

BALTIMORE COUNTY COUNCIL



BUDGET MESSAGE

Fiscal Year 2016 - 2017

May 26, 2016

**BALTIMORE COUNTY COUNCIL
BUDGET MESSAGE
FY 2017**

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SECTION I

BUDGET MESSAGE

On behalf of my fellow Councilmembers, County employees, and the citizens of Baltimore County, it is my distinct honor and privilege to deliver today's budget address for Fiscal Year 2017.

Following the County Executive's budget presentation in mid-April, the County Council undertook an exhaustive review of the proposed operating and capital budgets for FY17. This included a public hearing on the budget in this Chamber on April 26th, an agency-by-agency review and analysis of the proposed budget by the County Auditor and her staff, and finally hearings this month with County agencies.

As the legislative branch of County government, the County Council establishes policy by passing laws and ordinances. The most important law we pass each year is the County's annual budget. By law, this budget must be balanced. Following this address, we will vote to adopt the budget for Fiscal Year 2017. Much like the choices the citizens we represent must make in their daily lives, the annual budget we adopt today reflects the spending priorities of this government and establishes our County's policy statement for the essential services we provide. Once again, our County has funded the necessities of government without tax increases, without reducing services to our constituents, without depleting our reserves, and without risk to the County's Triple-A bond rating, while at the same time providing help to the most vulnerable in the Baltimore County community.

Each year during this budget process, we define our priorities for this fiscal year with a view to the long range plans for the County. With that long-term vision in mind, over the past year this Council passed a number of important policy initiatives. We showed our sincere appreciation for the veterans who have protected our freedom over generations by passing a Bill that makes veterans

a protected class, and prohibits discrimination on the basis of one's status as a veteran. In that same Bill, we also provided for a "veterans preference" in housing to assist veterans in obtaining housing for themselves and their families.

This Council took a leadership role in the State of Maryland regarding the zoning of medical cannabis facilities. Over the last several years, the General Assembly has authorized the use of medical cannabis and established the Maryland Medical Cannabis Commission. This Commission set forth requirements for licensure or registration of persons who will grow, process, or dispense medical cannabis, and has established a framework to certify physicians and qualifying patients and their caregivers. This proactive Council passed legislation that will grant limited approval for growers, processors, and dispensers in certain business, manufacturing, and agricultural zones, but not near any private or public schools. In short, proposed businesses in Baltimore County will have certainty as to what they can and cannot do and where, and should be able to hit the ground running when the State finally issues these licenses.

Looking to reward those who utilize energy conservation and renewable energy sources, we passed legislation in consultation with the Fire Department that allows additional solar panels to be erected on the roof of a building. We also increased the amount of the total solar tax credit available each fiscal year from \$250,000 to \$750,000. This action should significantly reduce the waiting list to receive this credit from 10 years to about three years.

We toughened penalties for distributing tobacco products to minors, as well as for littering on public streets and sidewalks. We passed legislation that, if favored by the voters in November, will establish a Charter Review Commission that will review the provisions of the County Charter every 10 years and make recommendations to ensure that the County's governing document continues to evolve and allows for the best and most efficient operation of government.

Perhaps my proudest accomplishment for the Council this year has been the Baltimore County Food Policy Package. This legislative package is made up of two Resolutions, which establish the Baltimore County Food Policy Task Force, and initiate a Community Eligibility Pilot Program for the 2016-2017 School Year.

Even in a prosperous and forward thinking County such as ours, many of our residents struggle to access or afford food, especially the type of nutritious foods that are essential to a healthy diet. Nearly 47% of students in Baltimore County Public Schools are eligible to receive free and reduced priced meals, with many of our schools having over 60% of their students in the FARMS program. Thousands of veterans, elderly, children and other high risk populations are considered “food insecure” and often times go without necessary nutrition. The Food Policy Task Force will be looking into and addressing these realities. The Task Force has monthly meetings that began this past March, and has already looked into student Summer Meals programs, as well as ways to improve the implementation of the FARMS program, and has met with the Food Policy bodies in both Howard and Prince George's Counties on some of their initiatives.

The Community Eligibility Provision (CEP) is a provision from the Healthy, Hunger-Free Kids Act of 2010 that allows schools and local educational agencies with areas of high poverty rates to provide free breakfast and lunch to all students. CEP eliminates the burden of collecting household applications to determine eligibility for school meals, relying instead on information from other means-tested programs such as the Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families. This fall, four schools will be part of the Community Eligibility Pilot Program. During this Pilot, our County Task Force will be closely monitoring the program and studying quarterly comparisons on test scores, student school meal utilization, student behavior and attendance.

For those who may be skeptical of this new program, keep in mind the goal is not merely to provide free breakfast and lunch to kids and be done. The real purpose here is to give every child the best opportunity to succeed in a learning environment, and to use that education to be successful in life. Studies have shown that children who come to school hungry do not learn as well as those that don't. It's that simple. With all the challenges and distractions that children face each day – some not of their own making – it is virtually a no-brainer that we take this basic step to enhance their chances for success. We are talking about making certain that Baltimore County students become the best educated and well prepared workforce our County can produce so they can find great jobs in today's 21st century economy. I look forward to providing an update when the Council receives the Task Force's first report on July 1st, and as the Pilot Program begins.

In the area of education, we realize the importance of committing the financial resources necessary to ensure the well-being of our school system in the short term, and over the long haul as well. This Council has been extremely supportive of public education during our tenure and this year is no different. Today, we approve a budget that allocates 60% of the County's operating budget to the public school system, community college, and the public library.

We believe our public school students can compete with any in the country. This is evidenced by the success all across the County on Advanced Placement exams, college entrance exams, and the ever increasing graduation rate, which is now approaching 88%. We also agree with and approve the County Executive's request for funding for more than 130 additional teachers in the coming school year.

This Council is also committed to finishing what we started in the *Schools for Our Future* initiative. Begun when four of us were new to the County Council in 2011, we have presided over an unprecedented funding initiative to alleviate three of the public school system's greatest needs,

which are the repair and renovation of aging County schools, the addition of new schools to keep up with present and future growth demands, and the installation of central air conditioning in every public school. This year, we appropriate close to \$196 million of the County's \$293 million capital budget to school construction projects, including more than \$120 million in forward funding to accelerate schools projects. This funding accounts for two-thirds of the County's capital budget. To put that in perspective, prior to *Schools for Our Future*, schools projects typically accounted for less than half of the capital budget.

By the end of the funding period for *Schools for Our Future*, the County will have built 15 new schools and 11 additions. The budget we approve today includes funding for renovations to Lansdowne, Patapsco, Woodlawn, and Dulaney High Schools, and will also reduce the number of schools without air conditioning to 10, down from 90 in 2010. In addition, we have now come to an agreement with the County Executive and the BCPS Superintendent on a proposal to even further advance the State's share, and forward fund the projects to greater accelerate air conditioning in all public schools.

As the Executive Director of the non-partisan Interagency Committee on School Construction stated in his recent resignation letter, "local boards, rather than State officials, are best positioned to determine the capital projects needed to support their educational programs and to meet community expectations." We trust that this perspective will prevail on the State level in the future and that all of the forward funding of capital projects in Baltimore County will be reimbursed by the State of Maryland so funds can be used for future BCPS capital projects.

We are proud of the partnership between our schools and the Police Department. The School Resource Officer program created by this County 20 years ago has become a national model of excellence. Thank you to all of the SROs who do so much more than simply keeping our schools

safe.

Finally, the Council is also aware of the huge public school investment being made in the S.T.A.T. program. This Council will continue to seek updates from the Superintendent on this signature technology initiative to ensure that it is having the desired positive outcome for our students. While oversight of the school system lies in the hands of the School Board, we trust that the excellent communication we receive from BCPS will continue in the future on the many subjects of importance to this Council.

