

**BALTIMORE COUNTY COUNCIL
NOTES TO THE AGENDA
LEGISLATIVE SESSION 2013**

Issued: May 21, 2014

Legislative Day No. 10 : May 22, 2014 - BUDGET

*The accompanying notes are
compiled from unaudited
information provided by
the Administration and
other sources.*



OFFICE OF THE COUNTY AUDITOR

BALTIMORE COUNTY COUNCIL

May 22, 2014

BUDGET

NOTES TO THE AGENDA

TABLE OF CONTENTS

	PAGE
LEGISLATIVE SESSION	
Witnesses.....	ii
 <u>BILLS – FINAL READING</u>	
Bill 23-14	1
Bill 24-14	5
Bill 26-14	7
Bill 27-14	7
Bill 28-14	7
Bill 29-14	7
Bill 30-14	7
Bill 31-14	7
Bill 32-14	7
Bill 33-14	7
Bill 34-14	7

**BALTIMORE COUNTY COUNCIL AGENDA
LEGISLATIVE SESSION 2012, LEGISLATIVE DAY NO. 10
MAY 22, 2014 10:00 A.M.**

CEB = CURRENT EXPENSE BUDGET
BY REQ. = AT REQUEST OF COUNTY EXECUTIVE

Page

BUDGET MESSAGE

CALL OF BILLS FOR FINAL READING AND VOTE

COUNCIL

- 1 Bill 22-14 - Mr. Olszewski - Manufacturing, Light (M.L.) Zone Use Regulations
- 1 Bill 23-14 - Mrs. Bevins(By Req.) - Annual Budget and Appropriation Ordinance of Baltimore County
- 5 Bill 24-14 - Mrs. Bevins(By Req.) - Property Tax

KEITH DORSEY, OFFICE OF BUDGET AND FINANCE

- 7 Bill 25-14 - Mrs. Bevins(By Req.) - Employees Retirement System - Contributions - Pay Schedule IV
- 7 Bill 26-14 - Mrs. Bevins(By Req.) - Refuse Disposal Borrowing Ordinance
- 7 Bill 27-14 - Mrs. Bevins(By Req.) - Community College Borrowing Ordinance
- 7 Bill 28-14 - Mrs. Bevins(By Req.) - Public Works Borrowing Ordinance
- 7 Bill 29-14 - Mrs. Bevins(By Req.) - Operational Buildings Borrowing Ordinance
- 7 Bill 30-14 - Mrs. Bevins(By Req.) - Parks, Preservation and Greenways Borrowing Ordinance
- 7 Bill 31-14 - Mrs. Bevins(By Req.) - School Borrowing Ordinance
- 7 Bill 32-14 - Mrs. Bevins(By Req.) - Agricultural and Rural Land Preservation Borrowing Ordinance
- 7 Bill 33-14 - Mrs. Bevins(By Req.) - Community Improvement Borrowing Ordinance
- 7 Bill 34-14 - Mrs. Bevins(By Req.) - Waterway Improvement Program Borrowing Ordinance

APPROVAL OF FISCAL MATTERS/CONTRACTS

ED ADAMS , DIRECTOR, DEPARTMENT OF PUBLIC WORKS

- 1. Contract Amendments - (4) - Continuation of Civil Engineering Services - On-call, as-needed basis - Public Works

VINCE GARDINA, DIRECTOR, DEPT. OF ENVIRONMENTAL PROTECTION & SUSTAINABILITY

- 2. Contracts - (2) - Marine Services - Waterways - Marine debris, storm debris and derelict/abandoned boats-DEPS

AMY GROSSI, REAL ESTATE COMPLIANCE

- 3. Contract of Sale - State of MD - Dept. of Health and Mental Hygiene - Spring Grove Hamilton Building Site - Real Estate Compliance

MISCELLANEOUS BUSINESS

COUNCIL

- 1. Res. 40-14 - Mr. Marks - Review of PUD - DMS Development, LLC - 101 York
- 2. Res. 44-14 - Mr. Marks - Amendment to the Honeygo Plan
- 7. Res. 47-14 - Mr. Marks - Property Tax Exemption - DAV - Stanley L. Vinson

KEITH DORSEY, DIRECTOR, OFFICE OF BUDGET AND FINANCE

- 3. Res. 43-14 - Mrs. Bevins(By Req.) - Accept a gift - MD Dept. Of Public Safety & Correctional Services – 911 Center - Training Software Upgrade

FRONDA COHEN, OFFICE OF COMMUNICATIONS

- 4. Grant - Mrs. Bevins(By Req.) - Dundalk Renaissance Corporation - Wall Mural - War of 1812 - Battle of North Point

Bill 23-14 (Annual Appropriation)

Council District(s) All

Mrs. Bevins (By Req.)

