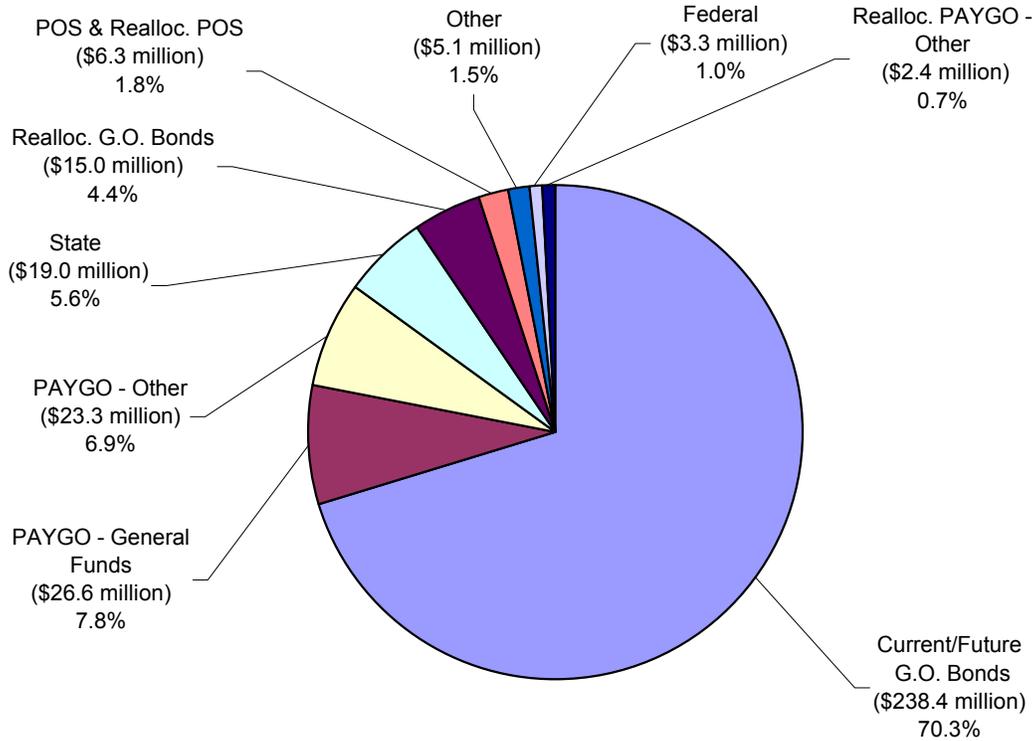
FY 2014 Consolidated Public Improvement (CPI) Projects (\$ MILLIONS)



| Project Classification | FY 2014 | % of Total |
|-------------------------------|-------------------|-------------------|
| Schools | \$ 148,780 | 43.8% |
| Roads | 62,408 | 18.4% |
| Buildings | 35,770 | 10.5% |
| Community College | 25,380 | 7.5% |
| Recreation | 16,937 | 5.0% |
| Waterway Improvements | 16,454 | 4.8% |
| Storm Drains | 14,992 | 4.4% |
| Bridges | 11,089 | 3.3% |
| Refuse Disposal | 5,431 | 1.6% |
| Land Preservation | 1,575 | 0.5% |
| Community Improvements | 550 | 0.2% |
| CPI Projects | \$ 339,366 | 100% |

CAPITAL BUDGET SUMMARY

FY 2014 Consolidated Public Improvement (CPI) Sources of Funding (\$ MILLIONS)

