

BALTIMORE COUNTY COUNCIL



BUDGET MESSAGE

Fiscal Year 2015 - 2016

May 21, 2015

**BALTIMORE COUNTY COUNCIL
BUDGET MESSAGE
FY 2016**

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SECTION I

BUDGET MESSAGE

On behalf of my fellow Councilmembers, it is once again my privilege to deliver today's budget decisions for Fiscal Year 2016 as Chair of the 16th Baltimore County Council.

Four years ago, my colleagues, Vicki Almond, Tom Quirk, David Marks, and I were newly elected members of the Baltimore County Council. None of us had ever held public office. And when we won our elections in 2010, we were replacing a Council that had been together for many years. We had all been active in our communities, but came from very different backgrounds and life experiences. While there was a bit of a learning curve and some growing pains, one thing we realized almost immediately is that we shared a similar idealism and enthusiasm for Baltimore County -- a sincere desire to bring forth fresh ideas and to make things better in our communities, our Districts, and of course Baltimore County as a whole.

If our newness in office was not challenging enough, it was also apparent early in our first term that Baltimore County faced a very difficult financial situation, with the country still feeling the effects of a recession. In response, we followed a course similar to that of our predecessors. We did not panic, and we recognized the need to provide the essential services our constituents deserve and demand – a top-notch education for our children in a safe environment, reliable and well-equipped public safety services, community preservation, and the repair or replacement of our County's aging infrastructure. All of these necessities cost a great deal of money and there is only so much revenue from which to draw to pay for them. This reality was made even more difficult by the downturn in the real estate market and the economy as a whole, which resulted in a decrease in County revenues and the

challenge to “do more with less” – a recurring theme over the next several years. Nonetheless, we were able to fully fund these services each and every year without tax increases, without furloughs or layoffs to County employees, without depleting the rainy day fund, and without risk to the County’s triple AAA bond rating.

During the past four years, this Council also pursued a number of important policy objectives.

We heard from communities of their frustration with the Planned Unit Development process, especially their lack of input on the front end of that process. We listened and passed legislation that requires a community input meeting and preliminary review by County agencies to occur before a PUD Resolution is introduced by the County Council and allowed to continue through the development process. The PUD application documents are also required to be posted on the Council’s website and citizens can keep track of the PUD through the development process on the Department of Permits, Approvals and Inspections’ website. For other development proposals, we approved the requirement that a community input meeting be held closer to the site of the project so that those persons most affected by the development have an easier opportunity to attend the meeting and voice their opinions. We also increased the notice time for Zoning hearings from 15 days to 20 days and mandated posting of notice on the County’s website, again with communities in mind so they would have better access to information about projects and hearings that might affect their neighborhoods, and more time to respond.

We also passed a number of public safety initiatives. This included requiring automated external defibrillators at all public pools and public beaches in the

County; strengthening the law pertaining to synthetic marijuana and similar synthetic chemical products targeted to our young people, in order to give police better tools to deal with this problem in our communities; prohibiting automated purchasing machines that buy electronic devices such as cell phones and tablets, also known as “reverse vending machines,” so as to combat the often random theft of cell phones from people on the street; regulating hookah lounges so their hours of operation are more in line with bars and restaurants; and prohibiting smoking at outdoor recreation and parks facilities such as playgrounds and tot lots, dog parks, and athletic fields.

Perhaps my proudest accomplishment of the last term was passing legislation to require criminal background checks for volunteers who interact with children in Baltimore County recreation and parks programs. Simply put, it was the right thing to do, and was an issue that our constituents felt very strongly about. The Bill we passed last year required the County to implement a policy by July 1, 2015, and we commend the County Executive for including \$330,000 to fund this policy in the FY 2016 budget. It is with great pleasure that we approve this funding, which fully funds the background checks rather than passing any of the costs on to the volunteers, or to the parents who register their children in various recreation and parks programs. We will also be voting during today’s Legislative Session to approve a contract with a vendor to conduct the background checks.

As we move on to the present and future, my colleagues and I from the last County Council are not so new anymore. Since the election last fall, there has been significant change in State and local government, and Baltimore County is no exception. We have three new members on the Council, and all bring different

experiences and viewpoints to the position – Wade Kach from District 3, Julian Jones from District 4, and Todd Crandell from District 7. Indeed, in just four short years, we've seen a total turnover of the Baltimore County Council. With this influx of new members and new ideas, we also see the opportunity for an even better Baltimore County moving forward.

We applaud our predecessors and past administrations for setting the framework, through fiscal responsibility and a forward-thinking approach to good government. But we also know that there is always room for improvement, and we recognize the need to adapt. Almost immediately at the onset of this term, this Council unanimously passed legislation to establish an Animal Services Advisory Commission to advise the Council and County Executive on issues related to animal welfare and to assist with improving the standards, training and volunteer opportunities at the County's animal shelter. This is but one example of embracing change, and working collaboratively to ensure that Baltimore County government is responsible in its service to the citizens and will continue to be a model of excellence to other jurisdictions.

As the national economy continues to recover and our State and local economic climate improves, the obvious question is, "Where do we go from here?" Or more specifically, "What are the next steps to help reach our County's full potential?"

As County Executive Kamenetz explained in his Budget Message last month, Baltimore County utilizes sound and responsible fiscal policies, combined with what he termed "smart government," to have the ability to invest County dollars in other

worthwhile areas. Rather than raising revenues through tax increases, we instead operate within our means and stretch those dollars as much as possible – something our citizens do in their own lives everyday. With the FY 2016 Budget, we continue to endorse this approach. Today, we adopt an operating budget of just over \$3 billion, which includes a general fund budget of \$1.95 billion. And we do so once again with a property tax rate that has not increased for the 27th consecutive year, and an income tax rate that is unchanged for the 23rd consecutive year.

In assessing the services that are most essential to the continued growth and success of Baltimore County, naturally, we start with the well-being of our school system. Educating our children is a shared responsibility between the government, parents, and the entire community, and the Council's specific role is to provide the public funding needed to ensure that our children have the brick-and-mortar facilities, together with the learning resources, to be successful. For the County's schools, we provide funding today above the maintenance of effort level in the amount of \$824 million – almost half of the County's General Fund operating budget, which includes \$34 million in PAYGO funds and an increase of nearly \$44 million from last year's budget. This includes a 5% increase in teacher salaries and a 3% increase for all other school system employees. We have also added 126 new positions to the system.

Additionally, we provide the school system with:

- \$3.2 million toward security enhancements, including replacing card readers at front doors and installing additional card readers to other entrances in elementary schools, and replacing older security cameras in all middle and high schools; and
- Nearly \$30 million for “Students and Teachers Accessing Tomorrow” or S.T.A.T., a BCPS initiative to provide a laptop–tablet combination to teachers and students and incorporate digital resources into the curriculum.

State law mandates that we appropriate a certain level of funding to the school system each year – that is, the maintenance of effort level. This Council has always done so and this year, once again, we exceed the maintenance of effort level. Although the State of Maryland limits our options with regard to funding of the school system, we accept this responsibility, even though we have little say in terms of accountability. We recognize the work of the Superintendent and the Board of Education, and the positive impact that education can have on our children and our community – it can literally be a game-changer for a family. In fact, we get to see the value of education each and every spring. At the commencement ceremonies later this month, more students will graduate from our high schools than ever before, and a number of these young adults will be the first in their families to go to college. A few generations ago, a high school diploma may have been enough to land a decent job and support a family. Now, it often takes more – a college degree, specialized training, or a skill set learned in a trade school is nearly essential to being marketable and competitive in today’s global and 21st century workforce.

We are fully supportive of both BCPS and the Community College of Baltimore County and their efforts to graduate students equipped with skills needed to be successful.

But we caution that all of the parties must be on the same page. The funding of our school system is, by law, a shared responsibility – shared between the State government and county governments. The other partner in this shared responsibility is the school system itself. In order for this partnership to work, there needs to be communication between the parties.

In last year's Budget Message, the County Executive announced the *Schools for Our Future* program – and the Council approved the first phase of an unprecedented funding initiative for county schools. The program, set to allocate \$1.3 billion over a ten year period, is based on the enrollment needs and projections put forth by BCPS. Even in his Budget Message just last month, Mr. Kamenetz reiterated the County's commitment to *Schools for Our Future*. However, recently, BCPS changed the methodology for its 10-year enrollment projections, without consulting or communicating this change to the Executive or the County Council. This new methodology changes enrollment projections at many of the County's schools, which could have ripple effects across the system.

As a result, we've been informed that the Administration will need to re-evaluate its previous plans regarding future school construction and additions, and will be hiring a consultant to review the BCPS methodologies to determine which one is the most accurate. This is both time and money that could be better spent elsewhere if there had been a more timely flow of information from BCPS. It is a

cumbersome development, so we remind the public school system that it must communicate and cooperate with both branches of County Government if the *Schools for Our Future* program is to be successful, and if the shared goal of properly educating our children is to be realized.

Beyond education, the future growth and success of the County depends on continued economic development and opportunity. The projects we have approved in Towson alone, as well as other areas of the County, are bringing in much needed investment. The Metro Centre in Owings Mills – the first Transit Oriented Development in Baltimore County – and Foundry Row are becoming more of a reality day by day. My hope, with the potential of a new MARC station, is that the second Transit Oriented Development in Baltimore County will be located in Middle River in the not-too-distant future to supplement the economic growth activity along the MD Route 43 corridor.

The re-development of Sparrows Point will also be a barometer of the future growth and opportunity in the County. With potential environmental issues and other uncertainties to contend with, it is difficult to forecast exactly what that area will look like in the next 5, 10, or even 20 years; but with its existing infrastructure and easy access to interstates, the Port of Baltimore, and the Chesapeake Bay, we can all agree that great possibilities exist. With creative thinking and actions on the part of State and local officials, including this Council, the best days of Sparrows Point – even with its storied past – should lie ahead. While we can look fondly and nostalgically at its Bethlehem Steel legacy, we should also look forward. Perhaps it can be transformed into a new model – a hub of technology and innovation.

I should also mention that we are also extremely pleased with the announcement last month that McCormick and Company has chosen to keep its headquarters in Baltimore County. The Council appreciates the efforts of the County Executive and his economic development staff in helping to retain McCormick, a major Baltimore County employer and global business leader. We believe this is just the latest indication of the tremendous opportunities that exist for both small businesses and large companies in Baltimore County.

We have passed legislative initiatives that have fostered smart growth and reasonable development of the County. In addition, the decisions we make in the upcoming Comprehensive Zoning Map Process will lay a further blueprint for what the County will look like, both residentially and commercially, in the years to come.

The public library is also taking on an important role in economic development by assisting people who are seeking work – those who are entering for the first time and those trying to re-enter the job market to once again become a part of the economic growth of the County. This includes a partnership with the Department of Economic and Workforce Development to develop the County's businesses and workforce, and possibly locating satellite workforce development offices in library branches to enhance career development and entrepreneurship; providing literacy development and educational opportunities for all County residents and developing further partnerships with the community college and the school system; and helping the homeless population by assisting with job resources and information regarding available social services, as well as looking into ways to help veterans. This is an

important part of our effort to provide help to the disadvantaged to assist them in coming back into the workforce; not only does it improve people's lives, it also has the practical effect of stimulating the economy to enhance the future well-being of the County.