Office of Budget and Finance

Annual Budget and Appropriation Ordinance of Baltimore County

The Administration is requesting approval of annual appropriations to the FY 2015 Operating and Capital Budgets totaling \$2,038,011,190 and \$118,525,480, respectively. In addition, the Administration requests approval of the 5-year Capital Program for fiscal years 2016 through 2020 totaling \$997,908,500. The proposed Operating Budget consists of appropriations to the following funds:

General Fund	\$ 1,862,386,772
Gifts and Grants Fund	164,062,729
Economic Development Revolving Financing Fund	8,200,000
Stormwater Management Fund	2,645,040
Liquor License Fund	716,649
Total Proposed Operating Budget	<u>\$ 2,038,011,190</u> *

* Includes \$5,978,080 of appropriations in both the General Fund and other operating funds (i.e., local share match in the Gifts and Grants Fund). Excludes \$900,857,818 of non-County funds (grants, tuition, fees) as authorized spending for the Departments of Education, Community College, Libraries, and Social Services.

Fiscal Summary

Funding Source	Appropriation	Notes
County	\$ 1,862,386,772 (1)	(1) General Fund Operating Budget.
Special Funds	175,624,418 (2)	(2) Excludes \$900.9 million of non-County special funds not subject to Council appropriation; includes \$5,978,080 also appropriated in the General Fund as a Local Share match.
Total Operating	2,038,011,190	
Capital Budget	118,525,480 (3)	(3) Includes \$48,680,048 also appropriated in the General Fund (PAYGO).
Total	\$ 2,156,536,670 (4)	(4) Includes \$54,658,128 in appropriation transfers for Local Share and PAYGO; net expenditures total \$2,101,878,542.

Analysis

The proposed appropriations for the Operating Budget total \$2.04 billion, an increase of \$139.7 million, or 7.4%, over the total FY 2014 adjusted appropriations. (FY 2014 adjusted appropriations total \$1.9 billion and include approximately \$808 thousand of supplemental appropriations not reflected in the Executive’s FY 2015 budget documents). The General Fund portion of the budget increases by \$137.8 million (8.0%), and the Special Fund portion increases by \$1.9 million (1.1%). The proposed FY 2015 appropriation to the Capital Budget of \$118.5 million (for the “off-year” of the biennial Capital budgeting process) represents a decrease of \$238.1 million from the FY 2014 adjusted appropriation of \$356.6 million.

Appropriations to the General Fund Operating Budget for FY 2015 include \$48.7 million for PAYGO contributions to the Capital Budget, \$6.0 million for local share contributions to the Gifts and Grants Fund Budget, and \$1 million of un-earmarked funds to the Reserve for Contingencies. The \$1.86 billion FY 2015 General Fund Operating Budget is supported by \$1.78 billion of estimated ongoing revenues; the balance of the budget is funded by \$78.1 million of surplus funds (Unassigned General Fund Balance). The proposed FY 2015 General Fund budget complies with the spending and debt guidelines recommended by the Spending Affordability Committee.

The bill includes approval of planned spending for the 5-year Capital Program (not including sewerage and water projects) for FY 2016 to FY 2020, which totals \$998 million as follows:

<u>Fiscal Year</u>	<u>Planned Spending</u>
2016	\$ 400,529,500
2017	12,475,000 ⁽¹⁾
2018	290,869,000
2019	3,000,000 ⁽¹⁾
2020	291,035,000
Total	<u>\$ 997,908,500</u>

⁽¹⁾ FY 2017 and FY 2019 are the "off-years" of the biennial Capital budgeting process.