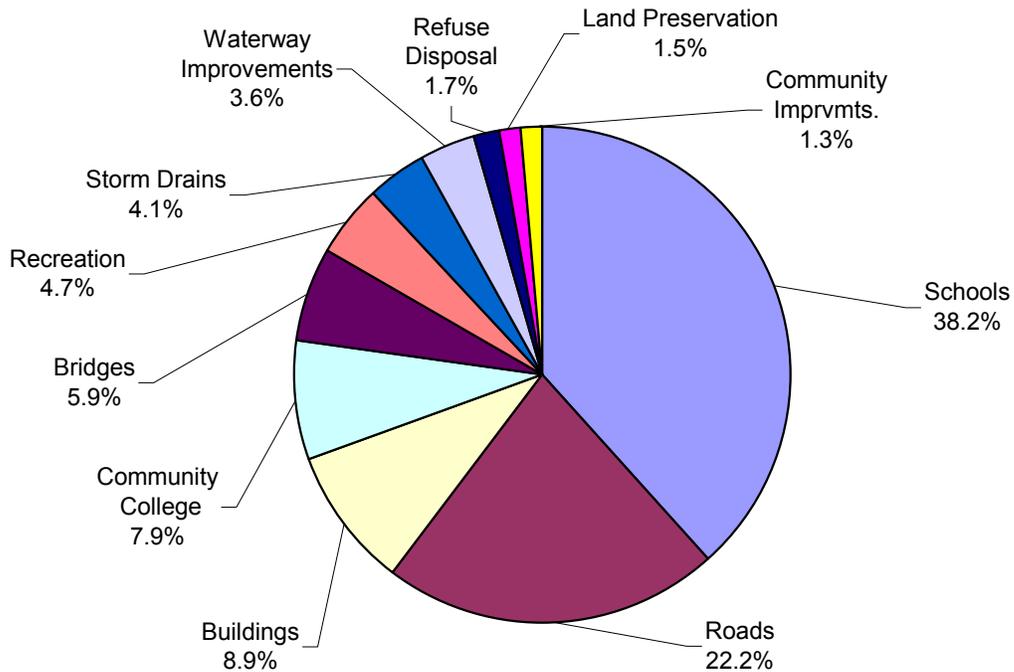


| <u>Source of Funding</u> | <u>FY 2014</u> | <u>% of Total</u> |
|--|-------------------|-------------------|
| Current/Future G.O. Bonds | \$ 238,440 | 70.3% |
| PAYGO (General Funds) | 26,560 | 7.8% |
| PAYGO (Other) ⁽¹⁾ | 23,258 | 6.9% |
| State | 19,028 | 5.6% |
| Reallocated G.O. Bonds | 15,047 | 4.4% |
| Program Open Space & Reallocated POS | 6,236 | 1.8% |
| Other | 5,068 | 1.5% |
| Federal | 3,305 | 1.0% |
| Reallocated PAYGO (Other) ⁽¹⁾ | 2,424 | 0.7% |
| CPI Sources | \$ 339,366 | 100% |

⁽¹⁾ Beginning in FY 2014, "Other" PAYGO funds are defined to include funding provided to the Capital Budget from a variety of sources which would offset the County's need to issue debt. These funds include stormwater remediation fees, agricultural transfer tax, and development waiver fees for stormwater management, reforestation, and local open space.

CAPITAL BUDGET SUMMARY

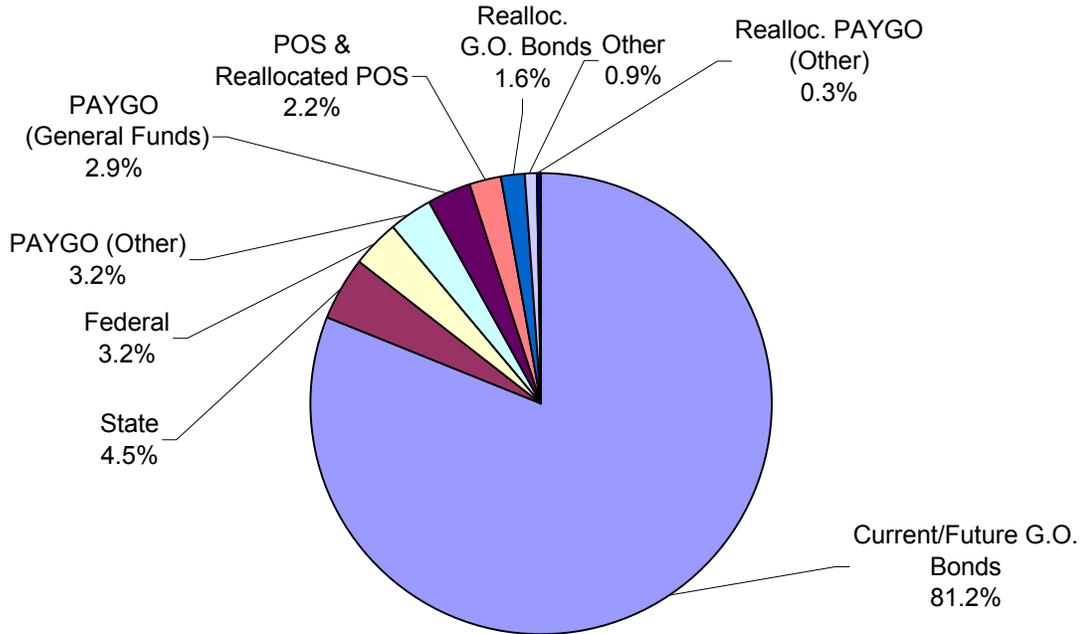
Six Year Program - FY 2014 - 2019 Consolidated Public Improvement (CPI) Projects (\$ THOUSANDS)



| <u>Project Classification</u> | <u>6-Year Program</u> | <u>% of Total</u> |
|-------------------------------|-----------------------|-------------------|
| Schools | \$ 348,780 | 38.2% |
| Roads | 202,398 | 22.2% |
| Buildings | 81,883 | 8.9% |
| Community College | 72,505 | 7.9% |
| Bridges | 53,779 | 5.9% |
| Recreation | 42,937 | 4.7% |
| Storm Drains | 37,342 | 4.1% |
| Waterway Improvements | 32,846 | 3.6% |
| Refuse Disposal | 14,731 | 1.7% |
| Land Preservation | 13,575 | 1.5% |
| Community Improvements | 11,550 | 1.3% |
| CPI Projects | \$ 912,326 | 100% |