We are extremely supportive of the County's efforts to provide help to those who need it most – people who literally do not have a place to live or enough food to eat. We continue to approve funding to ensure their well-being. Today, we continue to support the important efforts of the County's Homeless Outreach Street Team and the Maryland Food Bank. We also approve \$24 million for construction of the new Eastern Family Resource Center on the grounds of Franklin Square Hospital, and we approve the Executive's proposal for a \$100,000 increase in emergency funds for the Department of Social Services' cold weather emergency programs, including shelters, warming centers, and utility assistance.

It is one thing to talk about funding and compassion for those less fortunate, but it is something else to actually see what a difference the funding and the volunteers make in people's lives. Last month, at our April 20th Legislative Session, we had the privilege to hear from a courageous woman who spoke before us as part of the Baltimore County Communities for the Homeless rally in Towson. She is a single parent who moved to the Baltimore area last October. Before moving to this area, she had the misfortune to lose her car, her job, be diagnosed with breast cancer, and undergo a double mastectomy – all in one month. After moving to the area, she was unable to find stable housing for herself and her son and daughter, while also managing her own recovery. Although the Eastern Family Resource

Center gave her much needed shelter, it was not conducive to her continued treatment. She connected with the Neighbor-to-Neighbor coalition and found stable housing for herself and her family, and indicated she was finally able to get above water and start living life. For the first time in 5 or 10 years, she said she looks forward to the future. Her message to us was as simple as it was persuasive – to continue funding programs like Neighbor-to-Neighbor because there are hard-working people out there like her that just need some help. I was personally touched by her story and so my message back to her, on behalf of my colleagues, is we will continue to do just that.

Public safety is also a vital component of economic growth. The confidence that residents and business owners have, that they and their loved ones will be protected and their property secure, is an important factor in determining where businesses want to locate and people want to live. In Baltimore County, we have public safety agencies that instill such confidence daily. Whether in Catonsville, Randallstown, Hunt Valley, Rosedale, Edgemere, and everywhere in between, our Police and Fire Departments exhibit the highest professionalism, and they get results. Criminals know that if they commit a crime in Baltimore County, they will be caught and prosecuted. This reality has helped reduce crime, especially violent crimes, to near-historic low levels. Our Fire Department is unmatched as well. In the last several budgets, we have approved millions of dollars in funding for engines, medic units, and other apparatus to help the men and women in that department do the best job possible to protect and serve our citizens. We are also grateful for the

work of the Volunteer Fire Companies and recognize their dedication to safety in our communities. For FY 2016, we approve funding to increase monthly LOSAP benefits by \$15 to \$290, and the hourly rate for advanced life support services by \$7 to \$10 for the Attended Status program.

Today, we continue the commitment of fully funding these agencies. We appropriate \$212.6 million to the Police Department, including \$198.5 million in General Funds. We also appropriate \$94 million to the Fire Department, including \$7.5 million for Volunteer Company programs, as well as \$800,000 to staff four new medic units at the Golden Ring, Middle River, Pikesville, and Woodlawn stations. I would be remiss if I did not recognize our 911 department and operators for their contributions to our safety and well-being. In an emergency, these men and women are the first people spoken to by victims and witnesses. They work difficult schedules in highly stressful environments and must make quick judgments in every phone call they receive. The Police and Fire Departments could not do the jobs they do without the great work of 911.

Turning to the capital budget, we are pleased to approve today the appropriation of \$375 million for consolidated public improvements in Baltimore County. This represents a significant investment in our infrastructure, an investment we also believe is vital to a strong local economy. We must have new and improved buildings, roads, bridges, and recreation facilities if we are to continue to prosper economically and attract businesses and new residents. While over 40 percent of these funds are committed to projects for the public schools, the capital budget also includes:

- \$76 million for various County building projects, as well as “Operational Excellence” projects through the Office of Information Technology;
- \$40 million for streets and highways projects, including \$24.7 million for bulk roadway resurfacing;
- \$28 million for community improvements, including \$24 million for construction of the new Eastern Family Resource Center;
- \$23.4 million for the Community College, including \$10.3 million for the Health Careers and Tech Building at the Essex campus, and \$3.4 million for the Math and Science Hall renovation and addition at the Catonsville campus;
- \$16.2 million for storm drains projects and \$10.9 million for various waterway improvement projects;
- \$10.3 million for recreation projects, including funding for Carver and Merritt Point Park turf fields and the new Eastfield Community Center in Dundalk;
- \$8.4 million in various bridge projects; and
- \$2.5 million for land preservation, including the Agricultural Preservation program and the Rural Legacy program.

The capital budget we approve today also provides the school system with the following:

- \$80 million for the much needed renovations to Woodlawn, Dulaney, Lansdowne, and Patapsco high schools;
- \$44.9 million for construction of the new Catonsville, Westowne, and Relay elementary schools, and an addition to Westchester elementary;

- \$16.3 million for various roof replacement projects at Chesapeake and Parkville High Schools, Hereford Middle School, Essex, Hillcrest, Middlesex, and Woodmoor Elementary Schools, and Catonsville Alternative Center, Ridge Ruxton School, and Rosedale Center;
- \$10.3 million in State funds – forward funded by the County – for renovations to Dumbarton Middle School; and
- \$2.8 million for design of a new elementary school in the Northeast region, which is in addition to funds appropriated last year for a new 700 seat elementary school to replace Victory Villa Elementary in Middle River.

These capital improvements for the school system constitute a continuation of the *Schools for Our Future* program to modernize our schools and address overcrowding and rising enrollment. Assuming the County and BCPS can resolve the enrollment projections issue I referenced earlier, our total investment in County schools from 2011 through 2021 is slated to be \$1.3 billion. By the end of that decade, we will have renovated or replaced our existing schools – addressing air conditioning - eliminated all current and projected overcrowding, and planned for surplus seats to accommodate future growth.

Certainly, government plays an important role in the prosperity and quality of life that we all enjoy in Baltimore County. But it is not just the institutions of government that play this role – it is really the men and women who work in County Government every day that contribute significantly to the great life that we often take for granted. When it snows and you need to get to work the next day, those roads are cleared; when your kids have rec and parks events in a gym, ballfield, or park,

the lights go on, the fields are mowed, and the facilities are clean; when you spend a Saturday cleaning out the house or doing yard work, the landfills are open for trash and debris and employees are there to help; when citizens have any need for assistance, either in person or on the phone, County employees respond and do whatever they can to help. Today, I thank each and every County employee for their service. Some get more recognition than others, but understand, every employee is valued and appreciated for their service. Last year, we approved a one-time three percent bonus for County employees, and we continue to show our appreciation by also approving funding for a three percent cost of living raise for fiscal year 2016.

Of course, I would also be remiss if I did not thank the County Auditor's office and the County Council staff for their hard work during this budget process. Each year at this time, the Auditor's office is our eyes and ears and undertakes a comprehensive review of the County Budget; they make our job of assessing the needs of each agency much easier. We thank the Auditor, Lauren Smelkinson, and her staff for their great work.

During our budget deliberations, a number of other specific matters came to our attention that warrant brief comment. These comments are set forth in Section IV of this Budget Message.

Over the next four years, our goal is to continue to work effectively with the County Executive and his Administration, and to chart the best course possible for Baltimore County. The shared equal roles of the Legislature in formulating policy and the Executive in implementing and managing those decisions are the

benchmark of what makes our system work so well. As with everything meaningful in life, there are challenges that abound and the future is uncertain. I firmly believe that by working together, collaboratively, and with a view toward what lies ahead, we have the resources in this County to do great things. On behalf of my colleagues on the County Council, we are privileged to represent the citizens of Baltimore County and eager to continue that work.

Respectfully submitted,

A handwritten signature in black ink that reads "Cathy Bevins". The signature is written in a cursive, flowing style.

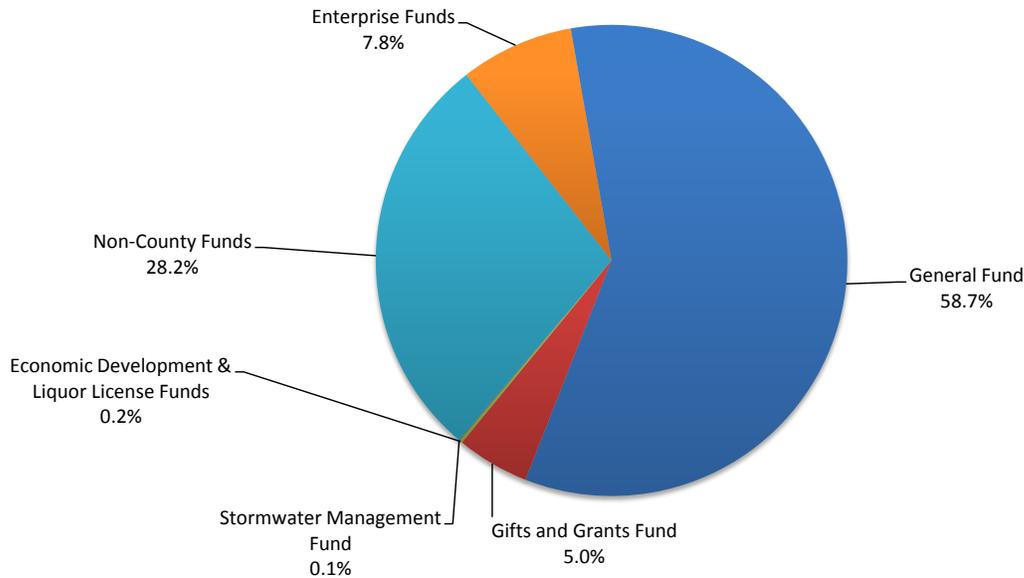
Cathy Bevins, Chair
Baltimore County Council

SECTION II

OPERATING BUDGET

OPERATING BUDGET

Total Government-Wide



Operating:	FY 2015	FY 2016	Amount of Increase (Decrease)
Appropriations:			
General Fund	\$ 1,864,941,635	\$ 1,951,782,630	\$ 86,840,995
Gifts & Grants Fund	168,210,714 ⁽¹⁾	166,093,099	(2,117,615)
Liquor License Fund	716,649	722,691	6,042
Stormwater Management Fund	2,645,040	1,808,250	(836,790)
Economic Development Revolving Financing Fund	<u>8,200,000</u>	<u>6,200,000</u>	<u>(2,000,000)</u>
Total Operating Budget Appropriations	2,044,714,038	2,126,606,670	81,892,632
Other Budget Authorizations:			
Non-County Funds ⁽²⁾	<u>900,857,818</u>	<u>938,164,102</u>	<u>37,306,284</u>
Total Operating Budget	2,945,571,856	3,064,770,772	119,198,916
Enterprise Funds ⁽³⁾	<u>250,654,752</u>	<u>258,795,033</u>	<u>8,140,281</u>
Total Government-Wide	<u>\$ 3,196,226,608</u>	<u>\$ 3,323,565,805</u>	<u>\$ 127,339,197</u>

⁽¹⁾ Adjusted for approximately \$3.2 million in grant funds appropriated as of May 18, 2015 not reflected in the Executive's budget documents.