The bill excludes non-County funds (e.g., federal and state grants, tuition, and fees received directly by certain agencies) totaling \$900,857,818. Such non-County funds are reflected in the Executive's proposed budget as spending authorizations for Education, Community College, Libraries, and Social Services as follows:

Education	\$ 681,368,412
Community College	211,859,294
Libraries	7,345,200
Social Services	284,912
Total Non-County Funds	<u>\$ 900,857,818</u>

Together with the non-County funds, the Executive's combined proposed operating budget totals \$2,938,869,008.

The bill excludes \$196,028,490 of Metropolitan District Operating Funds and \$57,183,576 of Metropolitan District Capital Funds. In addition, the amount indicated above for the 5-year Capital Program for FYs 2016 through 2020 excludes \$1,469,475,000 of planned spending for Metropolitan District sewerage and water projects. Metropolitan District Operating and Capital Fund amounts are excluded because generally accepted accounting standards require this Fund to be classified as an enterprise fund (i.e., a self-supporting business-type activity), which

is not subject to annual appropriation authority. Other enterprise funds excluded from the bill total \$54.6 million, consisting of \$44.3 million for Education’s Food and Nutrition Services Fund and \$10.3 million for the Community College’s Auxiliary Enterprise Fund (bookstore).

On May 15, 2014, the Council deliberated on the proposed FY 2015 budget and developed an amendment to reduce the budget as follows:

<u>Program</u>	<u>Proposed Budget</u>	<u>Reduction</u>	<u>Amended Budget</u>
<u>Department of Health</u>			
Acute Communicable Disease Control	\$ 1,277,506	\$ 4,949	\$ 1,272,557
Environmental Health Services	2,300,764	17,796	2,282,968
Evaluation & Long Term Care Case Management	1,904,531	12,920	1,891,611
Community Medical Assistance Programs	1,089,501	5,532	1,083,969
<u>Retirement & Social Security</u>			
Contributions Social Security	17,275,000	5,879	17,269,121
<u>Department of Environmental Protection & Sustainability</u>			
Administration and Operations	5,193,571	<u>35,650</u>	5,157,921
Total Reductions		<u>\$ 82,726</u>	

With the affirmative vote of five members of the County Council, Bill 23-14 will take effect July 1, 2014.

Bill 24-14

Council District(s) All

 Mrs. Bevins (By Req.)

 Office of Budget and Finance

 Property Tax Rate

This bill proposes to levy a property tax rate of \$1.10 per \$100 of assessed real property value and \$2.75 per \$100 of assessed personal property value for FY 2015. In addition, the bill proposes not to impose a semi-annual fee on the second semi-annual property tax bill as authorized by Section 10-204.3 of the Tax-Property Article of the Annotated Code of Maryland.

Fiscal Summary

Funding Source	Estimated Revenue	Notes
County	\$ 862,207,155	(1) Estimated FY 2015 property tax revenues, excluding the estimated State reimbursement for the Homeowners' tax credit totaling \$8.6 million and collections of prior year taxes.
State	--	
Federal	--	
Other	--	
Total	\$ 862,207,155	

Analysis

The proposed property tax rate of \$1.10 per \$100 of assessed real property value and \$2.75 per \$100 of assessed personal property value will generate estimated revenue totaling \$862,207,155 in FY 2015 according to the Office of Budget and Finance. This revenue estimate is net of discounts, credits (e.g., homeowners' and homestead tax credits), and other adjustments totaling \$47,806,770. The total amount of discounts, credits, and other adjustments is decreasing in FY 2015 by \$16.6 million (i.e., from \$64.4 million in FY 2014 to

\$47.8 million in FY 2015), which is primarily attributable to the decrease in the Homestead Tax Credit (4% cap on annual assessment increases).

FY 2015 estimated property tax revenues, combined with estimated prior year delinquent taxes to be collected (including penalties and interest) and payments in lieu of taxes, total \$866,857,555, which represents 48.6% of the total estimated General Fund revenues (excluding surplus funds used). This total property tax revenue represents an increase of 1.5% over FY 2014 estimated property tax revenue totaling \$853.9 million.

The proposed tax rate of \$1.10 for FY 2015 is \$0.0076 higher than the constant yield tax rate of \$1.0924. The constant yield tax rate is the rate that would offset the effect of increasing assessments to maintain the same revenues from year to year. Each penny (\$0.01) of the tax rate yields approximately \$7.5 million in estimated property tax revenues (net of discounts and credits) for FY 2015.