On the college level, the Community College of Baltimore County once again shows why it may well be the best value in higher education. With three campuses stretched across Baltimore County, as well as extension centers in Hunt Valley, Owings Mills, and Randallstown, CCBC offers over 100 associate degree and certificate programs. It also offers programs that create transfer opportunities to four year colleges and partners with the Department of Economic and Workforce Development to provide training needs that meet opportunities in the Baltimore County economy. With tuition alone at many colleges and universities in the \$35,000 range and CCBC's tuition at about one-tenth of that, it is no accident that CCBC represents a fantastic value.

The Baltimore County Public Library also provides workforce development programs. The Library provides assistance with writing resumes and enhancing job skills, as well as assistance to the homeless in accessing available social services, and veterans with job resources. The public libraries have evolved and adapted to changing times and remain a central part of many Baltimore County communities.

During our budget hearings this time each year, we are always impressed with the hard work and professionalism of all County agencies. We are particularly fortunate to have stability and strong leadership in our public safety agencies. In Baltimore County, we know that if we ever need

to call 911, a very knowledgeable and empathetic voice will be on the other end, and that help is on the way. We also know there will be dedicated professionals responding, whether the Fire Department for a fire or emergency medical services, or the Police Department to keep the peace or investigate a crime.

The budget we approve today allocates an additional \$275,000 to the 911 Center to cover the personnel costs associated with the change in shifts from three teams working eight hour fixed shifts, to four teams working 12 hour rotating shifts. The 911 Center continues to undergo significant personnel changes during the ongoing transition to the new shift schedule. The Council regrets that some long tenured employees have decided to leave the 911 Center, and hopes that the dedicated men and women who remain know that we hear their concerns and thank them for their service to the people of Baltimore County. We also approve approximately \$2 million in funding for implementation of the Police Department's Body Worn Camera initiative, and over \$3 million in additional funding for the volunteer fire companies.

This Council recognizes that body cameras will become standard for police departments nationwide. We now have the technology to, in a sense, see what the officer sees. It is a tool that will enhance accountability and improve public safety. We also caution everyone to realize that body cameras will not be the substitute for good police work, and that cameras will not always show what happened or the context of what required the police response in the first place.

That said, we are troubled by the manner in which the body camera initiative was first rolled out last year. Back in December 2014, the County Executive took the logical step of calling for a comprehensive study of body worn cameras for police. The panel's 128 page report recommended additional study rather than implementation of a body camera program. Then last September, the Administration announced that it was moving forward with the program, and in December 2015, the

County entered into an eight year, \$12.5 million commodity contract with a vendor to equip the police department and cover related expenses. Unfortunately, the Council was not consulted on the details of this announcement and did not have the opportunity to review and approve the contract, which is something this legislative body normally does routinely for a major new policy initiative. We fully support giving our officers the best equipment that technology has to offer. However, we believe making any major financial commitment to an agency without formal consultation with the County Council is unwise.

Baltimore County also benefits from an outstanding Public Works department. At no time were the men and women of Public Works more on display than during Winter Storm Jonas. The weekend of January 22nd-23rd saw a record storm that left nearly three feet of snow in most areas of the County. Crews worked around the clock for days to make roads passable so life could get back to normal.

We often take for granted the thousands of miles of County roadways that are maintained by this agency, from potholes and re-paving to traffic signals, signs, and traffic calming. They make sure that trash and recycling materials are collected and disposed of and they maintain and repair the endless miles of the sanitary sewer pipeline. As with any large metropolitan area, Baltimore County maintains a significant underground infrastructure, including over 3,000 miles of sewer lines and over 2,000 miles of water lines, as well as water treatment plants and pumping stations. There are also over 200,000 customer connections from the main pipes. The health of the sanitary sewer system is vital. Baltimore County has implemented an ambitious program inspecting sewer lines, pumping stations, and sewer sheds and is relining or repairing miles of pipe and hundreds of manholes and house connections. More than half of the pumping stations have been modernized or replaced. Since 2005, the County has invested almost \$500 million in required projects and

improvements, and will ultimately have invested over \$1.6 billion to complete the evaluation and renovation of the entire system. These improvements will not only reduce the likelihood of future pipeline breaks and sewage overflows; they will also provide an environmental benefit for future generations.

A public health issue of great concern is the problem of rat infestation. This Council has listened attentively to residents in affected communities who have come before us in recent months to explain the rat problems with which they live on a daily basis. We have heard their testimony and their message has been received.

This problem is being attacked on several fronts. First, in the budget that we will approve today, we have included \$430,000 for service contracts in the Enforcement Division of Permits, Approvals, and Inspections. This is an increase of \$100,000 over the amount budgeted for FY2016, which the County Executive announced is to be dedicated to enhanced rat eradication efforts. In addition, we understand that PAI intends to step up its rat eradication efforts and expend an additional \$50,000 for these services over the remainder of the current fiscal year.

We have been assured that the County's effort will also include increased enforcement and extermination. This means that County inspectors will be investigating complaints about rat infestations, performing sweeps in neighborhoods and looking for properties with conditions that provide a haven for rat infestation, issuing correction notices for these conditions, and citing homeowners with fines up to \$500 if corrections are not made. In order to further the County's effort, PAI is increasing its number of exterminator contractors and calling upon its current contractors to deploy additional teams.

The County Council also calls upon residents to do their part. Rats are not complicated. They infest in areas that provide them with a food source and a place to nest. I cannot emphasize

enough that doing simple things like putting out trash regularly in cans with secure lids, picking up pet waste, and not accumulating yard waste and other debris, can significantly help the fight against rats. I am imploring the affected communities and their leaders to work in partnership with County government to rid the area of this threat to public health.

One of our main responsibilities as legislators is to ensure the safety and well-being of all our citizens. We come from different backgrounds and geographic areas, and we represent a diverse citizenry. We strive to be a County of inclusion and opportunity, but we must also recognize that there are those without a voice in the decision-making, and perhaps without the resources many of us take for granted.

The County's Department of Social Services provides a multitude of services for children, parents, and seniors, including help in applying for and obtaining State housing or financial assistance, employment programs, health programs, and resources for victims of domestic violence and those struggling with substance abuse. The County's Department of Planning oversees the County's homeless shelters and provides case management and outreach programs to homeless individuals. Each year, we hear testimony during our Legislative Session from persons affiliated with the Baltimore County Communities for the Homeless. They are strong advocates for the homeless, and we definitely hear and appreciate their message. County government works in partnership with a number of great organizations striving to prevent homelessness and help the less fortunate, such as the Community Assistance Network, Community Crisis Center, Neighbor-to-Neighbor, Night of Peace Family Shelter, and the Maryland Food Bank, just to name a few. We are proud to provide the dollars in this budget necessary to help sustain these programs and to assist these organizations in their missions to help the most vulnerable in our society.

This Council remains concerned about the treatment and care of its four-legged citizens. We want to thank the Animal Services Advisory Commission members for their dedication. The Council created this body last year to review practices in Baltimore County and to help the County's Animal Services program, particularly with the opening of our brand new state-of-the-art shelter. We look forward to the Commission's forthcoming report.

Right now, the County is in the midst of its Comprehensive Zoning Map Process. The Department of Planning and the Planning Board have made their recommendations on the zoning Issues that were filed last fall, and the Council will now consider these Issues. We will hold hearings in each Council District during the month of June, and we will make our zoning decisions at the end of August. These decisions will serve as a blueprint of our collective vision for land use and economic development in the County, both residentially and commercially, for at least the next four years.