CAPITAL BUDGET SUMMARY

Six Year Program - FY 2014 - 2019 Sources of Funding Consolidated Public Improvement (CPI) (\$ THOUSANDS)

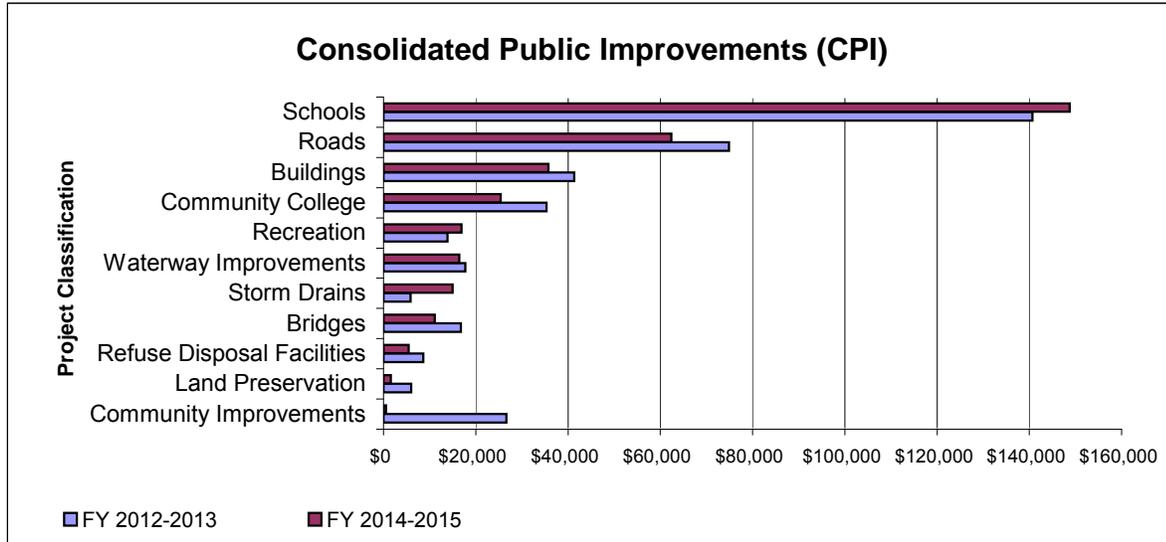


| Sources of Funding | 6-Year Program | % of Total |
|--------------------------------------|-----------------------|-------------------|
| Current/Future G.O. Bonds | \$ 741,143 | 81.2% |
| State | 40,585 | 4.5% |
| Federal | 28,925 | 3.2% |
| PAYGO (Other) | 28,838 ⁽¹⁾ | 3.2% |
| PAYGO (General Funds) | 26,560 | 2.9% |
| Program Open Space & Reallocated POS | 20,236 | 2.2% |
| Reallocated G.O. Bonds | 15,047 | 1.6% |
| Other | 8,568 | 0.9% |
| Reallocated PAYGO (Other) | 2,424 ⁽¹⁾ | 0.3% |
| CPI Sources | \$ 912,326 | 100% |

⁽¹⁾ Beginning in FY 2014, "Other" PAYGO funds are defined to include funding provided to the Capital Budget from a variety of sources which would offset the County's need to issue debt. These funds include stormwater remediation fees, agricultural transfer tax, and development waiver fees for stormwater management, reforestation, and local open space.

CAPITAL BUDGET SUMMARY

Biennial Comparison - Projects (\$ THOUSANDS)