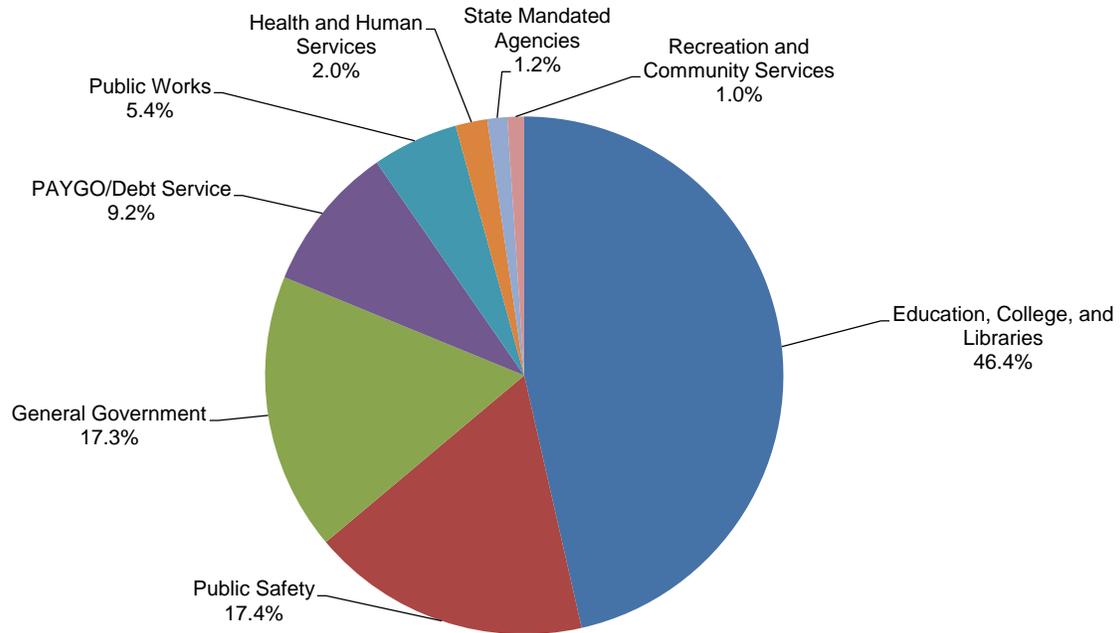
⁽²⁾ Federal, State and other funds received by BCPS, CCBC, BCPL, and the Department of Social Services.

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

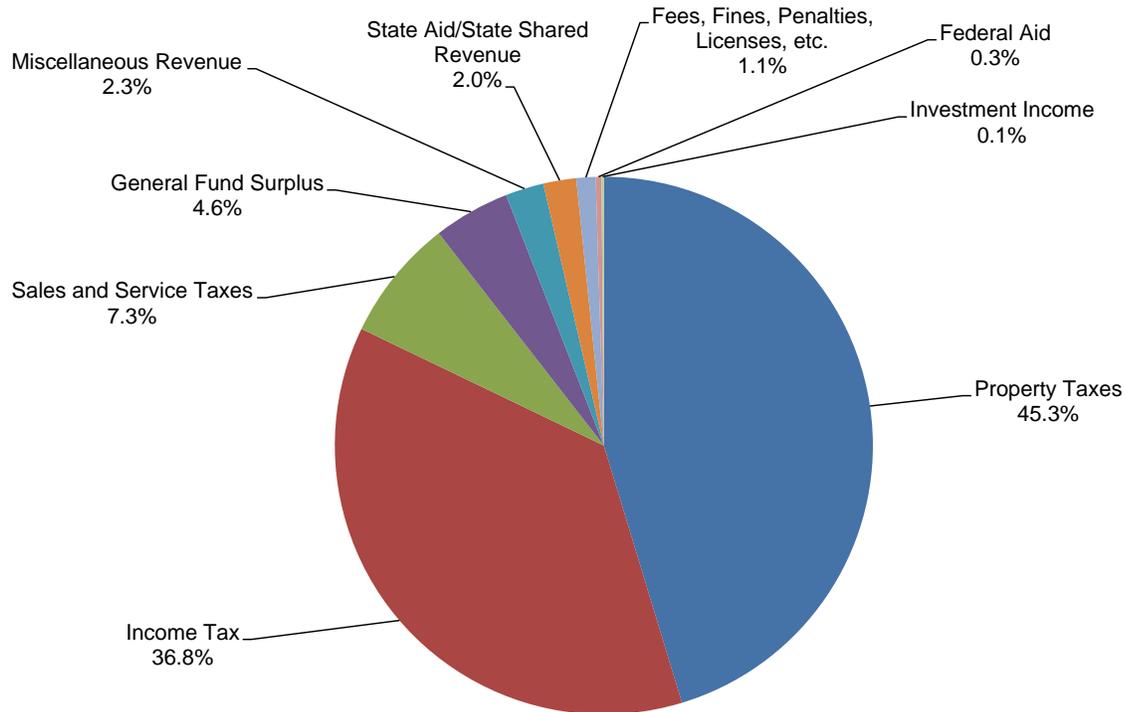
GENERAL FUND OPERATING BUDGET

FY 2016

SERVICES PROVIDED



SOURCES OF FINANCING



GENERAL FUND OPERATING BUDGET

FY 2016

SERVICES PROVIDED

	Amount	% of Total
Education, College, and Libraries	\$ 906,386,872	46.4%
Public Safety	340,287,445	17.4%
General Government	338,013,886	17.3%
Capital (PAYGO)/Debt Service ⁽¹⁾	179,003,267	9.2%
Public Works	104,873,066	5.4%
Health and Human Services	38,614,320	2.0%
State Mandated Agencies	24,179,050	1.2%
Recreation and Community Services	20,424,724	1.0%
Total Adopted Budget	<u>\$ 1,951,782,630</u>	<u>100% *</u>

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

SOURCES OF FINANCING

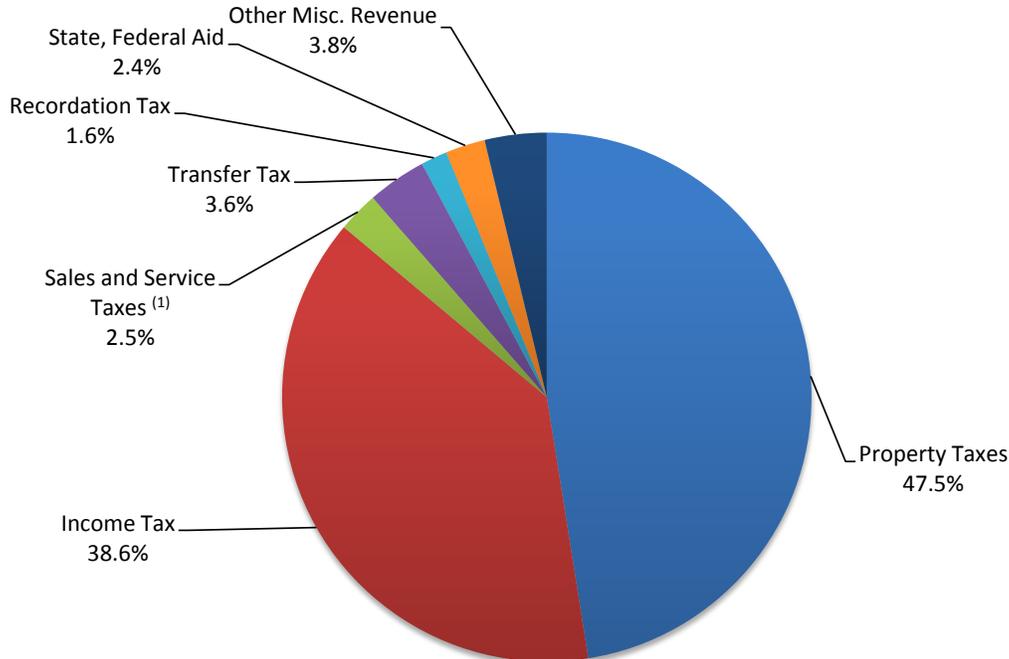
	Amount	% of Total
Property Taxes	\$ 884,330,446	45.3%
Income Tax	718,939,400	36.8%
Sales and Service Taxes	143,320,000	7.3%
General Fund Surplus	89,648,193	4.6%
Miscellaneous Revenue	44,985,800	2.3%
State Aid/State Shared Revenue	38,562,336	2.0%
Fees and Other Charges	11,801,800	0.6%
Federal Aid	6,664,100	0.3%
Fines and Penalties	5,927,050	0.3%
Licenses and Permits	4,841,920	0.2%
Investment Income	2,761,585	0.1%
Total	<u>\$ 1,951,782,630</u>	<u>100% *</u>

* Difference due to rounding.

GENERAL FUND REVENUES

\$ in Millions

FY 2016 Budget



Source	FY 2014 Actual	FY 2015 Estimate	FY 2016 Forecast	Change		FY 2016 Budget
				\$	%	
Property Taxes	\$ 853.3	\$ 865.0	\$ 878.8	\$ 13.8	1.6%	\$ 884.3
Income Tax	667.9	690.0	708.0	18.0	2.6%	718.9
Sales and Service Taxes	44.4	44.4	44.4	0.0	0.0%	46.3
Transfer Tax	53.6	66.0	68.8	2.8	4.2%	67.0
Recordation Tax	26.4	30.5	32.8	2.3	7.5%	30.0
State, Federal Aid	43.5	42.0	44.2	2.2	5.2%	45.2
Other Misc. Revenue	39.3	43.3	45.0	1.7	3.9%	45.0
Service Charges	11.1	11.1	11.5	0.4	3.6%	11.8
Investment Income	1.0	1.0	1.0	0.0	0.0%	2.8
Licenses & Permits	4.9	4.9	5.0	0.1	2.0%	4.8
Fines/Forfeitures	5.1	5.1	5.4	0.3	5.9%	5.9
Total	\$ 1,750.6 *	\$ 1,803.3 ⁽²⁾	\$ 1,844.9 ⁽³⁾	\$ 41.6	2.3%	\$ 1,862.1 ⁽⁴⁾ *

⁽¹⁾ Excludes Transfer and Recordation Taxes, which are shown separately.

⁽²⁾ Represents the Office of the County Auditor FY 2015 estimate, which is slightly below the Office of Budget and Finance FY 2015 estimate by \$137 thousand.

⁽³⁾ Represents the Office of the County Auditor FY 2016 forecast.

⁽⁴⁾ The FY 2016 budget is represented in the pie chart above; budgeted revenues reflect an increase of \$58.7 million, or 3.3%, over the Office of Budget and Finance FY 2015 revenue estimate of \$1,803.4 million.

* Difference due to rounding.