According to State law, property owners are permitted to pay real property taxes for a principal residence in semi-annual installments. However, homeowners may choose to pay in one installment on or before September 30 of each year to avoid a semi-annual service charge, if any, which may equal up to 1.5% of the second installment plus an additional 0.15% to cover the administrative costs of the semi-annual payment program. Specifically, Section 10-204.3 of the Tax-Property Article of the Annotated Code of Maryland allows a service charge to be imposed on the second installment of any property tax bill paid semi-annually, provided that the service charge is reasonably equivalent to the administrative cost of the program, and requires that any such service charge be adopted by the governing body as a part of the adoption of the property tax rate. For FY 2015, no service charge is being proposed. FY 2015 marks the 15th consecutive year the County has elected not to impose a semi-annual service charge. The Office of Budget and Finance advised that the additional revenue that would be generated by assessing the maximum fee would total approximately \$189,000.

With the affirmative vote of at least five members of the County Council, Bill 24-14 will take effect July 1, 2014.

Bills 26-14 through 34-14

Council District(s) All

Mrs. Bevins (By Req.)

Office of Budget and Finance

Borrowing Ordinances

The Administration is requesting approval of nine borrowing ordinances totaling approximately \$277.7 million to finance capital projects planned for the FY 2016 and 2017 biennial period. These ordinances will be subject to voter approval in the November 2014 election.

Fiscal Summary

Funding Source	Amount	Notes
County	\$ 277,699,000 ⁽¹⁾	⁽¹⁾ Included as a planned funding source for FY 2016, the first year of the FY 2016 to 2017 biennial capital budget period.
State	--	
Federal	--	
Other	--	
Total	<u>\$ 277,699,000</u>	

Analysis

The bonds will be issued as cash is needed to meet capital spending requirements. Current debt limits and projections through FY 2015 are within the debt guidelines recommended by the County's Spending Affordability Committee. Exhibit A outlines the bonds authorized and unissued to date. Annual debt service costs (principal and interest) will be incurred after the bonds authorized by these borrowing ordinances are issued; the bonds cannot be issued until after the Council appropriates the bond funding to the Capital Budget.

Based on a 3.5% effective interest rate (the estimated rate of current triple-A bond sales over a 20-year repayment term), the total estimated interest cost over the life of the bonds for the \$277.7 million of borrowing authority would total approximately \$102.1 million. However, actual interest rates and repayment periods may vary depending on market conditions at the time the bonds are sold. The County's last bond sale totaling \$230.3 million occurred on February 20, 2014 at an effective interest rate of 3.05% over a 20- to 30-year repayment term. The General Obligation (G.O.) bonds issued consisted of \$140.0 million in Consolidated Public Improvement (CPI) bonds, \$60.0 million in Metropolitan District bonds, and \$30.3 million in Metropolitan District Refunding Bonds. (General Obligation Bonds are generally repaid over a period of 20 years, and Metropolitan District Bonds are generally repaid over a period of 30 years.)

The nine borrowing ordinances are intended to finance capital projects planned for the FY 2016-2017 biennial period; however, the Office of Budget and Finance advised that, due to the timing of certain projects, the School borrowing ordinance (Bill 31-14) may be needed during FY 2015 for projects such as the construction of additional elementary seats for schools in the central and southwest areas and roof rehabilitation.

The nine bills propose borrowing for the following general purposes; details of proposed projects are included in the FY 2016-2020 Capital Program.

Bill 26-14 – Refuse Disposal - \$11,930,000

Refuse disposal projects include the construction, reconstruction, extension, acquisition, improvement, enlargement, alteration, closing and capping, repair and modernization of County refuse disposal facilities, including the acquisition and development of related sites, the related architectural and engineering services, and the acquisition and installation of related equipment and facilities.

Bill 27-14 – Community College - \$15,000,000

Community College projects include the acquisition, construction, reconstruction, extension, improvement, enlargement, alteration, maintenance, repair, modernization, and development of buildings and other improvements for the Community College; related architectural, engineering, and other services; and the acquisition of land, easements, rights-of-way, and any and all other related rights and privileges. Funds may also be used to study future needs and to acquire and install furnishings and necessary equipment.