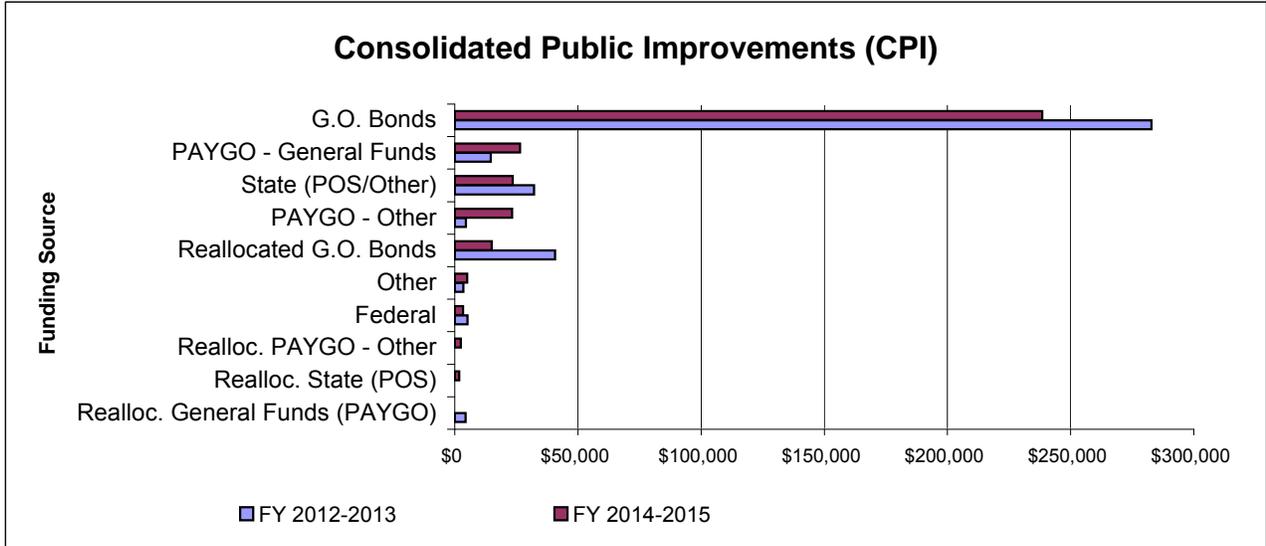
| Project Classification | FY 2012-13 ⁽¹⁾ | FY 2014-15 | Increase/(Decrease) | |
|----------------------------|---------------------------|-------------------|----------------------|---------------|
| | | | Amount | % |
| Schools | \$ 140,667 | \$ 148,780 | \$ 8,113 | 5.8% |
| Roads | 74,923 | 62,408 | (12,515) | -16.7% |
| Buildings | 41,313 | 35,770 | (5,543) | -13.4% |
| Community College | 35,352 | 25,380 | (9,972) | -28.2% |
| Recreation | 13,885 | 16,937 | 3,052 | 22.0% |
| Waterway Improvements | 17,724 | 16,454 | (1,270) | -7.2% |
| Storm Drains | 5,863 | 14,992 | 9,131 | 155.8% |
| Bridges | 16,800 | 11,089 | (5,711) | -34.0% |
| Refuse Disposal Facilities | 8,614 | 5,431 | (3,183) | -37.0% |
| Land Preservation | 6,000 | 1,575 | (4,425) | -73.8% |
| Community Improvements | 26,634 | 550 | (26,084) | -97.9% |
| CPI Projects | \$ 387,774 * | \$ 339,366 | \$ (48,408) * | -12.5% |

*Difference due to rounding.

⁽¹⁾ Reflects adjusted FY 2012 and 2013 appropriations.

CAPITAL BUDGET SUMMARY

Biennial Comparison - Sources of Funding (\$ THOUSANDS)



| Source of Funding | FY 2012-13 ⁽¹⁾ | FY 2014-15 | Increase/(Decrease) | |
|--------------------------------|---------------------------|-----------------------|---------------------|---------------|
| | | | Amount | % |
| G.O. Bonds | \$ 282,857 | \$ 238,440 | \$ (44,417) | -15.7% |
| PAYGO - General Funds | 14,575 | 26,560 | 11,985 | 82.2% |
| State (POS/Other) | 32,249 | 23,490 | (8,759) | -27.2% |
| PAYGO - Other | 4,493 | 23,258 ⁽²⁾ | 18,765 | 417.6% |
| Reallocated G.O. Bonds | 40,656 | 15,047 | (25,609) | -63.0% |
| Other | 3,475 | 5,040 | 1,565 | 45.0% |
| Federal | 5,120 | 3,305 | (1,815) | -35.4% |
| Realloc. PAYGO - Other | - | 2,424 ⁽²⁾ | 2,424 | - |
| Realloc. State (POS) | - | 1,775 | 1,775 | - |
| Realloc. General Funds (PAYGO) | 4,349 | 27 | (4,322) | -99.4% |
| CPI Sources | \$ 387,774 | \$ 339,366 | \$ (48,408) | -12.5% |

⁽¹⁾ Reflects adjusted FY 2012 and 2013 appropriations.

⁽²⁾ Beginning in FY 2014, "Other" PAYGO funds are defined to include funding provided to the Capital Budget from a variety of sources which would offset the County's need to issue debt. These funds include stormwater remediation fees, agricultural transfer tax, and development waiver fees for stormwater management, reforestation, and local open space.

CAPITAL BUDGET - DEBT AFFORDABILITY GUIDELINES

Debt Service⁽¹⁾ as % of General Fund Revenue

| | | |
|--|----|-------------------|
| Guideline - 9% of General Fund Revenue | \$ | 151,646,381 |
| FY 2014 Budget | | (114,925,453) |
| Under (Over) Guideline | \$ | <u>36,720,928</u> |

Debt Outstanding⁽¹⁾ as % of Total Property Value

| | | |
|---|----|--------------------|
| Guideline - 2.2% of Assessed Property Value | \$ | 1,730,907,508 |
| Estimated Debt Outstanding as of 6/30/2014 | | (1,616,007,000) |
| Under (Over) Guideline | \$ | <u>114,900,508</u> |

Legal Debt Limit⁽²⁾

| | | |
|--|----|------------------------|
| Estimated Assessable Base | \$ | 78,677,614,000 |
| | x | 4% |
| Debt Limit Equal to 4% of Assessable Base | | <u>3,147,104,560</u> |
| Estimated Debt Outstanding as of 6/30/2014 | | |
| Public Facility Bonds | \$ | 735,379,000 |
| Public School Bonds | | 428,384,000 |
| Pension Liability Funding Bonds | | 267,430,000 |
| Commercial Paper Notes | | 240,000,000 |
| Community College Bonds | | 82,995,000 |
| Agricultural Preservation IPAs | | 80,000 |
| | | <u>(1,754,268,000)</u> |
| Under (Over) Legal Debt Limit | \$ | <u>1,392,836,560</u> |

(1) Excludes pension funding and Metropolitan District bonds.