GENERAL FUND SURPLUS

<u>Unappropriated Surplus</u>	<u>FY 2015 Estimate</u>	<u>FY 2016 Forecast ⁽¹⁾</u>	<u>FY 2016 Budget ⁽²⁾</u>
Beginning Balance	\$ 277,532,401	\$ 208,095,279	\$ 208,232,683
Estimated Revenues	1,803,300,000 ⁽³⁾	1,844,927,500	1,862,134,437
Prior Year Liquidations	550,000		
Estimated Expenses	<u>(1,869,141,635) ⁽⁴⁾</u>	<u>(1,951,782,630)</u>	<u>(1,951,782,630)</u>
Current Year Savings/Deficit	<u>(65,291,635)</u>	<u>(106,855,130)</u>	<u>(89,648,193)</u>
Available Surplus	212,240,766	101,240,149	118,584,490
RSRA ⁽⁵⁾ Transfer	<u>(4,145,487)</u>	<u>(3,774,452)</u>	<u>(3,774,452)</u>
Year-End Surplus	<u>\$ 208,095,279</u>	<u>\$ 97,465,697</u>	<u>\$ 114,810,038</u>
% of Budgeted Revenue (est.)	11.7%	5.2%	6.2%

<u>RSRA ⁽⁵⁾</u>	<u>FY 2015 Estimate</u>	<u>FY 2016 Forecast</u>	<u>FY 2016 Budget</u>
Beginning Balance	\$ 85,186,783	\$ 89,332,270	\$ 89,332,270
Investment Income	4,145,487	3,774,452	3,774,452
RSRA Transfer (5%)	<u>0</u>	<u>0</u>	<u>0</u>
Year-End Reserve	<u>\$ 89,332,270</u>	<u>\$ 93,106,722</u>	<u>\$ 93,106,722</u>
% of Budgeted Revenue (est.)	5.0%	5.0%	5.0%

<u>Year-End Surplus</u>	<u>FY 2015 Estimate</u>	<u>FY 2016 Forecast</u>	<u>FY 2016 Budget</u>
Total Year-End Surplus	<u>\$ 297,427,549</u>	<u>\$ 190,572,419</u>	<u>\$ 207,916,760</u>
% of Budgeted Revenue (est.)	16.7%	10.2%	11.2%

⁽¹⁾ Represents the Office of the County Auditor FY 2016 forecast.

⁽²⁾ Represents the Office of Budget and Finance FY 2016 forecast.

⁽³⁾ Represents the Office of the County Auditor FY 2015 estimate.

⁽⁴⁾ Reflects an expected \$11.3 million supplemental appropriation offset by \$7.1 million in estimated reversions according to the Office of Budget and Finance.

⁽⁵⁾ Revenue Stabilization Reserve Account.

SPENDING AFFORDABILITY GUIDELINE

	FY 2015	FY 2016
General Fund Budget Appropriations	\$ 1,862,304,046	\$ 1,951,782,630
Planned General Fund Supplemental Appropriations	13,937,589	-
Estimated Final Spending	\$ 1,876,241,635 (A)	\$ 1,951,782,630
 General Fund Exclusions:		
Local Matching Appropriations		
Local Matching Funds	(6,053,080)	(6,191,223)
Capital Project Appropriations		
PAYGO	(51,223,665)	(101,385,266)
Reserve Fund Appropriations		
Contingency Reserve	(16,669) ⁽¹⁾	(1,000,000)
One-Time-Only Appropriations		
Appropriations in Excess of COLA Phase-In		(38,033,212) ⁽²⁾
Employee Bonus	(39,944,384)	
Fire and Corrections Employee Bonus	(93,972)	
Appropriations in Excess of OPEB ARC Phase-In	(5,667,200)	
Planned General Fund Supplemental Appropriation - Snow	(11,300,000)	
Baltimore County Public Schools	(11,900,362) ⁽³⁾	(6,654,211) ⁽³⁾
Total Exclusions	(126,199,332) (B)	(153,263,912)
Base Spending (A - B)	\$ 1,750,042,303 (C)	\$ 1,798,518,718
Personal Income Growth Factor	1.0350 (D)	
Spending Guideline (C x D)	\$ 1,811,293,784	
Under (Over) Guideline		\$ 12,775,066

⁽¹⁾ Adjusted to reflect BATs 15-02 and 15-04, which transfer \$483,331 and \$500,000, respectively, from the Contingency Reserve and will be presented for Council approval on June 1, 2015.

⁽²⁾ FY 2016 is the first year of a 4-year phase-in for recognizing FY 2016 COLA growth under the guideline; at least 25% of the FY 2016 amount budgeted for employee COLA shall be considered spending subject to the FY 2016 guideline.

⁽³⁾ Reflects one-time BCPS costs excluded from the State's maintenance of effort requirement.

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2015 Adjusted Appropriation	FY 2016 Proposed Budget	FY 2016 Budget Reductions	FY 2016 Adopted Budget
Office of the County Executive	\$ 1,015,938	\$ 1,060,184	--	\$ 1,060,184
Circuit Court	\$ 4,578,614	\$ 4,732,087	--	\$ 4,732,087
Orphans' Court	\$ 228,295	\$ 229,146	--	\$ 229,146
Board of Elections	\$ 4,226,393	\$ 6,049,706	\$ 800,000	\$ 5,249,706
<u>Office of Budget and Finance</u>				
Budget Formulation & Administration	\$ 1,248,073	\$ 1,288,304	--	\$ 1,288,304
Financial Operations	4,105,459	4,171,725	--	4,171,725
Pay Systems	271,085	248,765	--	248,765
Investment & Debt Management	367,133	378,608	--	378,608
Insurance Administration	1,005,271	1,018,302	--	1,018,302
Purchasing & Disbursements	1,303,044	1,347,865	--	1,347,865
Total Office of Budget and Finance	\$ 8,300,065	\$ 8,453,569	--	\$ 8,453,569
<u>Administrative Officer</u>				
General Administration	\$ 1,337,089	\$ 1,448,545	--	\$ 1,448,545
Baltimore Metropolitan Council	146,363	146,363	--	146,363
Total Administrative Officer	\$ 1,483,452	\$ 1,594,908	--	\$ 1,594,908
Department of Corrections	\$ 35,752,391	\$ 35,868,066	--	\$ 35,868,066
State's Attorney	\$ 8,579,206	\$ 8,613,397	--	\$ 8,613,397
Vehicle Operations & Maintenance	\$ 228,350	\$ 222,370	--	\$ 222,370
<u>Office of Law</u>				
General Legal Services	\$ 2,536,761	\$ 2,281,683	--	\$ 2,281,683
Legislative Relations	315,821	313,478	--	313,478
Total Office of Law	\$ 2,852,582	\$ 2,595,161	--	\$ 2,595,161
<u>Department of Planning</u>				
Community Development	\$ 2,116,846	\$ 2,174,568	--	\$ 2,174,568
Administrative Hearing Office	394,564	425,167	--	425,167
People's Counsel	189,490	191,399	--	191,399
Neighborhood Improvement	513,268	522,912	--	522,912
Total Department of Planning	\$ 3,214,168	\$ 3,314,046	--	\$ 3,314,046

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2015 Adjusted Appropriation	FY 2016 Proposed Budget	FY 2016 Budget Reductions	FY 2016 Adopted Budget
Office of Human Resources	\$ 3,281,435	\$ 3,716,722	--	\$ 3,716,722
Emergency Communications Center	\$ 12,175,052	\$ 12,258,077	--	\$ 12,258,077
<u>Police Department</u>				
Office of the Chief	\$ 3,729,421	\$ 3,671,696	--	\$ 3,671,696
Administrative & Technical Svs. Bureau	24,312,032	24,331,812	--	24,331,812
Criminal Investigation Division	23,588,058	23,627,296	--	23,627,296
Vice/Narcotics Section	8,614,857	8,918,036	--	8,918,036
Operations Bureau	117,021,097	118,749,136	--	118,749,136
Operations Support Services Division	13,841,414	14,381,065	--	14,381,065
Community Resources Bureau	3,385,764	3,472,729	--	3,472,729
School Safety	1,362,175	1,362,175	--	1,362,175
Total Police Department	\$ 195,854,818	\$ 198,513,945	--	\$ 198,513,945
<u>Fire Department</u>				
General Administration	\$ 986,313	\$ 993,130	--	\$ 993,130
Investigative Services	1,760,930	1,754,577	--	1,754,577
Alarm & Communication System	965,109	975,869	--	975,869
Field Operations	78,967,129	79,583,360	--	79,583,360
Office of Homeland Security/Emerg. Mgmt.	161,223	167,070	--	167,070
Field Operation Administration	1,512,132	1,443,262	--	1,443,262
Fire/Rescue Academy	1,365,223	1,249,297	--	1,249,297
Contributions Volunteer Fire	7,007,201	7,480,792	--	7,480,792
Total Fire Department	\$ 92,725,260	\$ 93,647,357	--	\$ 93,647,357
<u>Permits, Approvals and Inspections</u>				
General Administration	\$ 1,532,626	\$ 1,614,527	--	\$ 1,614,527
Electrical Licensing & Regulation	17,293	17,425	--	17,425
Plumbing Licensing Regulation	28,755	28,975	--	28,975
Real Estate Compliance	845,821	876,146	--	876,146
Development Review	935,637	951,231	--	951,231
Inspections & Enforcement	4,628,453	4,647,580	--	4,647,580
Permits and Licenses	706,363	753,742	--	753,742
Total Permits, Approvals and Inspections	\$ 8,694,948	\$ 8,889,626	--	\$ 8,889,626
County Sheriff	\$ 5,516,864	\$ 5,095,976	--	\$ 5,095,976
<u>Property Management</u>				
Administration	\$ 1,159,284	\$ 1,261,479	--	\$ 1,261,479
Building Maintenance	7,913,104	8,436,682	--	8,436,682
Building Operations & Management	17,292,055	17,064,607	--	17,064,607
Maintenance of Grounds & Recreation Sites	6,411,549	7,165,790	--	7,165,790
Total Property Management	\$ 32,775,992	\$ 33,928,558	--	\$ 33,928,558