Bill 28-14 – Public Works - \$46,370,000

Public Works projects include the construction, improvement, repair, opening, relocation, grading, resurfacing, widening, and extension of roads, streets, highways, alleys, sidewalks, storm drain systems, bridges, sewer systems, refuse disposal systems, viaducts, environmental projects, grade crossings, parking lots, and parking structures. Projects also include the acquisition of land, easements, rights-of-way, and all other related rights and privileges; the acquisition of equipment for the construction, maintenance, and repair of projects; and the planning, architectural, engineering, and other services related to such projects.

Bill 29-14 – Operational Buildings - \$28,500,000

Operational buildings projects include the construction, reconstruction, extension, acquisition, improvement, enlargement, alteration, repair, or modernization of operational buildings for general government, senior centers, health, recreation, police, fire, library, and jail buildings. Projects also include related architectural, engineering, and other services; the acquisition of interests in and to land, easements, rights-of-way, and any and all other rights and privileges; and related furnishings and equipment.

Bill 30-14 – Parks, Preservation and Greenways - \$4,000,000

Parks, preservation, and greenways projects include the acquisition, construction, improvement, alteration, repair, maintenance, and equipping of all playgrounds, public parks, community centers, and recreational facilities. Projects also include the acquisition and development of the sites for such projects; related engineering, architectural, and other services; and the acquisition, installation, maintenance, and repair of related equipment.

Bill 31-14 – School - \$157,899,000

School projects include the acquisition, construction, reconstruction, improvement, extension, alteration, repair, maintenance, conversion, and modernization of public school buildings and sites, other buildings and sites for school purposes, and buildings and sites that support school operations. Projects also include related drainage systems, architectural and engineering services, and recreational and educational equipment.

Bill 32-14 – Agricultural and Rural Land Preservation - \$2,000,000

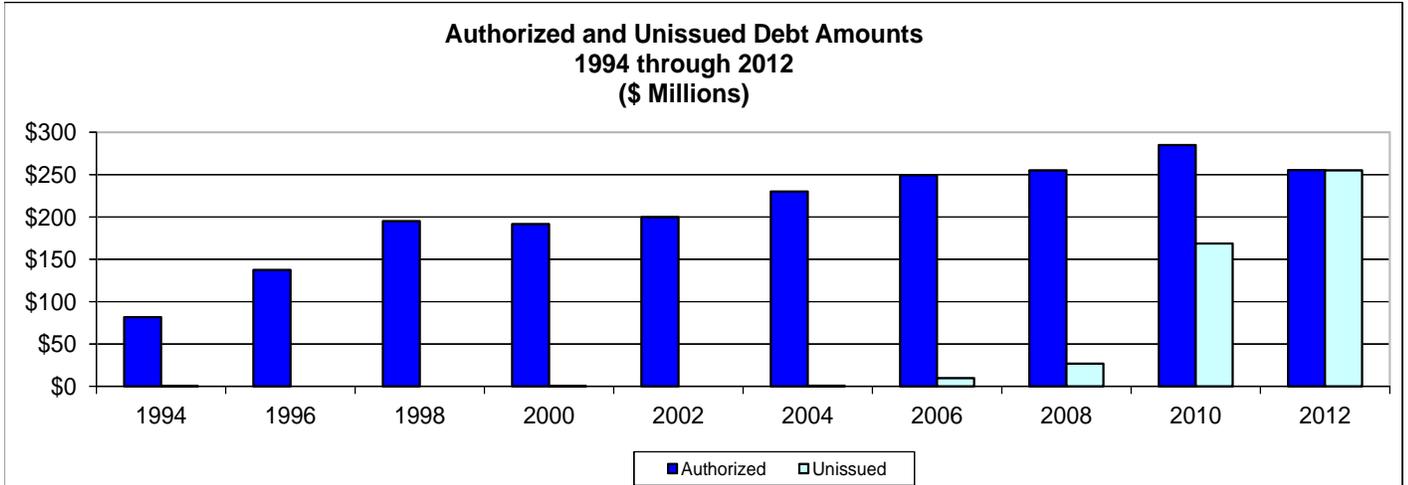
Agricultural and rural land preservation projects include the purchase of land, development rights, conservation easements, and other real property approved by the Baltimore County Council pursuant to the Maryland Agricultural Land Preservation Program and the Rural Legacy Program (or other similar federal or state programs).