Baltimore County can proudly point to many positive signs in its economy. In Owings Mills, the opening of Foundry Row at the site of the former Solo Cup factory is a very real sign of renewal. Wegmans is already hiring its workforce and will open this fall. Work continues on the Metro Centre development, the first Transit Oriented Development in Baltimore County. So far, the project is well on its way to delivering the promise of a walkable, mixed-use development with vast commercial and retail spaces, residential units, and educational facilities. In eastern Baltimore County, more jobs, residents and businesses will be coming to Middle River, as construction begins for Greenleigh at Crossroads, a 200 acre mixed-use community along Maryland Route 43 that will incorporate many of the new "urbanism" design elements. In Towson, over \$1 billion in private investment is bringing retail developments, housing, and more jobs to the County Seat. Catonsville continues to see redevelopment of its historic Main Street while the federal government is investing

in the Social Security Administration facilities in Woodlawn.

The Sparrows Point peninsula is potentially the most important redevelopment opportunity in the history of Baltimore County. Last year, the County applied to the State for the creation of the new Chesapeake Enterprise Zone, which provides incentives for companies to make investments in this area and to hire and add jobs. We also brought a Foreign Trade Zone designation to the peninsula, and this Council passed legislation to enhance the land use opportunities at the new Sparrows Point. Recently, the owners of Sparrows Point Terminal renamed the 3,100 acre peninsula “Tradeport Atlantic” to reflect the new vision of a global distribution powerhouse with upwards of 10,000 new jobs and a world class center for business and trade. We are excited about the possibilities Tradeport Atlantic can bring to this region.

In closing, I’d like to recognize the work of all County employees. Effective government is not just building roads, bridges, buildings, infrastructure, and providing other essential government services. It really centers on the people that work here. Their main job is customer service, and their customer is you the citizens. Each and every day, County employees come to work with the goal of helping their customers, and I know they take that very seriously. We thank them for their great work, and are pleased to approve a 2% cost of living raise for Fiscal Year 2017.

I also wish to recognize the County Budget Office and the County Auditor’s Office. Prior to each fiscal year on behalf of the Administration, the Budget Office analyzes and evaluates the budget requests of all County agencies and prepares a detailed balanced budget that is now upwards of \$3 billion dollars. In turn, the Auditor’s Office is the County Council’s eyes and ears when it comes to reviewing the budget. They analyze the Administration’s budget requests and issues facing County agencies and identify areas where even more savings might occur. The work of both of these agencies is a testament to Baltimore County’s sound fiscal practices and financial

management. To County Auditor Lauren Smelkinson and her Deputy Elizabeth Irwin, and Budget Director Keith Dorsey and their staffs, we say thank you.

Thanks also to our legal counsel Tom Peddicord and his Deputy Tom Bostwick, as well as Chris Belcastro, Theresa Baxley, Cristy Grauer, and Jamie Hemling on the central staff for all that they do on this day and every day. To my colleagues Tom Quirk, Wade Kach, Julian Jones, David Marks, Cathy Bevins, Todd Crandell, and their dedicated staffs, it is a pleasure to serve with you and I am proud of the work we do together, and particularly on this budget.

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

Lastly, I want to wish everyone a happy and safe Memorial Day Holiday weekend. Please take a moment on this Holiday to give thanks to the men and women who have given the ultimate sacrifice to protect our freedom and the life that we all enjoy. Thank you.

Respectfully submitted,

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

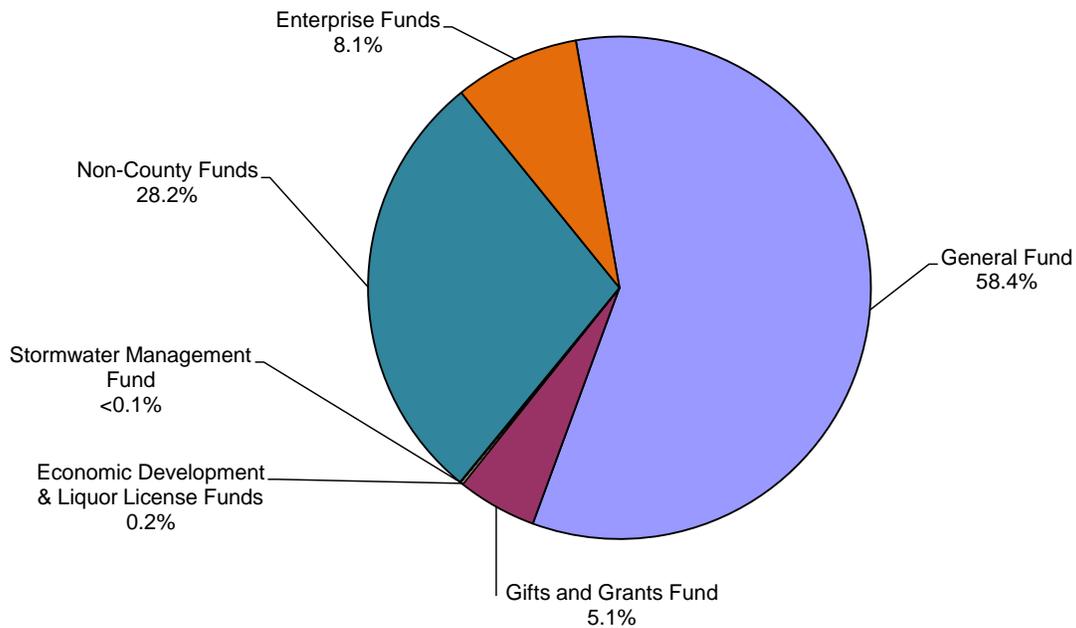
Vicki Almond, Chairwoman
Baltimore County Council

SECTION II

OPERATING BUDGET

OPERATING BUDGET

Total Government-Wide



Operating:	FY 2016	FY 2017	Amount of Increase (Decrease)
Appropriations:			
General Fund	\$ 1,951,782,630	\$ 1,986,320,368	\$ 34,537,738
Gifts & Grants Fund	168,265,771 ⁽¹⁾	173,828,797	5,563,026
Liquor License Fund	722,691	730,900	8,209
Stormwater Management Fund	1,808,250	735,118	(1,073,132)
Economic Development Revolving Financing Fund	6,200,000	6,000,000	(200,000)
Total Operating Budget Appropriations	2,128,779,342	2,167,615,183	38,835,841
Other Budget Authorizations:			
Non-County Funds ⁽²⁾	938,164,102	960,964,388	22,800,286
Total Operating Budget	3,066,943,444	3,128,579,571	61,636,127
Enterprise Funds ⁽³⁾	266,303,832	274,012,418	7,708,586
Total Government-Wide	\$ 3,333,247,276	\$ 3,402,591,989	\$ 69,344,713

⁽¹⁾ Adjusted for approximately \$1.8 million in grant funds appropriated as of May 2, 2016 not reflected in the Executive's budget documents.