(2) Excludes certificates of participation, capital leases, and Metropolitan District bonds.

SECTION IV

RECOMMENDATIONS

Baltimore County, Maryland

Recommendations of the County Council

Board of Elections (005)

Election Judge Recruitment and Training

Over the past several years, the Board has expressed concern regarding the difficulty of recruiting election judges. In this regard, during the Board's budget hearing, the Council observed that election judge recruitment issues could be related to the Board's training schedule and compensation. Specifically, election judges are required to attend a mandatory 3-hour training course. Historically, the Board has assigned each individual to a specific location for this purpose, offering training frequently (over the course of 5 months) at the Board's office in Catonsville and less frequently (over the course of 2 weeks) at the Oregon Ridge Lodge and the Sollers Point Community Center. Individuals receive \$40 in compensation for attending the training to cover their time, vehicle mileage, and tolls. Because of the limited availability of training opportunities at Oregon Ridge and Sollers Point, many prospective election judges must travel significant distances to receive the mandatory training in Catonsville. Although the Council recognizes that adding training sites would require the Board to incur costs (for site rental, vendor training, and staff salaries), the Council urges the Board to research the feasibility of doing so, to mitigate election judge travel time and costs and aid in the County's ability to recruit election judges.

Early Voting Accommodations

Legislation which takes effect July 1, 2013 requires Baltimore County to establish three additional early voting centers, increasing the number of early voting sites to eight, and to extend the number of early voting days by two, to eight days. The Board hopes that the additional sites will help alleviate long lines at polling places. During its hearing, the Board reported difficulties identifying suitable locations for the additional early voting sites because certain private sites can be costly to rent and since many halls are reserved far in advance (for graduation parties and weddings) during the popular month of June (when the 2014 gubernatorial primary falls). The Board also noted that all early voting sites must have adequate parking, be ADA-accessible, and be climate-controlled. The Council encourages the Board to

Baltimore County, Maryland

Recommendations of the County Council

leave no stone unturned when investigating potential early voting sites. The Council's preference is to utilize additional County-owned facilities, such as schools and community centers, for the early voting sites when feasible. The Council requests that the Board provide updates on its efforts to secure adequate early voting accommodations.

Office of Budget and Finance (006)

Federal Sequestration

The Council is concerned about the effect the federal sequestration will have on Baltimore County, particularly on its most vulnerable populations. During its budget deliberations, the Council learned of several programs that could experience significant funding reductions in FY 2014 under sequestration, including special education, vocational training, and homeless services. In addition, while Baltimore County's economy is not dependent on federal spending, the State's is. As recent history shows, State revenue shortfalls usually result in reductions in aid and new costs for local governments.

The Council hopes the federal government will end its partisan gridlock and find solutions to its fiscal problems. Meanwhile, the Council asks the Office of Budget and Finance to alert the legislative branch promptly as the specific effects of sequestration on the County and its component units become known so that Council members can serve as fully informed advocates for their affected community members.

Managing Long-Term Liabilities

During last year's budget process, the Council strongly urged the Administration to formulate and present an updated multi-year plan for ensuring that adequate funding for the County's accrued liabilities is made available in future years. In recent years, the County's unfunded accrued liability for both the Employees' Retirement System (ERS) and the Other Post-Employment Benefits (OPEB) Trust Fund grew considerably, primarily due to a falling stock market and insufficient contributions for OPEB. The Great Recession took a significant toll on

Baltimore County, Maryland Recommendations of the County Council

the financial health of the County's assets, at least from an actuarial standpoint; however, in FY 2013 the County made several decisions that improved its financial position. First, the adopted budget contained increased OPEB funding, and a supplemental appropriation and a transfer from the Health Insurance Reserve further increased the OPEB Trust Fund balance. Second, the County lowered its expected rate of return on its investments to reflect the new economic reality, but then offset that change by issuing pension obligation bonds that are expected to save the ERS nearly \$343 million over the next 30 years.

In FY 2014, the budgeted contributions to both ERS and OPEB increase over the prior year's budget. The County remains committed to fully funding the annual required contribution (ARC) for the ERS, and while the OPEB ARC is not fully funded, continued progress is being made.