Bill 33-14 – Community Improvement - \$10,000,000

Community improvement projects include the construction, renovation, extension, alteration, repair, or modernization of community improvements, including street curb, gutter, water, sewer and other utilities, and sidewalk improvements, pedestrian system improvements, interior and rear access improvements, landscaping and lighting improvements, and building and other structural improvements. Funds may also be used for the acquisition of land, easements, rights-of-way, and other related rights and privileges; for related engineering and other services; for the acquisition, installation and maintenance of equipment; and for loans, grants, or guarantees to reduce unemployment, retain existing industry and commercial enterprises, attract new industry and commercial enterprises, and encourage economic development.

Bill 34-14 – Waterway Improvement Program - \$2,000,000

Waterway improvement projects include the acquisition of land, easements, rights-of-way, and any other rights and privileges for the acquisition, construction, reconstruction, extension, alteration, repair, and modernization of waterway improvement projects. Projects include engineering and other services, shoreline stabilization, shore erosion control, wetland restoration, stream bank and riverbank restoration, stabilization and reconstruction, control and monitoring of nonpoint source pollutants, landscaping, dredging, planting of trees, and similar waterway improvement projects in residential, rural, and commercial areas. Funds may also be used for acquiring, installing, maintaining, and repairing equipment and for funding grants to accomplish waterway improvements.



(\$ Millions)												
Classification	1994	1996	1998	2000	2002	2004	2006	2008	2010	2012	Total	% Unissued
Streets, Bridges, Drains												
Authorized	\$10.773	\$29.734	\$72.001	\$53.131	\$67.658	\$79.385	\$74.503	\$84.400	\$68.113	\$55.874	\$595.572	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.000	13.851	68.113	55.874	137.838	23.1%
Refuse Disposal												
Authorized	9.550	0.000	0.000	0.000	2.250	1.710	5.360	0.360	6.114	0.760	26.104	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	2.115	0.360	6.114	0.760	9.349	35.8%
Community College												
Authorized	6.620	3.331	8.236	5.018	14.520	22.352	17.216	30.136	32.694	15.000	155.123	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	14.940	15.000	29.940	19.3%
Operational Buildings												
Authorized	0.000	4.070	16.869	41.138	29.106	27.122	54.929	13.400	37.787	23.148	247.569	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.916	23.148	28.064	11.3%
Parks, Preserv, Greenways												
Authorized	1.519	1.902	3.088	10.029	5.550	5.550	8.320	5.000	5.000	2.000	47.958	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.815	5.000	5.000	2.000	12.815	26.7%
Schools												
Authorized	48.217	89.625	85.000	71.579	71.675	78.661	72.543	105.204	104.528	148.875	875.907	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	55.972	148.875	204.847	23.4%
Agricultural Preservation												
Authorized	0.500	1.000	3.000	2.000	4.500	3.777	6.000	6.000	5.000	1.000	32.777	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.102	5.000	1.000	7.102	21.7%
Community Improvements												
Authorized	3.500	4.675	2.000	6.000	2.000	8.493	3.750	4.000	17.000	7.476	58.894	
Unissued	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.059	7.059	12.0%
Waterway Improvements												
Authorized	0.000	3.198	4.950	2.625	2.530	2.950	6.750	6.500	8.664	1.295	39.462	
Unissued	0.000	0.000	0.000	0.000	0.000	0.805	6.750	6.500	8.664	1.295	24.014	60.9%
Affordable/Elderly Housing												
Authorized	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	
Unissued	0.150	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.150	15.0%
TOTAL AUTHORIZED	\$81.679	\$137.535	\$195.144	\$191.520	\$199.789	\$230.000	\$249.371	\$255.000	\$284.900	\$255.428	\$2,080.366	
TOTAL UNISSUED	\$0.150	\$0.000	\$0.000	\$0.000	\$0.000	\$0.805	\$9.680	\$26.813	\$168.719	\$255.011	\$461.178	22.2%