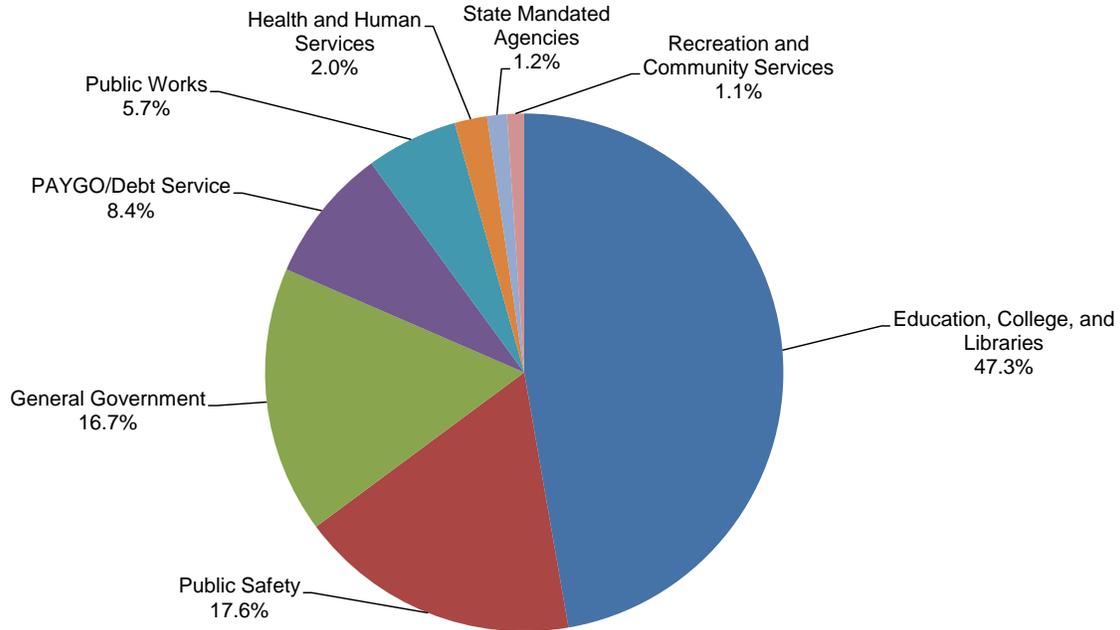
⁽²⁾ Federal, State and other funds received by BCPS, CCBC, BCPL, and the Department of Social Services.

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

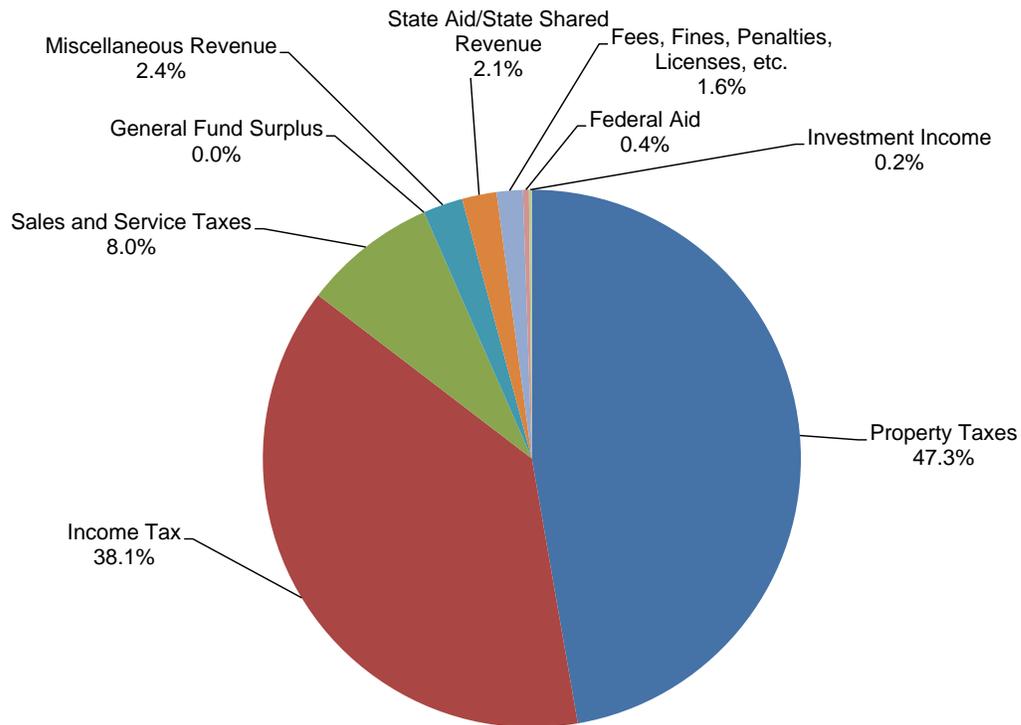
GENERAL FUND OPERATING BUDGET

FY 2017

SERVICES PROVIDED



SOURCES OF FINANCING



GENERAL FUND OPERATING BUDGET

FY 2017

SERVICES PROVIDED

	Amount	% of Total
Education, College, and Libraries	\$ 938,811,954	47.3%
Public Safety	349,138,216	17.6%
General Government	331,132,015	16.7%
Capital (PAYGO)/Debt Service ⁽¹⁾	167,844,867	8.4%
Public Works	113,369,285	5.7%
Health and Human Services	40,382,919	2.0%
State Mandated Agencies	24,406,348	1.2%
Recreation and Community Services	21,234,764	1.1%
Total Adopted Budget	<u>\$ 1,986,320,368</u>	<u>100%</u>

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

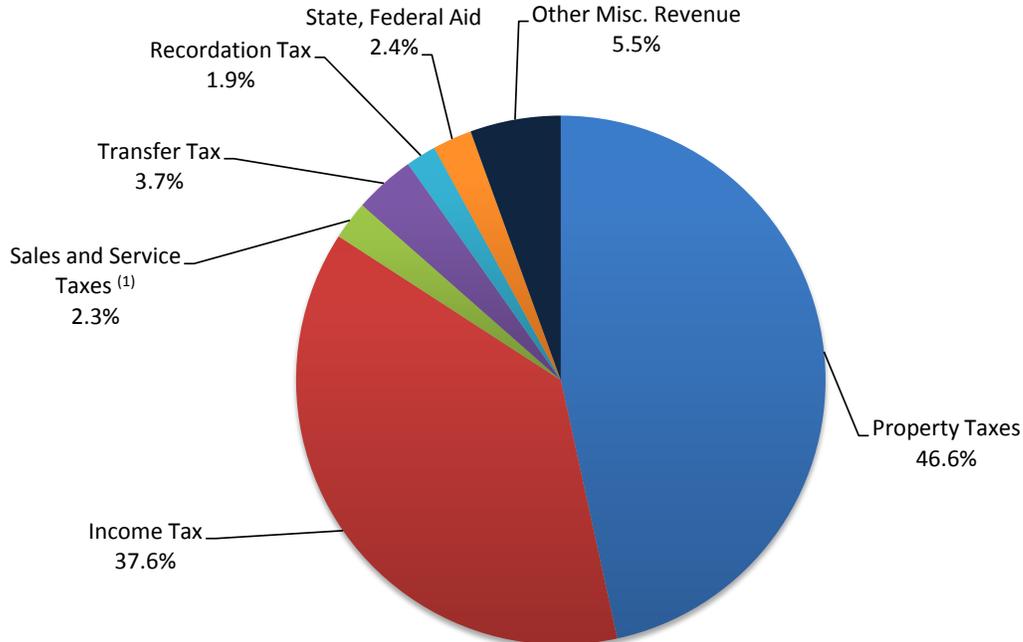
SOURCES OF FINANCING

	Amount	% of Total
Property Taxes	\$ 916,282,901	46.1%
Income Tax	739,104,822	37.2%
Sales and Service Taxes	155,799,191	7.8%
Fees and Other Charges	47,789,757	2.4%
Miscellaneous Revenue	46,301,529	2.3%
State Aid/State Shared Revenue	40,296,834	2.0%
General Fund Surplus	19,123,883	1.0%
Federal Aid	6,958,825	0.4%
Fines and Penalties	6,080,250	0.3%
Licenses and Permits	5,263,028	0.3%
Investment Income	3,319,348	0.2%
Total	<u>\$ 1,986,320,368</u>	<u>100%</u>