In 2006, the County created a new OPEB fund in response to the 2004 Government Accounting Standards Board Statement 45 (GASB 45), which required government employers to measure and report long-term liabilities associated with post-employment benefits other than pensions, including medical, pharmacy, vision, dental, life, etc. As stated in §10-14-103(a) of the Baltimore County Code, this Fund "shall provide payment for health and life insurance coverage for individuals and their beneficiaries who receive retirement benefits" from the Employees' Retirement System.

Once the actuary work was completed to determine the long-term unfunded OPEB liability, the County embarked on a series of strategies to meet the unfunded liability. While the OPEB funding standard did not become effective until July 1, 2007, during the prior year the County pre-funded approximately \$150 million towards the OPEB liability. Also, the County initiated a first round of reductions in the health care subsidies for County retirees. These reductions were negotiated between the County Administration and the Health Care Review Committee (HCRC), a body composed of eight employee representatives and two Administration representatives, which acts collectively as the employees' and retirees' bargaining agent on health care issues. The HCRC was originally established in identical language in all six of the Memoranda of

Baltimore County, Maryland

Recommendations of the County Council

Understanding between the County Administration and County labor unions; Bill 6-13 recently codified these provisions.

In FY 2015, a second round of subsidy reductions will commence. Having negotiated two reductions in health care subsidies in recent years, the County is making steady progress in meeting the amortized OPEB liability. Although the recession took a significant toll on the County's ability to maintain funding at earlier levels, with additional contributions in FY 2013 and FY 2014, the County now faces a lower estimated net unfunded OPEB liability of \$1.4 billion and expects to be able to fully fund the Annual Required Contribution (ARC) needed to amortize the liability beginning in FY 2015. During this year's budget process, the Office of Budget and Finance shared its preliminary plan for the next few years; its intentions are to fully fund the OPEB ARC in FY 2015 (as noted previously), and then to exceed the ARC by \$35 million in FY 2016 and \$70 million in FY 2017. The Council looks forward to working with the Administration to ensure that benefits promised to the County's employees will be there when they retire and will remain affordable to the taxpayers.

Administrative Officer (007)

Economic Development and Commercial Revitalization

Although the Office of Budget and Finance has not yet provided a full accounting of the County's Economic Development Revolving Financing Fund's activity and balance as requested during this year's budget process, the Council commends the Department of Economic Development for what appears to be prudent stewardship of the Fund over many years, as evidenced by the low default rate of the County's loan portfolio. The Council urges the departments of Planning and Economic Development to work together to ensure that the Building Improvement Loan Program (BILP) portfolio continues to thrive under the direction of the Department of Planning. The Council was pleased to approve the legislation that enabled this transfer of responsibility because it ensured that the staff members most familiar with the needs of particular areas of the County would have direct input into the financial assistance

Baltimore County, Maryland Recommendations of the County Council

decisions that affect those areas. Similarly, the Council believes its own knowledgeable perspective and input are critical to any decision-making process regarding economic development and commercial revitalization projects in the County, as every project, large or small, occurs within the boundaries of at least one Councilmanic district.

Accordingly, the Council is an advocate for open communication and collaboration on all such projects, whether they are within commercial revitalization districts or are considered larger economic development initiatives. During the hearing process, the Council stated its desire to meet frequently with the Department of Economic Development to discuss projects under consideration. A Council member should never be excluded from discussions or negotiations that are underway about an important property within his or her district. Rather, the Council should be considered a key source of insight about the local economy and stakeholder interests and should always be kept informed about any alternatives under consideration.

Council members frequently are the source of creative solutions to problems facing their districts. For example, the Council has identified the need for transportation improvements in downtown Towson. The Council believes that steps should be taken now to plan for a transit circulator that can ease congestion and improve mobility in the Towson core. In the absence of a business improvement district to fund this project, the Council recommends that local institutions be encouraged to support its costs. This proposal is sound and reflective of the wishes of the Council member elected to serve the area; the Administration should promptly pursue it.

The Council has also actively supported pedestrian and bicycle access projects and is pleased that the Administration is in the process of identifying certain projects for implementation. The Administration should further heed the Council's call by intensifying these efforts, ensuring that all major projects incorporate pedestrian and bicycle access plans and applying for grant funds to aid in this process.

Baltimore County, Maryland Recommendations of the County Council

The Administration should actively solicit, and seriously consider, all Council feedback and proposals regarding economic development and commercial revitalization in Baltimore County. To the extent that Council members want to be active participants in this process, the Administration should embrace the opportunity to collaborate.

Organization Contributions

The FY 2014 budget includes individual grants in excess of \$100,000 to six organizations based in Baltimore City: Baltimore Symphony Orchestra (\$680,000); Maryland Zoo (\$400,000); Walters Art Gallery (\$336,000); Baltimore Museum of Art (\$336,000); National Aquarium in Baltimore (\$170,000); and Center Stage Associates (\$125,000). Grants to these six organizations total more than \$2 million in FY 2014, representing nearly three quarters of total arts and sciences grants. The County's Commission on Arts and Sciences evaluates grant applicants based on artistic merit, service to the community, multicultural outreach, soundness of business practice, and level of service to Baltimore County residents. The County requires grant applicants to disclose the source of arts and sciences support provided by other jurisdictions, and the current Administration has placed increased emphasis on its desire to see County-focused programming from all organizations. However, the rationale for the relative contribution by the County to certain organizations compared to contributions from other local jurisdictions is not always clear.