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2015 Adjusted Appropriation	FY 2016 Proposed Budget	FY 2016 Budget Reductions	FY 2016 Adopted Budget
<u>Health Department</u>				
General Administration	\$ 2,551,476	\$ 2,700,435	--	\$ 2,700,435
Center-Based Services	3,081,970	2,936,630	--	2,936,630
Acute Communicable Disease Control	1,272,557	1,293,426	--	1,293,426
Environmental Health Services	2,282,968	2,305,113	--	2,305,113
Healthcare Access	983,215	1,063,558	--	1,063,558
Animal Services	2,260,631	3,151,266	--	3,151,266
Human Relations	161,223	-	--	-
Child, Adolescent & School Health	1,023,020	1,041,375	--	1,041,375
Prenatal & Early Childhood	1,596,214	1,670,673	--	1,670,673
Home Health Services	1,461,820	1,432,531	--	1,432,531
Eval. & Long Term Care Case Management	1,891,611	1,940,972	--	1,940,972
Community Medical Assistance Programs	1,083,969	1,141,336	--	1,141,336
Dental Health Services	850,947	873,296	--	873,296
Total Health Department	\$ 20,501,621	\$ 21,550,611	--	\$ 21,550,611
<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
Human Relations	-	149,842	--	149,842
Emergency Funds	750,000	850,000	--	850,000
Domestic Violence/Sexual Assault	127,260	127,260	--	127,260
Day Resource Center	208,613	182,722	--	182,722
In-Home Care Program	216,183	219,124	--	219,124
Adult Services	1,211,149	1,240,994	--	1,240,994
General Administration	1,404,561	1,476,597	--	1,476,597
Children's Services	447,251	478,250	--	478,250
Family Investment Division	1,036,524	1,098,557	--	1,098,557
Family Services	1,346,110	1,427,629	--	1,427,629
Total Department of Social Services	\$ 7,292,651	\$ 7,795,975	--	\$ 7,795,975
<u>Community College of Baltimore County</u>				
Instruction	\$ 21,001,556	\$ 21,115,397	--	\$ 21,115,397
Public Services	108,629	135,031	--	135,031
Academic Support	3,748,690	4,503,156	--	4,503,156
Student Services	3,167,877	4,117,605	--	4,117,605
Institutional Support	7,258,962	7,598,992	--	7,598,992
Operation/Maintenance of Plant	3,826,219	3,734,597	--	3,734,597
Mandatory Transfers (Grants)	250,580	222,764	--	222,764
Debt Service	7,371,535	8,165,476	--	8,165,476
Total Community College	\$ 46,734,048	\$ 49,593,018	--	\$ 49,593,018

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2015 Adjusted Appropriation	FY 2016 Proposed Budget	FY 2016 Budget Reductions	FY 2016 Adopted Budget
<u>Department of Aging</u>				
General Administration	\$ 812,763	\$ 815,224	--	\$ 815,224
Adult Medical Day Care	50,000	50,000	--	50,000
Senior Centers Network	2,002,173	1,976,609	--	1,976,609
Special Geriatric Services	187,069	186,539	--	186,539
Facilities	294,578	260,721	--	260,721
Transportation Services	856,083	832,694	--	832,694
Program & Volunteer Services	231,150	219,378	--	219,378
Total Department of Aging	\$ 4,433,816	\$ 4,341,165	--	\$ 4,341,165
<u>Department of Education</u>				
Administration	\$ 34,322,105	\$ 25,035,301	--	\$ 25,035,301
Mid-Level Administration	56,110,108	56,649,063	--	56,649,063
Instructional Salaries & Wages	262,949,237	277,217,623	--	277,217,623
Instructional Textbooks & Supplies	11,425,643	8,865,743	--	8,865,743
Other Instructional Costs	6,510,341	28,855,794	--	28,855,794
Special Education	67,123,122	63,977,027	--	63,977,027
Student Personnel Services	6,272,915	6,438,696	--	6,438,696
Health Services	10,003,768	10,093,600	--	10,093,600
Student Transportation Service	19,506,502	16,643,877	--	16,643,877
Operation of Plant & Equipment	55,627,551	50,236,829	--	50,236,829
Maintenance of Plant & Equipment	19,604,944	17,115,452	--	17,115,452
Fixed Charges	185,862,575	185,028,443	--	185,028,443
Capital Outlay	2,755,876	2,691,629	--	2,691,629
Debt Service - County Bonds	38,914,932	40,807,158	--	40,807,158
Contribution to Capital Budget	3,119,000	34,373,466	--	34,373,466
Total Department of Education	\$ 780,108,619	\$ 824,029,701	--	\$ 824,029,701
<u>Department of Libraries</u>				
General Administration	\$ 7,209,962	\$ 6,802,388	--	\$ 6,802,388
Circulation/Information Services	15,130,645	15,144,951	--	15,144,951
Customer Support Services	9,467,478	9,474,122	--	9,474,122
Buildings/Vehicle Maint. & Operation	1,271,538	1,342,692	--	1,342,692
Total Department of Libraries	\$ 33,079,623	\$ 32,764,153	--	\$ 32,764,153
Cooperative Extension	\$ 253,195	\$ 258,738	--	\$ 258,738
<u>Department of Recreation & Parks</u>				
General Administration	\$ 917,094	\$ 920,189	--	\$ 920,189
Recreation Services	9,568,735	9,964,172	--	9,964,172
Total Department of Recreation & Parks	\$ 10,485,829	\$ 10,884,361	--	\$ 10,884,361

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2015 Adjusted Appropriation	FY 2016 Proposed Budget	FY 2016 Budget Reductions	FY 2016 Adopted Budget
<u>Debt Service</u>				
General Public Facilities	\$ 68,651,934	\$ 72,070,716	--	\$ 72,070,716
Pension Funding Bonds	16,011,614	17,772,646	--	17,772,646
Non-General Obligation Debt	18,181,115	22,148,105	--	22,148,105
Total Debt Service	\$ 102,844,663	\$ 111,991,467	--	\$ 111,991,467
<u>Retirement & Social Security</u>				
Contribution-Employee Retirement System	\$ 90,628,977	\$ 92,327,520	--	\$ 92,327,520
Contributions Social Security	17,269,121	17,836,000	--	17,836,000
Contributions Non-System Retirement	251,600	268,600	--	268,600
Total Retirement & Soc. Security	\$ 108,149,698	\$ 110,432,120	--	\$ 110,432,120
Environmental Protection & Sustainability	\$ 5,157,921	\$ 4,926,569	--	\$ 4,926,569
Insurance	\$ 131,847,638	\$ 126,605,502	--	\$ 126,605,502
Reserve For Contingencies	\$ 1,000,000	\$ 1,000,000	--	\$ 1,000,000
County Council	\$ 2,091,681	\$ 2,218,796	--	\$ 2,218,796
County Auditor	\$ 1,550,310	\$ 1,602,315	--	\$ 1,602,315
Board of Appeals	\$ 229,172	\$ 225,368	--	\$ 225,368
Economic & Workforce Development	\$ 1,229,836	\$ 1,195,797	--	\$ 1,195,797
Contribution to Capital Budget	\$ 48,104,665	\$ 67,452,800	\$ 441,000	\$ 67,011,800
<u>Organization Contributions</u>				
Organization Contributions	\$ 2,785,800	\$ 2,802,300	\$ 13,100	\$ 2,789,200
General Grant Program	5,332,205	5,555,366	--	5,555,366
Total Organization Contributions	\$ 8,118,005	\$ 8,357,666	\$ 13,100	\$ 8,344,566
Local Share	\$ 6,053,080	\$ 6,191,223	--	\$ 6,191,223
<u>Office of Information Technology</u>				
General Administration	\$ 2,534,430	\$ 2,965,188	--	\$ 2,965,188
Applications	7,633,244	8,928,212	--	8,928,212
Infrastructure	10,337,927	10,801,469	--	10,801,469
Electronic Services	3,286,212	3,268,549	--	3,268,549
Total Office of Information Technology	\$ 23,791,813	\$ 25,963,418	--	\$ 25,963,418

GENERAL FUND OPERATING BUDGET

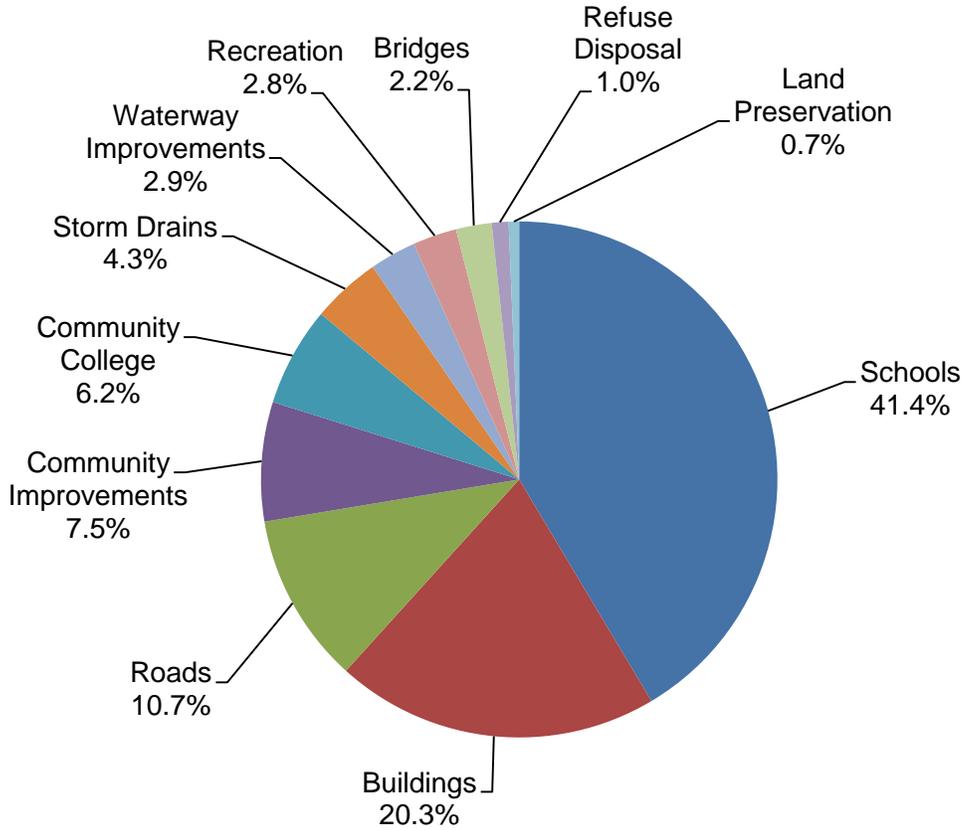
Agency/Program Name	FY 2015 Adjusted Appropriation	FY 2016 Proposed Budget	FY 2016 Budget Reductions	FY 2016 Adopted Budget
<u>Department of Public Works</u>				
<u>Office of the Director</u>				
General Administration	\$ 591,389	\$ 602,405	--	\$ 602,405
Metro Financing/Petition Processing	27,377	26,198	--	26,198
<u>Bureau of Engineering & Construction</u>				
General Administration	373,473	371,953	--	371,953
Structural Storm Drain & Hgwy. Design	1,730,400	1,727,492	--	1,727,492
General Surveying	379,586	374,220	--	374,220
Contracts/Construction Inspections	1,821,978	1,814,398	--	1,814,398
<u>Bureau of Highways & Equipment Maintenance</u>				
General Administration	755,421	768,573	--	768,573
General Operations & Maintenance	12,891,793	13,516,095	--	13,516,095
Equipment Maintenance	6,478,611	6,383,494	--	6,383,494
Storm Emergencies	5,987,025	5,987,025	--	5,987,025
<u>Bureau of Solid Waste Management</u>				
General Administration	477,516	476,329	--	476,329
Refuse Collection	30,730,281	30,513,614	--	30,513,614
Refuse Disposal	23,810,663	27,933,347	--	27,933,347
Recycling	1,686,932	1,725,966	--	1,725,966
<u>Bureau of Traffic Eng./Trans. Planning</u>				
Traffic Planning	9,658,976	9,631,998	--	9,631,998
Traffic Sign Installation/Maintenance	1,491,292	1,500,044	--	1,500,044
Traffic Signal Operations/Maintenance	933,535	946,235	--	946,235
<u>Bureau of Utilities</u>				
Sewer/Water Operations/Maintenance	573,680	573,680	--	573,680
 Total Department of Public Works	 \$ 100,399,928	 \$ 104,873,066	 --	 \$ 104,873,066
 General Fund Total	 \$ 1,864,941,635	 \$ 1,953,036,730	 \$1,254,100	 \$ 1,951,782,630