GENERAL FUND REVENUES

\$ in Millions

FY 2017 Budget



Source	FY 2015 Actual	FY 2016 Estimate ⁽²⁾	FY 2017 Forecast ⁽³⁾	Change		FY 2017 Budget ⁽⁴⁾
				\$	%	
Property Taxes	\$ 870.1	\$ 890.0	\$ 913.0	\$ 23.0	2.6%	\$ 916.3
Income Tax	696.3	711.9	727.2	15.3	2.1%	739.1
Sales and Service Taxes ⁽¹⁾	45.6	45.5	45.5	0.0	0.0%	46.3
Transfer Tax	63.0	73.0	78.1	5.1	7.0%	73.0
Recordation Tax	28.5	36.0	38.5	2.5	6.9%	36.5
State, Federal Aid	43.7	45.5	47.2	1.7	3.7%	47.3
Other Misc. Revenue	48.7	43.0	46.0	3.0	7.0%	46.3
Service Charges	12.5	25.0	47.0	22.0	88.0%	47.8
Investment Income	0.7	1.0	3.3	2.3	230.0%	3.3
Licenses & Permits	5.3	5.0	5.3	0.3	6.0%	5.3
Fines/Forfeitures	6.0	6.2	6.2	0.0	0.0%	6.1
Total	\$ 1,820.4	\$ 1,882.1	\$ 1,957.3	\$ 75.2	4.0%	\$ 1,967.3

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

⁽²⁾ Represents the Office of the County Auditor FY 2016 estimate, which is below the Office of Budget and Finance FY 2016 estimate by \$1.8 million.

⁽³⁾ Represents the Office of the County Auditor FY 2017 forecast.

⁽⁴⁾ The FY 2017 budget is represented in the pie chart above; budgeted revenues reflect an increase of \$83.4 million, or 4.4%, over the Office of Budget and Finance FY 2016 revenue estimate of \$1,883.9 million.

GENERAL FUND SURPLUS

<u>Unappropriated Surplus</u>	<u>FY 2016 Estimate</u>	<u>FY 2017 Forecast ⁽¹⁾</u>	<u>FY 2017 Budget ⁽²⁾</u>
Beginning Balance	\$ 230,125,956	\$ 154,527,768	\$ 156,317,011
Estimated Revenues	1,882,100,000 ⁽³⁾	1,957,300,000	1,967,196,485
Prior Year Liquidations	500,000		
Estimated Expenses	<u>(1,954,432,630) ⁽⁴⁾</u>	<u>(1,986,320,368)</u>	<u>(1,986,320,368)</u>
Current Year Savings/Deficit	<u>(71,832,630)</u>	<u>(29,020,368)</u>	<u>(19,123,883)</u>
Available Surplus	158,293,326	125,507,400	137,193,128
RSRA ⁽⁵⁾ Transfer	<u>(3,765,558)</u>	<u>(5,253,102)</u>	<u>(5,253,102)</u>
Year-End Surplus	<u>\$ 154,527,768</u>	<u>\$ 120,254,298</u>	<u>\$ 131,940,026</u>
% of Budgeted Revenue (est.)	8.3%	6.1%	6.7%

<u>RSRA ⁽⁵⁾</u>	<u>FY 2016 Estimate</u>	<u>FY 2017 Forecast</u>	<u>FY 2017 Budget</u>
Beginning Balance	\$ 89,341,164	\$ 93,106,722	\$ 93,106,722
Investment Income	3,765,558	5,253,102	5,253,102
RSRA Transfer (5%)	<u>0</u>	<u>0</u>	<u>0</u>
Year-End Reserve	<u>\$ 93,106,722</u>	<u>\$ 98,359,824</u>	<u>\$ 98,359,824</u>
% of Budgeted Revenue (est.)	5.0%	5.0%	5.0%

<u>Year-End Surplus</u>	<u>FY 2016 Estimate</u>	<u>FY 2017 Forecast</u>	<u>FY 2017 Budget</u>
Total Year-End Surplus	<u>\$ 247,634,490</u>	<u>\$ 218,614,122</u>	<u>\$ 230,299,850</u>
% of Budgeted Revenue (est.)	13.3%	11.1%	11.7%

⁽¹⁾ Represents the Office of the County Auditor FY 2017 forecast.

⁽²⁾ Represents the Office of Budget and Finance FY 2017 forecast.

⁽³⁾ Represents the Office of the County Auditor FY 2016 estimate. FY 2016 budgeted revenues totaled \$1.86 billion.

⁽⁴⁾ Reflects an expected \$9.75 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 2016	FY 2017
General Fund Budget Appropriations	\$ 1,951,782,630	\$ 1,986,320,368
Planned General Fund Supplemental Appropriations	9,750,000	-
Estimated Final Spending	\$ 1,961,532,630 (A)	\$ 1,986,320,368
 General Fund Exclusions:		
Local Matching Appropriations		
Local Matching Funds	(6,191,223)	(6,606,335)
Capital Project Appropriations		
PAYGO	(101,385,266)	(97,378,023)
Reserve Fund Appropriations		
Contingency Reserve	(697,409) ⁽¹⁾	(1,000,000)
One-Time-Only Appropriations		
Appropriations in Excess of COLA Phase-In ⁽²⁾	(38,033,212)	(25,355,475)
Appropriations in Excess of OPEB ARC Phase-In	-	-
Planned General Fund Supplemental Appropriation - Snow ⁽³⁾	(6,595,461)	-
Baltimore County Public Schools ⁽⁴⁾	(6,654,211)	(6,465,107)
Total Exclusions	(159,556,782) (B)	(136,804,940)
Base Spending (A - B)	\$ 1,801,975,848 (C)	\$ 1,849,515,428
Personal Income Growth Factor	1.0350 (D)	
Spending Guideline (C x D)	\$ 1,865,045,003	
Under (Over) Guideline		\$ 15,529,575

⁽¹⁾ Adjusted to reflect BATs 16-02 and 16-04, which transfer \$2,591 and \$300,000, respectively, from the Contingency Reserve and will be presented for Council approval on June 6, 2016.

⁽²⁾ FY 2017 is the second year of a 4-year phase-in for recognizing FY 2016 COLA growth under the guideline; at least 50% of the FY 2016 amount budgeted for employee COLA shall be considered spending subject to the FY 2017 guideline.

⁽³⁾ Reflects the amount of the planned Storm Emergencies appropriation in excess of the 5-year average of program expenditures, which totals approximately \$9.1 million.

⁽⁴⁾ Reflects one-time BCPS costs excluded from the State's maintenance of effort requirement.

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2016 Adjusted Appropriation	FY 2017 Proposed Budget	FY 2017 Budget Reductions	FY 2017 Adopted Budget
Office of the County Executive	\$ 1,060,184	\$ 1,108,063	--	\$ 1,108,063
Circuit Court	\$ 4,732,087	\$ 4,786,267	--	\$ 4,786,267
Orphans' Court	\$ 229,146	\$ 232,934	--	\$ 232,934
Board of Elections	\$ 5,249,706	\$ 5,183,170	--	\$ 5,183,170
<u>Office of Budget and Finance</u>				
Budget Formulation & Administration	\$ 1,288,304	\$ 1,318,170	--	\$ 1,318,170
Financial Operations	4,171,725	4,233,941	--	4,233,941
Pay Systems	248,765	218,924	--	218,924
Investment & Debt Management	378,608	365,582	--	365,582
Insurance Administration	1,018,302	1,060,671	--	1,060,671
Purchasing & Disbursements	1,347,865	1,393,985	--	1,393,985
Total Office of Budget and Finance	\$ 8,453,569	\$ 8,591,273	--	\$ 8,591,273
<u>Administrative Officer</u>				
General Administration	\$ 1,448,545	\$ 1,503,090	--	\$ 1,503,090
Baltimore Metropolitan Council	146,363	146,363	--	146,363
Total Administrative Officer	\$ 1,594,908	\$ 1,649,453	--	\$ 1,649,453
Department of Corrections	\$ 35,868,066	\$ 36,572,408	--	\$ 36,572,408
State's Attorney	\$ 8,613,397	\$ 8,907,356	--	\$ 8,907,356
Vehicle Operations & Maintenance	\$ 222,370	\$ 385,540	--	\$ 385,540
<u>Office of Law</u>				
General Legal Services	\$ 2,281,683	\$ 2,338,223	--	\$ 2,338,223
Legislative Relations	313,478	327,695	--	327,695
Total Office of Law	\$ 2,595,161	\$ 2,665,918	--	\$ 2,665,918
<u>Department of Planning</u>				
Community Development	\$ 2,174,568	\$ 2,131,936	--	\$ 2,131,936
Administrative Hearing Office	425,167	432,787	--	432,787
People's Counsel	191,399	194,307	--	194,307
Neighborhood Improvement	522,912	544,183	--	544,183
Total Department of Planning	\$ 3,314,046	\$ 3,303,213	--	\$ 3,303,213