The Council urges greater communication regarding the benefits these organizations are providing and views the organizations' presence during Council budget deliberations to be a sign of how much they value the County support they receive. The Council appreciated the visibility of certain organizations during this year's budget process. Center Stage Associates and the Baltimore Symphony Orchestra receive significantly more grant funding from Baltimore County than from other jurisdictions; the Council would appreciate an enhanced opportunity to hear directly from these organizations about how they are meeting the County's goals.

Baltimore County, Maryland Recommendations of the County Council

Towson Fire Station

Because the executive branch is reviewing bids for the Towson fire station, the Council deferred discussion of the proposed sale of this property. At the appropriate time, the Council should be briefed on the economic, transportation, and community impacts of a new development at this site, and how the Administration plans to buffer the impact of a fire station at the new location.

Department of Planning (012)

Homelessness

Last year, the Council commended the Department for its sense of mission and creative collaboration in developing strategies to address and reduce homelessness. While the Council continues to be impressed by the Department's efforts, we remain very concerned about the County's homeless population. We were especially distressed to learn at the Department's budget hearing that the County is turning away more homeless clients than it is serving by a 15 to 1 ratio. Accordingly, the Council strongly supports the County's planned \$4 million contribution toward a new \$14 million Eastside Shelter/Eastern Family Resource Center. The Department of Planning should work with both the Department of Health and Human Services and the Police Department to develop new policy recommendations for serving the homeless through sheltering and supportive service opportunities, keeping the Council regularly updated on progress in this highly important endeavor.

People's Counsel

The Office of the People's Counsel is an independent office established in the County Charter and is conferred with certain powers and duties that include appearing as a party before certain administrative agencies and the courts "on behalf of the interests of the public in general," as well as "to defend any duly enacted master plan and/or comprehensive zoning maps as adopted by the county council." The Office's broad powers also include the right to intervene in any matter or proceeding involving certain zoning or land use matters "in which he may deem

Baltimore County, Maryland Recommendations of the County Council

the public interest to be involved," and to pursue an appeal to the courts as an aggrieved party "to promote and protect the health, safety and general welfare of the community."

Clearly, the People's Counsel's specific charge is to defend the master plan and the comprehensive zoning maps adopted by the Council, and the Office's more general duty is to review and intervene in matters that involve the public interest and the welfare of the community as a whole. This Council has expressed its concern in previous budget messages that the Office has pursued matters that do not necessarily involve the "public interest" but rather reflect the Office's singular interpretation of particular zoning regulations, code provisions, and land use and development policies and processes. There is also a perception that the Office is less responsive to matters affecting the interests of the public and communities in general, and is more engaged in matters affecting particular groups or interests. We continue to be concerned that the Office may be overstepping the spirit and intent of its creation and its Charter mission.

In that vein, we suggest that the Office of the People's Counsel refocus its energies to pursuing matters that truly involve the public interest and the general welfare of the community. Obviously, every case has individual interests that are affected by its outcome. But we believe the Office of the People's Counsel needs to have a panoptic, "bigger picture" view of its role, and focus its efforts on intervening in cases that have more precedential value countywide. This is particularly true where communities or other organizations are already pursuing their own involvement in cases and have retained attorneys and experts. Logic would indicate that in this situation, the use of the People's Counsel's time and limited resources may not be warranted and could be better used elsewhere. We also urge the People's Counsel to redouble its efforts in its core mission of defending the master plan and comprehensive zoning maps. Indeed, in this period, the recently-enacted comprehensive zoning maps from two of the seven Councilmanic districts are under siege from certain self-interested entities. Now more than ever, it is necessary for the People's Counsel to vigorously defend the validity of these maps, and the comprehensive zoning map process in general.

The Council will continue to monitor the activities of the Office to ensure that its actions and

Baltimore County, Maryland Recommendations of the County Council

involvement are truly in the public interest and consistent with its enumerated powers and duties.

Department of Education (035)

School Facilities Planning

The Council is pleased that the school system is now viewing its school facility needs from a holistic, long-term perspective and agrees that a 10-year facilities plan will enable the school system to make informed and efficient capital funding decisions.

The Council is closely aware of the school overcrowding issues in various areas of the County. Progress is occurring as the FY 2014 budget appropriates \$28.5 million for 2,100 additional seats at the elementary level. In addition, construction of facilities to house an additional 1,200 seats are in process. The greatest strides through FY 2014 have been made in the central and northwest regions of the County, which are the areas that have been most affected by overcrowding, but additional challenges persist there and elsewhere. The school system should be applauded for engaging key stakeholders about overcrowding in southwestern and central Baltimore County in recent weeks. The Council commends Superintendent Dance for agreeing to start a similar outreach process in northeastern Baltimore County. The Council agrees, wholeheartedly, that engaging stakeholders early in the decision process leads to optimal results. We look forward to working together to solve school overcrowding issues throughout the County.