SECTION III

CAPITAL BUDGET & PROGRAM

CAPITAL BUDGET SUMMARY

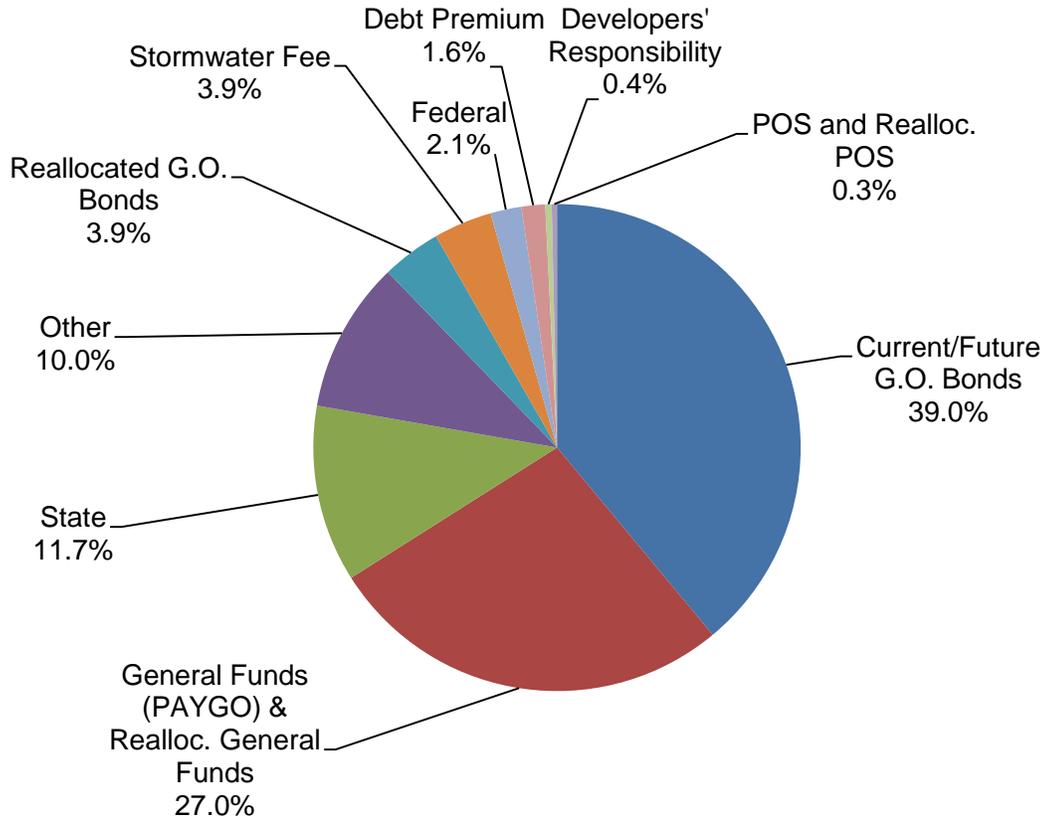
FY 2016 Consolidated Public Improvement (CPI) Projects



Project Classification	(\$ in Thousands) FY 2016	% of Total
Schools	\$ 155,334	41.4%
Buildings	75,947	20.3%
Roads	40,036	10.7%
Community Improvements	28,000	7.5%
Community College	23,350	6.2%
Storm Drains	16,190	4.3%
Waterway Improvements	10,902	2.9%
Recreation	10,331	2.8%
Bridges	8,365	2.2%
Refuse Disposal	3,930	1.0%
Land Preservation	2,460	0.7%
CPI Projects	\$ 374,845	100%

CAPITAL BUDGET SUMMARY

FY 2016 Consolidated Public Improvement (CPI) Sources of Funding

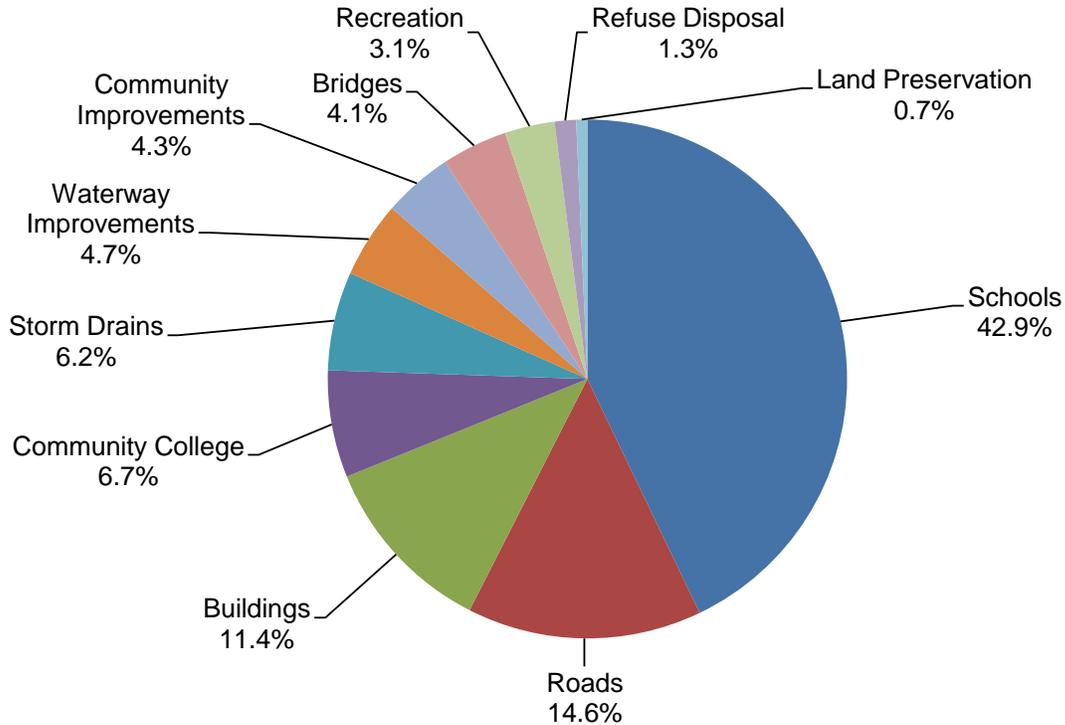


Source of Funding	(\$ in Thousands) FY 2016	% of Total
Current/Future G.O. Bonds	\$ 146,054	39.0%
General Funds (PAYGO) & Realloc. General Funds	101,392	27.0%
State	44,029	11.7%
Other	37,648	10.0%
Reallocated G.O. Bonds	14,723	3.9%
Stormwater Fee	14,515	3.9%
Federal	7,705	2.1%
Debt Premium	5,889	1.6%
Developers' Responsibility	1,600	0.4%
Program Open Space (POS) & Realloc. POS	1,290	0.3%
CPI Sources	\$ 374,845	100% *

* Difference due to rounding.

CAPITAL BUDGET SUMMARY

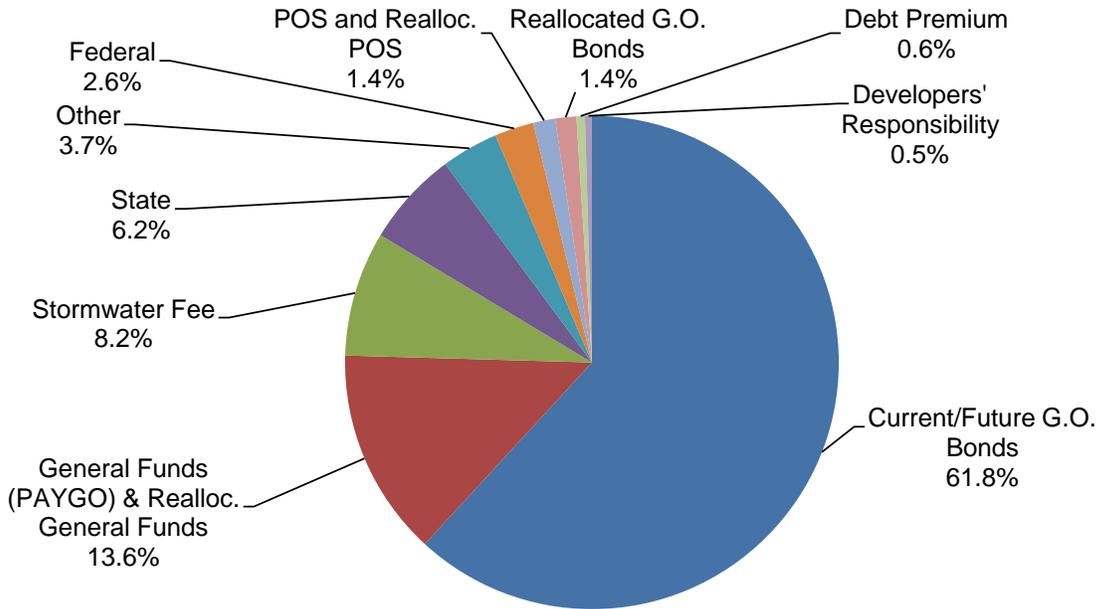
6-Year Program - FY 2016-FY 2021 Consolidated Public Improvement (CPI) Projects



Project Classification	(\$ in Thousands)	
	6-Year Program	% of Total
Schools	\$ 456,271	42.9%
Roads	155,526	14.6%
Buildings	120,947	11.4%
Community College	71,000	6.7%
Storm Drains	65,454	6.2%
Waterway Improvements	50,542	4.7%
Community Improvements	46,000	4.3%
Bridges	43,665	4.1%
Recreation	33,131	3.1%
Refuse Disposal	14,172	1.3%
Land Preservation	7,380	0.7%
CPI Projects	\$ 1,064,088	100%