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2016 Adjusted Appropriation	FY 2017 Proposed Budget	FY 2017 Budget Reductions	FY 2017 Adopted Budget
Office of Human Resources	\$ 3,716,722	\$ 3,778,357	--	\$ 3,778,357
Emergency Communications Center	\$ 12,258,077	\$ 13,080,958	--	\$ 13,080,958
<u>Police Department</u>				
Office of the Chief	\$ 3,671,696	\$ 3,700,290	--	\$ 3,700,290
Administrative & Technical Svs. Bureau	24,331,812	23,639,760	--	23,639,760
Criminal Investigations	23,627,296	28,331,922	--	28,331,922
Vice/Narcotics	8,918,036	9,121,898	--	9,121,898
Operations	118,749,136	123,136,604	--	123,136,604
Operations Support Services Division	14,381,065	14,486,609	--	14,486,609
Community Resources Bureau	3,472,729	--	--	--
School Safety	1,362,175	1,348,950	--	1,348,950
Total Police Department	\$ 198,513,945	\$ 203,766,033	--	\$ 203,766,033
<u>Fire Department</u>				
General Administration	\$ 993,130	\$ 1,007,407	--	\$ 1,007,407
Investigative Services	1,754,577	1,854,426	--	1,854,426
Alarm & Communication System	975,869	951,170	--	951,170
Field Operations	79,583,360	80,605,940	--	80,605,940
Office of Homeland Security/Emerg. Mgmt.	167,070	118,555	--	118,555
Field Operation Administration	1,443,262	1,768,974	--	1,768,974
Fire/Rescue Academy	1,249,297	1,259,240	--	1,259,240
Contributions Volunteer Fire	7,480,792	8,153,105	--	8,153,105
Total Fire Department	\$ 93,647,357	\$ 95,718,817	--	\$ 95,718,817
<u>Permits, Approvals and Inspections</u>				
General Administration	\$ 1,614,527	\$ 1,611,452	--	\$ 1,611,452
Electrical Licensing & Regulation	17,425	17,704	--	17,704
Plumbing Licensing Regulation	28,975	29,440	--	29,440
Real Estate Compliance	876,146	930,465	--	930,465
Development Review	951,231	979,525	--	979,525
Inspections & Enforcement	4,647,580	4,823,262	--	4,823,262
Permits and Licenses	753,742	777,098	--	777,098
Total Permits, Approvals and Inspections	\$ 8,889,626	\$ 9,168,946	--	\$ 9,168,946
County Sheriff	\$ 5,095,976	\$ 5,037,327	--	\$ 5,037,327
<u>Property Management</u>				
Administration	\$ 1,261,479	\$ 1,360,573	--	\$ 1,360,573
Building Maintenance	8,436,682	8,137,695	--	8,137,695
Building Operations & Management	17,064,607	16,720,206	\$ 81,893	16,638,313
Maintenance of Grounds & Recreation Sites	7,165,790	7,716,492	25,000	7,691,492
Total Property Management	\$ 33,928,558	\$ 33,934,966	\$ 106,893	\$ 33,828,073

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2016 Adjusted Appropriation	FY 2017 Proposed Budget	FY 2017 Budget Reductions	FY 2017 Adopted Budget
<u>Department of Health</u>				
General Administration	\$ 2,700,435	\$ 3,069,196	--	\$ 3,069,196
Center-Based Services	2,936,630	2,880,925	--	2,880,925
Acute Communicable Disease Control	1,293,426	1,331,650	--	1,331,650
Environmental Health Services	2,305,113	2,880,801	--	2,880,801
Healthcare Access	1,063,558	1,107,617	--	1,107,617
Animal Services	3,151,266	4,161,065	\$ 88,816	4,072,249
Child, Adolescent & School Health	1,041,375	1,083,195	--	1,083,195
Prenatal & Early Childhood	1,670,673	1,670,491	--	1,670,491
Home Health Services	1,432,531	990,908	--	990,908
Eval. & Long Term Care Case Management	1,940,972	1,987,758	--	1,987,758
Community Medical Assistance Programs	1,141,336	1,101,466	--	1,101,466
Dental Health Services	873,296	891,696	--	891,696
Total Health Department	\$ 21,550,611	\$ 23,156,768	\$ 88,816	\$ 23,067,952
<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	146,896	--	146,896
Emergency Funds	850,000	850,000	--	850,000
Domestic Violence/Sexual Assault	127,260	127,260	--	127,260
Day Resource Center	182,722	204,274	--	204,274
In-Home Care Program	219,124	253,631	--	253,631
Adult Services	1,240,994	1,348,311	--	1,348,311
General Administration	1,476,597	1,509,416	--	1,509,416
Children's Services	478,250	509,435	--	509,435
Family Investment Division	1,098,557	1,107,625	--	1,107,625
Family Services	1,427,629	1,516,919	--	1,516,919
Total Department of Social Services	\$ 7,795,975	\$ 8,118,767	--	\$ 8,118,767
<u>Community College of Baltimore County</u>				
Instruction	\$ 21,115,397	\$ 22,007,326	--	\$ 22,007,326
Public Services	135,031	142,653	--	142,653
Academic Support	4,503,156	5,065,086	--	5,065,086
Student Services	4,117,605	4,678,836	--	4,678,836
Institutional Support	7,598,992	8,556,267	--	8,556,267
Operation/Maintenance of Plant	3,734,597	3,781,196	--	3,781,196
Mandatory Transfers (Grants)	222,764	97,679	--	97,679
Debt Service	8,165,476	8,732,908	--	8,732,908
Total Community College	\$ 49,593,018	\$ 53,061,951	--	\$ 53,061,951