The Council also commends the school system for prioritizing renovations to our aging schools. Regrettably, the 2012 air conditioning priority list was developed with little input from the County Council. Not all Council members believe this list is geographically fair, particularly in the northeast. The Council commends Superintendent Dance for replacing this air conditioning list with a long-range plan that will incorporate air conditioning along with other facilities upgrades. This plan should reflect input from all stakeholders and consider the County's needs in an

Baltimore County, Maryland Recommendations of the County Council

equitable manner. Accordingly, the Council requests a copy of the draft facilities plan, in conjunction with dissemination to school board members.

Free and Reduced-Price Meals

The school system advised that the number of County students qualifying for Free and Reduced-Price Meals (FARM) has nearly doubled since 2000 and now includes nearly 44% of the student population. The high level of participation in the FARM program, together with the weak economy, decreased sales, and costly federal legislation that required the modification of school lunch menus to include healthier ingredients, has financially strained the food services program.

The Council is concerned that students who participate in the FARM program may not receive nutritious meals when school is not in session, most notably during the summer break. The Council recognizes that the school system currently provides FARM to students who participate in summer school programs. The Council requests that the school system investigate how other jurisdictions have implemented year-round nutritious meals programs for students and keep the Council informed of its findings and recommendations, including an estimated fiscal impact. The Council commends the school system for partnering with the Maryland Food Bank to ensure that surplus food at the end of the school year is not wasted.

Department of Recreation and Parks (039)

Use of Funding

The Council recognizes that funding for recreation and parks has been constrained in recent years due to economic circumstances. The capital budget has seen less County funding, as well as reduced State funding, and the State Program Open Space (POS) funding that has been available has gone largely untapped. The Council applauds the forthcoming completion of long-delayed park projects, such as Gough and Asbury Parks in Perry Hall. For these Perry Hall projects, plans should be shared with nearby businesses and homeowners associations, and if

Baltimore County, Maryland Recommendations of the County Council

there is any funding flexibility, resources should be considered for the completion of the dog park at Honeygo Run Regional Park. Meanwhile, as the County prepares itself to resume acquisition projects, the Council is hopeful it will make the best possible use of its roughly \$8 million in projected unencumbered POS funding, with an effort to maximize progress towards reaching the State parkland standard of 30 acres per thousand citizens. In this regard, the Council reemphasizes its desire to be involved in discussions about how both State and County funds will be used. Additionally, the Council urges the Administration to take full advantage of the generous contributions of the County's volunteers and recreation councils. Their valuable donations of time and resources should never be discouraged.

Department of Environmental Protection and Sustainability (042)

Stormwater Remediation

The Council commends the Department for its dedicated efforts to protect and clean up the County's waterways and restore the Chesapeake Bay. As the County implements its new stormwater remediation fee, which is expected to result in additional taxpayer responsibility of \$23.4 million in FY 2014, the Council recommends that the Department work with other Administrative agencies, such as the Office of Communications, the Department of Economic Development, and the Office of Budget and Finance, to expand its outreach to the public about why the fee is required, how it will be collected, what projects it will fund, and how credits can be obtained – especially for non-residential property owners whose bills may be significant. The Council further requests that the Department update the Council on its progress as it confronts the challenges of hiring specialized staff and consultants and developing Total Maximum Daily Load (TMDL) implementation plans, with an emphasis on the potential fiscal impact of these developments.

Baltimore County, Maryland Recommendations of the County Council

Department of Public Works (070)

Street Sweeping and Storm Drains

The stormwater remediation fee is expected to generate \$23.4 million in revenues in FY 2014, much of which the Department of Public Works will manage. Specifically, in FY 2014, the Department will utilize \$11.4 million for additional storm drain improvement projects and \$3 million for targeted street sweeping activities. The Council is aware that the Department's mission is to maximize the amount of clean-up that occurs prior to the release of County-managed stormwater to various waterways. While we hope that increasing public awareness about the public costs associated with stormwater runoff over time will reduce the amount of debris being generated, we look forward to monitoring the Department's progress in cleaning the County's streets and drains. In this regard, we request that the Department prepare an annual report on its storm drain projects and street sweeping activities. Additionally, we ask that the Department let Council members know about major projects in their districts before they commence so the Council can partner with the Administration in alerting residents and businesses to the County's plans.

BALTIMORE COUNTY COUNCIL

Tom Quirk
Chairman
First District

Vicki Almond
Second District

Todd Huff
Third District

Kenneth N. Oliver
Fourth District

David Marks
Fifth District

Cathy Bevins
Sixth District

John Olszewski, Sr.
Seventh District

Thomas J. Peddicord, Jr.
Secretary

Lauren Smelkinson
Auditor