CAPITAL BUDGET SUMMARY

6-Year Program - FY 2016-FY 2021 Consolidated Public Improvement (CPI) Sources

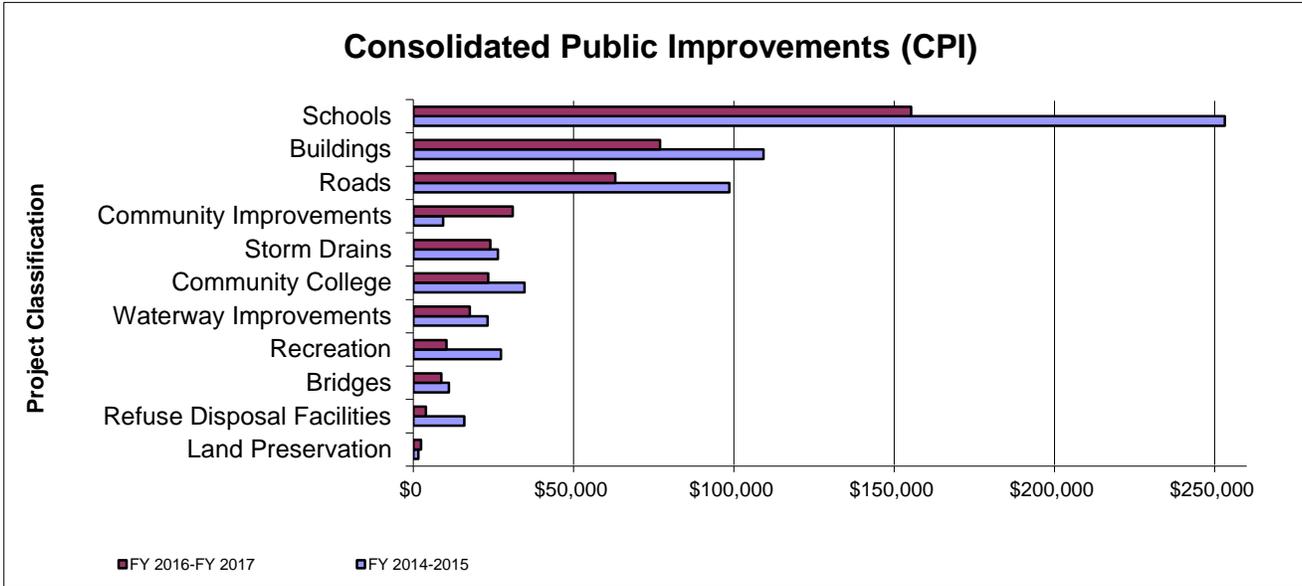


Source of Funding	(\$ in Thousands)	
	6-Year Program	% of Total
Current/Future G.O. Bonds	\$ 657,991	61.8%
General Funds (PAYGO) & Realloc. General Funds	144,867	13.6%
Stormwater Fee	87,088	8.2%
State	66,351	6.2%
Other	39,768	3.7%
Federal	27,320	2.6%
Program Open Space (POS) & Realloc. POS	15,290	1.4%
Reallocated G.O. Bonds	14,724	1.4%
Debt Premium	5,889	0.6%
Developers' Responsibility	4,800	0.5%
CPI Sources	\$ 1,064,088	100%

CAPITAL BUDGET SUMMARY

Biennial Comparison - Projects

(\$ in Thousands)



Project Classification	FY 2014-15 ⁽¹⁾	FY 2016-17	Increase/(Decrease)	
			Amount	%
Schools	\$ 253,139	\$ 155,334	\$ (97,805)	-38.6%
Buildings	109,289	76,947	(32,342)	-29.6%
Roads	98,545	63,018	(35,527)	-36.1%
Community Improvements	9,350	31,000	21,650	231.6%
Storm Drains	26,420	24,078	(2,342)	-8.9%
Community College	34,706	23,350	(11,356)	-32.7%
Waterway Improvements	23,184	17,647	(5,537)	-23.9%
Recreation	27,300	10,331	(16,969)	-62.2%
Bridges	11,089	8,740	(2,349)	-21.2%
Refuse Disposal Facilities	15,931	3,930	(12,001)	-75.3%
Land Preservation	1,575	2,460	885	56.2%
CPI Projects	\$ 610,526 *	\$ 416,834 *	\$ (193,692) *	-31.7%

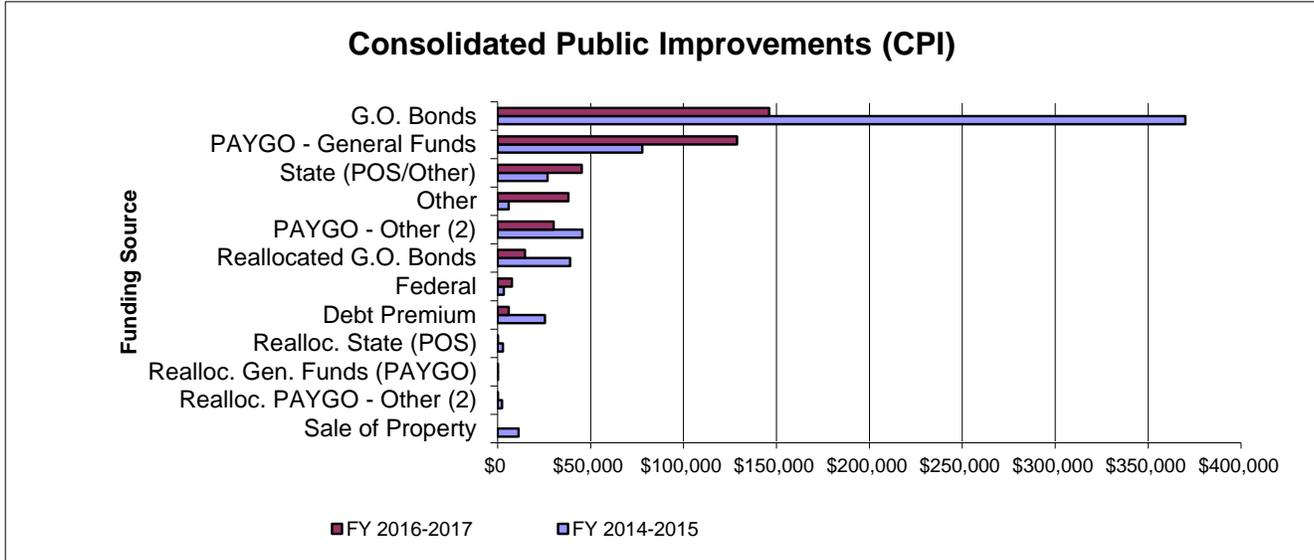
⁽¹⁾ Reflects adjusted FY 2014 and 2015 appropriations.

* Difference due to rounding.

CAPITAL BUDGET SUMMARY

Biennial Comparison - Sources of Funding

(\$ in Thousands)



Source of Funding	FY 2014-15 ⁽¹⁾	FY 2016-17	Increase/(Decrease)	
			Amount	%
G.O. Bonds	\$ 370,085	\$ 146,054	\$ (224,031)	-60.5%
PAYGO - General Funds	77,784	128,860	51,076	65.7%
State (POS/Other)	26,811	45,229	18,418	68.7%
Other	5,991	38,132	32,141	536.5%
PAYGO - Other ⁽²⁾	45,614	30,139	(15,475)	-33.9%
Reallocated G.O. Bonds	38,957	14,723	(24,234)	-62.2%
Federal	3,305	7,705	4,400	133.1%
Debt Premium	25,495	5,889	(19,606)	-76.9%
Realloc. State (POS)	2,800	90	(2,710)	-96.8%
Realloc. Gen. Funds (PAYGO)	80	7	(73)	-91.5%
Realloc. PAYGO - Other ⁽²⁾	2,424	6	(2,418)	-99.7%
Sale of Property	11,180	-	(11,180)	-100.0%
CPI Sources	\$ 610,526	\$ 416,834	\$ (193,692)	-31.7%

⁽¹⁾ Reflects adjusted FY 2014 and 2015 appropriations.

⁽²⁾ Includes Agricultural Transfer Tax, LOS Waiver Fees, Reforestation Waiver Fees, Stormwater Fees, and Stormwater Waiver Fees.

CAPITAL BUDGET - DEBT AFFORDABILITY GUIDELINES

Debt Service⁽¹⁾ as % of General Fund Revenue

Guideline - 9.5% of General Fund Revenue	\$	176,902,772
FY 2016 Budget		(143,191,455)
Under (Over) Guideline	\$	<u>33,711,317</u>

Debt Outstanding⁽¹⁾ as % of Total Property Value

Guideline - 2.5% of Assessed Property Value	\$	1,985,634,575
Estimated Debt Outstanding as of 6/30/2016		(1,609,059,627)
Under (Over) Guideline	\$	<u>376,574,948</u>

Legal Debt Limit⁽²⁾

Estimated Assessable Base	\$	79,425,383,000
	x	4%
Debt Limit Equal to 4% of Assessable Base	\$	<u>3,177,015,320</u>
Estimated Debt Outstanding as of 6/30/2015		
Public Facility Bonds	\$	719,231,000
Public School Bonds		493,354,000
Pension Liability Funding Bonds		238,928,000
Community College Bonds		105,025,000
Bond Anticipation Notes		99,800,000
		<u>(1,656,338,000)</u>
Under (Over) Legal Debt Limit	\$	<u>1,520,677,320</u>

(1) Excludes pension funding and Metropolitan District bonds.

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

SECTION IV

RECOMMENDATIONS

Office of Budget and Finance (006)

Debt Concerns and Stormwater Remediation

In recent years, the County's annual funding of debt service payments for General Government and the component units has risen dramatically. Five years ago, the FY 2011 budget appropriated \$111.5 million to fund debt service; for FY 2016, appropriations for this purpose total \$161.0 million, an increase of \$49.5 million, or 44%. In addition to budgeted debt service costs, in recent years, the County has budgeted savings, associated with the proceeds from selling bonds at a premium, to offset a significant portion of interest costs. Budgeted bond premium savings for FY 2016 total \$14.9 million. When including the debt service paid by bond premium funds, growth in debt service costs since FY 2011 totals \$64.4 million, or nearly 58%. This dramatic increase in the cost of debt service reflects the County's greater reliance on bond funding as opposed to current expense funds, since the Great Recession, to meet its capital budget needs.

During this year's budget process, the Administration emphasized the important role the stormwater remediation fee plays in helping the County manage its debt burden. Since the County began collecting the stormwater remediation fee in FY 2014, the associated revenues have been directed in small part to the related operating program within the Department of Environmental Protection and Sustainability (EPS), and in large part to the related capital projects managed by EPS and the Department of Public Works. This cash infusion of stormwater remediation fees to the capital budget totaled \$20.8 million in FY 2014, \$21.2 million in FY 2015, and \$14.5 million in FY 2016, with the one-third reduction of the fee rates becoming effective in FY 2016. Prior to the inception of the fee in FY 2014, Baltimore County relied largely on bond revenues to fund its stormwater remediation infrastructure costs. The Council is aware that Baltimore County ranks highest amongst other local jurisdictions with regard to the percentage of stormwater remediation costs supported by fee revenues (as opposed to other revenue sources, such as bonds). Since the County's projected debt and debt service levels continue to remain below the County's legal and affordability thresholds, and in light of the County's growing General Fund contributions to the capital budget, which offset the need for debt issuance and which are budgeted at \$101.4 million for FY 2016, the Council questions which capital budget tradeoffs would be necessary in order to return the County to a debt-financed consolidated public improvement program for stormwater remediation projects, while maintaining the County's coveted triple-triple-A bond rating.

Outsourcing of Property Management Responsibilities

After transferring and consolidating the County's building and grounds maintenance responsibilities in conjunction with the 2012 Employee Retirement Incentive Program (ERIP), the Office embarked on a series of outsourcing initiatives designed to generate cost savings and improve the quality of services. However, honing in on the actual amounts saved is difficult for a number of reasons. First, the individuals who retired under the ERIP were towards the tops of their salary scales, so some savings would have been generated by natural attrition had new in-house hires been made towards the bottom of the pay scales. Second, expenditures on service contracts are not fully reflective of the cost to the County because contracting out also requires having administrative staff in place to provide contract oversight. Third, the County has been striving for service enhancements while making the shift to outsourced service delivery; so, any increase in cost could be, in part, related to the higher quality standards now in place.