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2016 Adjusted Appropriation	FY 2017 Proposed Budget	FY 2017 Budget Reductions	FY 2017 Adopted Budget
<u>Department of Aging</u>				
General Administration	\$ 815,224	\$ 755,255	--	\$ 755,255
Adult Medical Day Care	50,000	50,000	--	50,000
Senior Centers Network	1,976,609	2,012,659	--	2,012,659
Special Geriatric Services	186,539	194,692	--	194,692
Facilities	260,721	246,126	--	246,126
Transportation Services	832,694	878,713	--	878,713
Program & Volunteer Services	219,378	219,995	--	219,995
Total Department of Aging	\$ 4,341,165	\$ 4,357,440	--	\$ 4,357,440
<u>Department of Education</u>				
Administration	\$ 25,035,301	\$ 27,571,836	--	\$ 27,571,836
Mid-Level Administration	56,649,063	57,060,746	--	57,060,746
Instructional Salaries & Wages	277,217,623	277,537,546	--	277,537,546
Instructional Textbooks & Supplies	8,865,743	8,597,396	--	8,597,396
Other Instructional Costs	28,855,794	42,755,398	--	42,755,398
Special Education	63,977,027	61,899,575	--	61,899,575
Student Personnel Services	6,438,696	6,610,591	--	6,610,591
Health Services	10,093,600	10,366,644	--	10,366,644
Student Transportation Service	16,643,877	14,506,376	--	14,506,376
Operation of Plant & Equipment	50,236,829	49,705,799	--	49,705,799
Maintenance of Plant & Equipment	17,115,452	19,311,470	--	19,311,470
Fixed Charges	185,028,443	178,747,343	--	178,747,343
Capital Outlay	2,691,629	2,881,167	--	2,881,167
Debt Service - County Bonds	40,807,158	48,139,313	--	48,139,313
Contribution to Capital Budget	34,373,466	47,208,853	--	47,208,853
Total Department of Education	\$ 824,029,701	\$ 852,900,053	--	\$ 852,900,053
<u>Department of Libraries</u>				
General Administration	\$ 6,802,388	\$ 6,448,710	--	\$ 6,448,710
Circulation/Information Services	15,144,951	15,624,905	--	15,624,905
Customer Support Services	9,474,122	9,436,907	--	9,436,907
Buildings/Vehicle Maint. & Operation	1,342,692	1,339,428	--	1,339,428
Total Department of Libraries	\$ 32,764,153	\$ 32,849,950	--	\$ 32,849,950
University of Maryland Extension	\$ 258,738	\$ 259,294	--	\$ 259,294
<u>Department of Recreation & Parks</u>				
General Administration	\$ 920,189	\$ 957,647	--	\$ 957,647
Recreation Services	9,964,172	10,049,459	--	10,049,459
Total Department of Recreation & Parks	\$ 10,884,361	\$ 11,007,106	--	\$ 11,007,106

GENERAL FUND OPERATING BUDGET

Agency/Program Name	FY 2016 Adjusted Appropriation	FY 2017 Proposed Budget	FY 2017 Budget Reductions	FY 2017 Adopted Budget
<u>Debt Service</u>				
General Public Facilities	\$ 72,070,716	\$ 80,196,101	--	\$ 80,196,101
Pension Funding Bonds	17,772,646	13,668,256	--	13,668,256
Non-General Obligation Debt	22,148,105	23,811,340	--	23,811,340
Total Debt Service	<u>\$ 111,991,467</u>	<u>\$ 117,675,697</u>	<u>--</u>	<u>\$ 117,675,697</u>
<u>Retirement & Social Security</u>				
Contributions-Employees' Retirement System	\$ 92,327,520	\$ 104,268,499	--	\$ 104,268,499
Contributions-Social Security	17,836,000	18,623,000	--	18,623,000
Contributions-Non System Retirement	268,600	285,600	--	285,600
Total Retirement & Soc. Security	<u>\$ 110,432,120</u>	<u>\$ 123,177,099</u>	<u>--</u>	<u>\$ 123,177,099</u>
Environmental Protection & Sustainability	<u>\$ 4,926,569</u>	<u>\$ 4,838,760</u>	<u>--</u>	<u>\$ 4,838,760</u>
Insurance	<u>\$ 126,605,502</u>	<u>\$ 104,079,882</u>	<u>--</u>	<u>\$ 104,079,882</u>
Reserve For Contingencies	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>--</u>	<u>\$ 1,000,000</u>
County Council	<u>\$ 2,218,796</u>	<u>\$ 2,362,895</u>	<u>--</u>	<u>\$ 2,362,895</u>
County Auditor	<u>\$ 1,602,315</u>	<u>\$ 1,643,458</u>	<u>--</u>	<u>\$ 1,643,458</u>
Board of Appeals	<u>\$ 225,368</u>	<u>\$ 234,254</u>	<u>--</u>	<u>\$ 234,254</u>
Economic & Workforce Development	<u>\$ 1,195,797</u>	<u>\$ 1,284,508</u>	<u>--</u>	<u>\$ 1,284,508</u>
Contribution to Capital Budget	<u>\$ 67,011,800</u>	<u>\$ 50,169,170</u>	<u>--</u>	<u>\$ 50,169,170</u>
<u>Organization Contributions</u>				
Organization Contributions	\$ 2,789,200	\$ 2,951,200	--	\$ 2,951,200
General Grant Program	5,555,366	5,991,950	--	5,991,950
Total Organization Contributions	<u>\$ 8,344,566</u>	<u>\$ 8,943,150</u>	<u>--</u>	<u>\$ 8,943,150</u>
Local Share	<u>\$ 6,191,223</u>	<u>\$ 6,606,335</u>	<u>--</u>	<u>\$ 6,606,335</u>
<u>Office of Information Technology</u>				
Business Operations	\$ 2,965,188	\$ 2,648,816	--	\$ 2,648,816
Applications	8,928,212	8,549,479	--	8,549,479
Infrastructure	10,801,469	13,025,627	--	13,025,627
Electronic Services	3,268,549	3,325,334	--	3,325,334
Total Office of Information Technology	<u>\$ 25,963,418</u>	<u>\$ 27,549,256</u>	<u>--</u>	<u>\$ 27,549,256</u>

GENERAL FUND OPERATING BUDGET

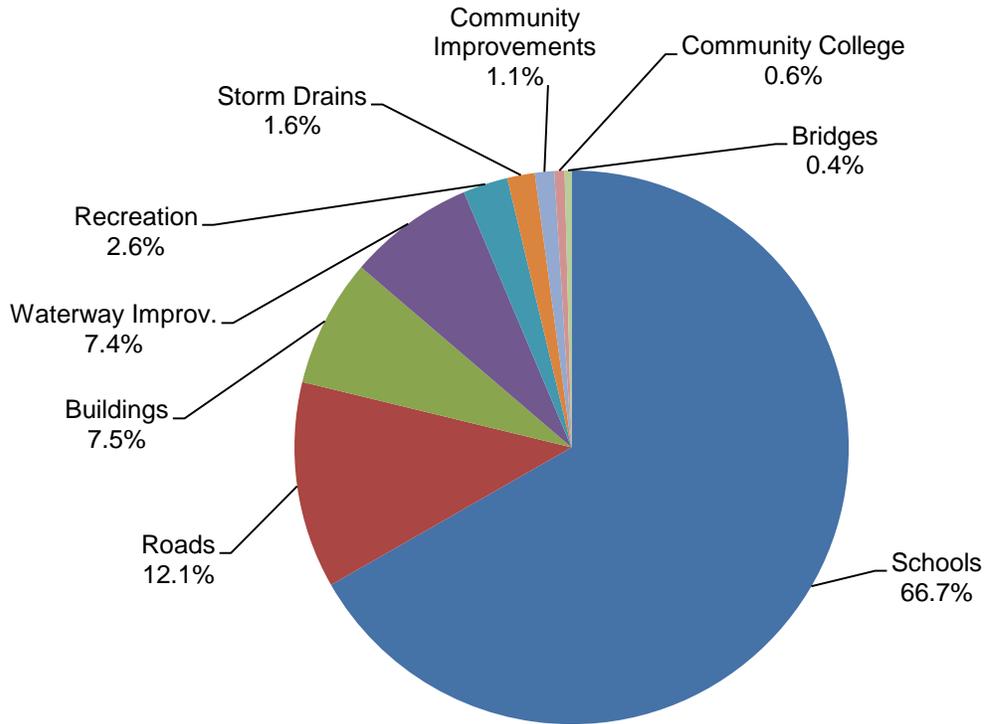
Agency/Program Name	FY 2016 Adjusted Appropriation	FY 2017 Proposed Budget	FY 2017 Budget Reductions	FY 2017 Adopted Budget
<u>Department of Public Works</u>				
<u>Office of the Director</u>				
General Administration	\$ 602,405	\$ 614,145	--	\$ 614,145
Metro Financing/Petition Processing	26,198	39,810	--	39,810
<u>Bureau of Engineering & Construction</u>				
General Administration	371,953	391,526	--	391,526
Structural Storm Drain & Hgwy. Design	1,727,492	1,734,393	--	1,734,393
General Surveying	374,220	366,256	--	366,256
Contracts/Construction Inspections	1,814,398	1,812,228	--	1,812,228
<u>Bureau of Highways & Equipment Maintenance</u>				
General Administration	768,573	791,906	--	791,906
General Operations & Maintenance	13,516,095	13,293,183	--	13,293,183
Equipment Maintenance	6,383,494	6,624,783	--	6,624,783
Storm Emergencies	5,987,025	5,986,000	--	5,986,000
<u>Bureau of Solid Waste Management</u>				
General Administration	476,329	482,171	--	482,171
Refuse Collection	30,513,614	29,823,495	--	29,823,495
Refuse Disposal	27,933,347	36,542,491	--	36,542,491
Recycling	1,725,966	1,752,113	--	1,752,113
<u>Bureau of Traffic Eng./Trans. Planning</u>				
Traffic Planning	9,631,998	10,080,142	--	10,080,142
Traffic Sign Installation/Maintenance	1,500,044	1,493,278	--	1,493,278
Traffic Signal Operations/Maintenance	946,235	967,685	--	967,685
<u>Bureau of Utilities</u>				
Sewer/Water Operations/Maintenance	573,680	573,680	--	573,680
 Total Department of Public Works	 \$ 104,873,066	 \$ 113,369,285	 --	 \$ 113,369,285
 General Fund Total	 \$ 1,951,782,630	 \$ 1,986,516,077	 \$ 195,709	 \$ 1,986,320,368