During this year's budget process, a number of Council members questioned the actual savings being realized as the County outsources an increasing portion of its labor. Specifically, they noted that service contract reliance within the Property Management Division of the Office of Budget and Finance is budgeted to increase by nearly \$1.3 million, or 34%, over the FY 2015 budget, and they expressed concern that salary costs within the Division's Administration Program have grown by \$308,000, or 34%, since FY 2013. At least one Council member is particularly concerned at the loss of quality County jobs, and a number of members questioned the standards to which the County holds its contractors. These questions are markedly important in light of the uncertainty surrounding how cost-effective the outsourcing is. The Council requests that the Office report on the cost savings and service quality enhancements experienced during the Division's first three years, and report on any contractor practices that deviate from the County's standards, by calendar year-end.

New Pension Administration Software Roll-out Delays

On August 1, 2013, the County implemented a new pension administration and record-keeping application, CPAS, replacing its long-time system, Pension Gold. The Office advised that a new system was necessary because of various issues with data retention, rate calculation, and manual intervention with Pension Gold. The new system is expected to increase productivity and efficiency and improve customer service by replacing manual calculations and an unsupported software. Additionally, the new web-based design will enable members to view and change their account information (e.g., contact information) online and independently.

Unfortunately, the process of validating the data in the system is taking longer than planned, and, as a result, employees have not been receiving paper statements nor have they been able to view their pension information online. During this year's budget hearing, the Office explained the importance of getting this information "right" before making it available and indicated that access to the accurate information should be available by October 1, 2015. The Council strongly urges the Office to meet this deadline.

Election Judge Compensation

During this year's hearing process, the Board of Elections communicated an interest in increasing the daily pay rate for election judges. Presently, Baltimore County compensates its election judges at the rate of \$225 per day for a chief judge and \$162.50 for provisional and assistant judges, plus \$40 for having attended training (provided the individual is not absent from work on Election Day). While many jurisdictions pay less than Baltimore County, Harford County pays slightly more. The Council is aware that in 2014, more than 400 judges (out of roughly 2,500) did not show up to work on Election Day. The Council urges the Office of Budget and Finance to look into the question of whether a pay increase for Election Judges would help ensure that more judges follow through with their commitment to Baltimore County on Election Day.

Administrative Officer (007)

Mowing of Median Strips on County Roads

During this year's budget hearing for the Department of Public Works, the Council learned why complaints are commonplace regarding the appearance of median strips on County roads: the County's performance standard is to mow these areas three times per year (once in spring, once in summer, and once in fall). The general public and the Council are in agreement that this mowing schedule is deficient. County maintenance of its roads and roadsides should reflect the same standards that the County has of its property owners; if property owners can be cited for tall grass and weeds violations, then the County should be expected to mobilize its resources to ensure the same unsightly conditions are not present in its median strips. This Council considers this issue one of community pride, policy consistency, and economic development. The Council urges the Administration to consider increasing its resources to address this concern.

Bicycle and Pedestrian Improvements

Baltimore County made progress over the previous term in making our communities safer and more accessible to pedestrians and bicyclists. In 2011, the County Council created the Baltimore County Pedestrian and Bicycle Advisory Committee. The Council commends the Administration for its establishment of new bicycle and pedestrian networks since then, but we echo our concern that new projects are not being pursued. During this year's budget process, we learned that although the proposed FY 2016 capital budget includes \$180,000 in State Program Open Space (POS) funds for Greenways/Stream Valleys/Trail Development, with an additional \$1 million in POS funds programmed for future years, this funding is not presently designated for any specific pedestrian/bike trails. We urge the Administration to work with the Committee to plan now for the use of these budgeted and programmed funds.

Revitalization of Downtown Towson

Over the next decade, Downtown Towson will benefit from nearly \$1 billion of private investment that will transform Baltimore County's seat of government. The proposed FY 2016 budget includes funding that helps Baltimore County meet its open space needs for Downtown Towson. The County Council is particularly interested in the \$3 million "greening" of Patriot Plaza and enhancements to facilities used by the Towson and Towsontowne Recreation Councils. At the same time, the Council encourages the Administration to support the creation of new pocket parks in established areas throughout Greater Towson, greenways where appropriate, and new facilities for Towson's growing recreation programs. This County Council affirms its support for a Towson circulator, now being studied by the Maryland Transit Administration, and encourages a close look at the future of the aging Towson Library.

Funding of Recreational Improvements

Over the past 17 months, volunteers have raised more than \$1 million to build Angel Park, an all-access playground and amphitheater in Perry Hall. This fundraising effort is a remarkable achievement. Government should encourage citizens to raise money to support worthwhile projects, and once a threshold is passed, contribute funding to complete these projects. The County Council looks forward to the completion of Angel Park and similar recreational improvement projects.

Funding of Our Community College

The FY 2016 budget includes \$49.6 million in County funding to the Community College of Baltimore County (CCBC) and exceeds the State-required Maintenance of Effort (MOE) level by \$2.1 million. The Council is pleased that the increase in County funding stems the need for a \$6 per credit hour increase in tuition and fees, which would have been CCBC's third increase in three years. The Council is aware, however, that CCBC remains near the bottom Statewide in terms of local share funding; the local share of CCBC's FY 2014 revenues was 24.1%, placing CCBC at third-lowest in the State for local revenue support and making CCBC the highest in the State, at 51.2%, for the percentage of its budget funded by tuition and fees. For FY 2016, County funding is expected to make up 25.1% of CCBC's budgeted revenues; however, an additional \$10.1 million would be needed to bring CCBC up to the State local share average of 31.2%.

The Council is impressed at CCBC's determination to make the use of every penny. The College has implemented an array of innovative cost saving methods, such as its solar power purchase agreement with Constellation Energy. During FY 2016, solar carports will be installed on all three of CCBC's main campuses and solar panels will be placed on roofs. Through this initiative, CCBC has locked in a below-market rate for energy for 20 years and expects to save a minimum of \$110,000 each year. The Council was further impressed by the President's promise that any additional funding received from the County would go to the "grassroots" level, not to administration. Specifically, the President stated that CCBC would utilize any additional County funding to bring on more full-time faculty and advisors, as well as to bolster its state-of-the-art programs, facilities, and equipment across all campuses.

The Council encourages the Administration to consider addressing additional needs as the College identifies them in future years. The Council further encourages the Administration to collaborate with the College to assist General Government and the other component units to take advantage of similar cost savings opportunities Countywide.

Department of Education (035)

Digital Conversion

The FY 2016 budget includes nearly \$30 million, including more than \$13 million in new, ongoing funding, for the second phase of the school system's digital conversion. It is now expected that the annual cost of the digital conversion will total approximately \$61.5 million when the program is fully implemented in FY 2018. At the school system's budget hearing, the Superintendent advised that there is a level of student engagement at Lighthouse Schools unseen prior to introduction of the digital devices. Through a commissioned partnership with The Johns Hopkins University School of Education, BCPS is studying the effectiveness of the program. The Council would recommend a similar consultation with an environmental health consultant, such as The Johns Hopkins University School of Public Health, to ensure that the school system is applying the most current and advanced environmental health guidelines as it continues to roll out the digital conversion.

Last year, the legislative branch made a similar recommendation, asking the school system to consult environmental health guidelines in order to determine the safest placement of routers within schools, to develop standard operating procedures for powering-down routers and devices during non-use periods, and for advising users on the placement of devices during use to minimize direct radio-frequency exposure. While the school system provided some details regarding its policy for locating routers within schools and its plans to install centrally controlled network switches that will have the ability to schedule "power-off" times, the Council is not yet reassured that the school system has given sufficient attention to the aforementioned environmental health questions. In particular, the Council advises that the school system consult guidelines issued by the public health community rather relying solely upon the observations and recommendations of the device manufacturer and its industry trade association.

Managing Enrollment and Other Cost Pressures

In his FY 2015 budget message, the County Executive announced his Schools for Our Future program, with plans for \$1.3 billion in combined County and State funding for school renovation and construction projects from 2011 to 2021. The program was slated to fund 11,000 new or replacement seats and at its conclusion, 97% of all County schools, including every elementary

and middle school, would be air conditioned. The previous Council was aware that funding this program would require a shift in school capital funding priorities. As a result, it was expected that the high school renovations program, which commenced in FY 2009 and had addressed needs in fewer than half the County's high schools, would be slowed from \$191 million programmed in the FY 2014-FY 2019 capital program to \$32 million programmed in the FY 2015-FY 2020 capital program. In November 2014, voters approved \$157.9 million in school borrowing to fund programmed school capital projects. In December 2014, the school system released the results of its system-wide physical facilities assessment to identify the specifics of its capital project plans. In early 2015, BCPS released 10-year enrollment projections that reflected a modified projection methodology, the results of which call into question the Schools for Our Future plan.

As a result of the uncertainty surrounding the revised enrollment projection methodology, the County Administration plans to hire a consultant to review the old and new methodologies and to recommend a final approach. All school construction projects that have received funding are continuing as planned. Meanwhile, the FY 2016 budget includes \$80 million for four high school renovations (Dulaney, Lansdowne, Patapsco, and Woodlawn), which were selected based on the priority ranking emerging from the system-wide physical facilities assessment. The Council is supportive of these renovation projects, and is very interested in staying abreast of the developments in the enrollment projection discussions. Council members have specific concerns about projections for the out-years in particular districts, including in a number of districts that previously showed no official signs of being threatened by overcrowding. Accordingly, we respectfully request that the Superintendent keep us promptly updated about discoveries, proposals, and plans which affect the schools serving our districts.

The Council further requests that BCPS take every available step, including residency audits, to identify cost savings that could benefit the school system. The Council is aware that the school system has implemented various cost-savings measures including replacing desktop printers with centralized copy and printing machines and entering a solar power purchase agreement for solar energy generated at Sparks Elementary School. The Council was pleased to learn that CCBC has also entered into a solar power purchase agreement for its campuses and encourages BCPS to collaborate with CCBC to generate ideas for future cost-saving measures.

Department of Environmental Protection and Sustainability (042)

Stream Restoration Related Tree Canopy Concerns

The Council learned during this year's budget process that the Department is working on nearly \$80 million worth of stormwater remediation projects, including stream restoration projects throughout the County. These projects are in varying stages of progress, ranging from "identified but not yet planned" to "under construction." As many people know, certain stream restoration projects are well under way, including the restoration accompanying the replacement of the White Marsh Run sewerage main. During this year's budget hearing, the Council expressed concerns about the loss of trees that has been occurring in conjunction with these projects. It struck some as bafflingly ironic that in order to restore a waterway, it is often deemed necessary to remove the thick tree canopy that serves as both a streamside ecosystem and a vegetative buffer. The Department advised that the County always reforests the areas affected by the construction work, but the Council wonders if additional steps could be taken to stem any unnecessary loss of tree canopy. Accordingly, the Council requests updates on the anticipated loss of tree canopy for each stream restoration project, prior to project commencement, and a follow-up report on the actual loss experienced and reforestation accomplished.

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