SECTION III

CAPITAL BUDGET & PROGRAM

CAPITAL BUDGET SUMMARY

FY 2017 Consolidated Public Improvement (CPI) Projects

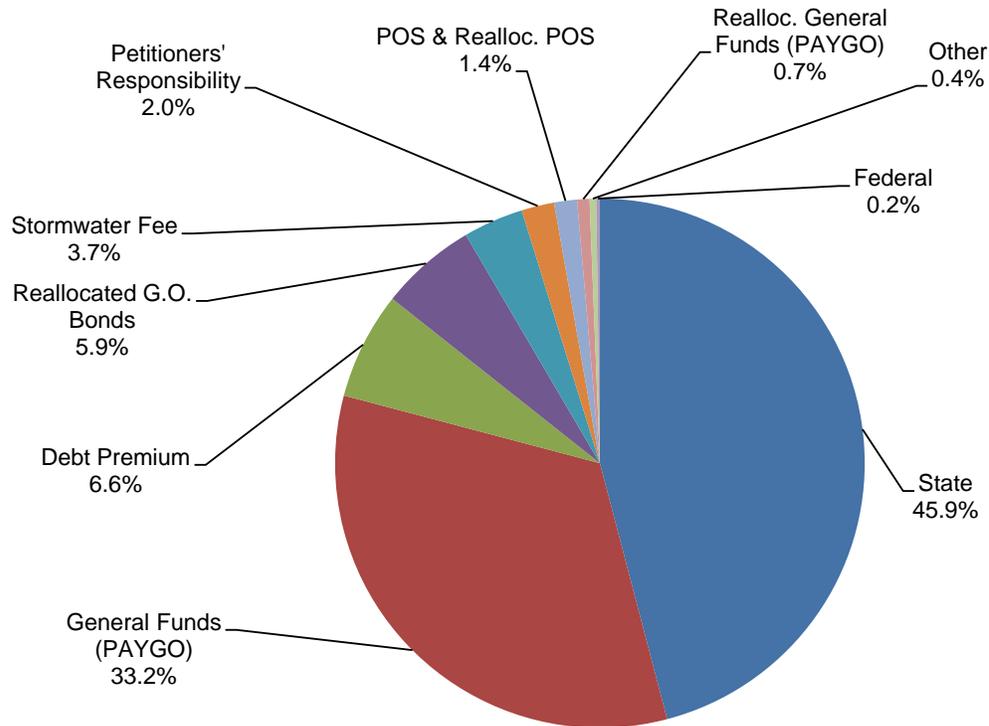


Project Classification	(\$ in Thousands) FY 2017	% of Total
Schools	\$ 195,687	66.7%
Roads	35,397	12.1%
Buildings	21,914	7.5%
Waterway Improvements	21,650	7.4%
Recreation	7,661	2.6%
Storm Drains	4,720	1.6%
Community Improvements	3,300	1.1%
Community College	1,760	0.6%
Bridges	1,175	0.4%
Total CPI Projects	\$ 293,264	100%

CAPITAL BUDGET SUMMARY

FY 2017

Consolidated Public Improvement (CPI) Sources of Funding

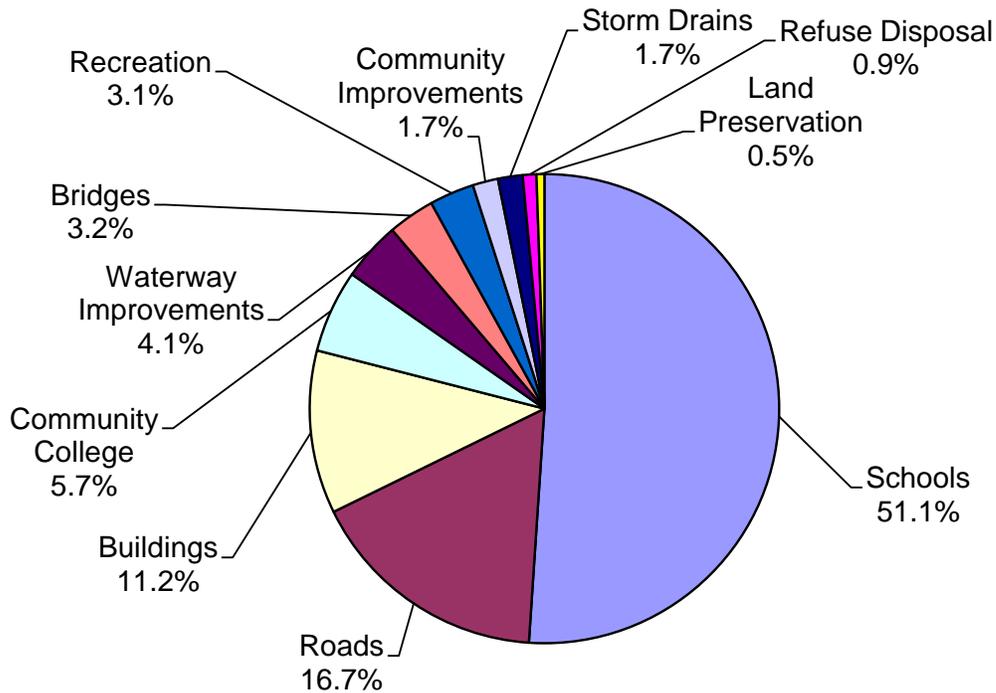


<u>Source of Funding</u>	<u>(\$ in Thousands)</u> <u>FY 2017</u>	<u>% of</u> <u>Total</u>
State	\$ 134,644	45.9%
General Funds (PAYGO)	97,378	33.2%
Debt Premium	19,212	6.6%
Reallocated G.O. Bonds	17,248	5.9%
Stormwater Fee	10,785	3.7%
Petitioners' Responsibility	5,864	2.0%
Program Open Space (POS) & Realloc. POS	4,098	1.4%
Realloc. General Funds (PAYGO)	2,207	0.7%
Other	1,187	0.4%
Federal	640	0.2%
Total CPI Sources	\$ 293,264 *	100%

* Difference due to rounding.

CAPITAL BUDGET SUMMARY

6-Year Program - FY 2017-2022 Consolidated Public Improvement (CPI) Projects

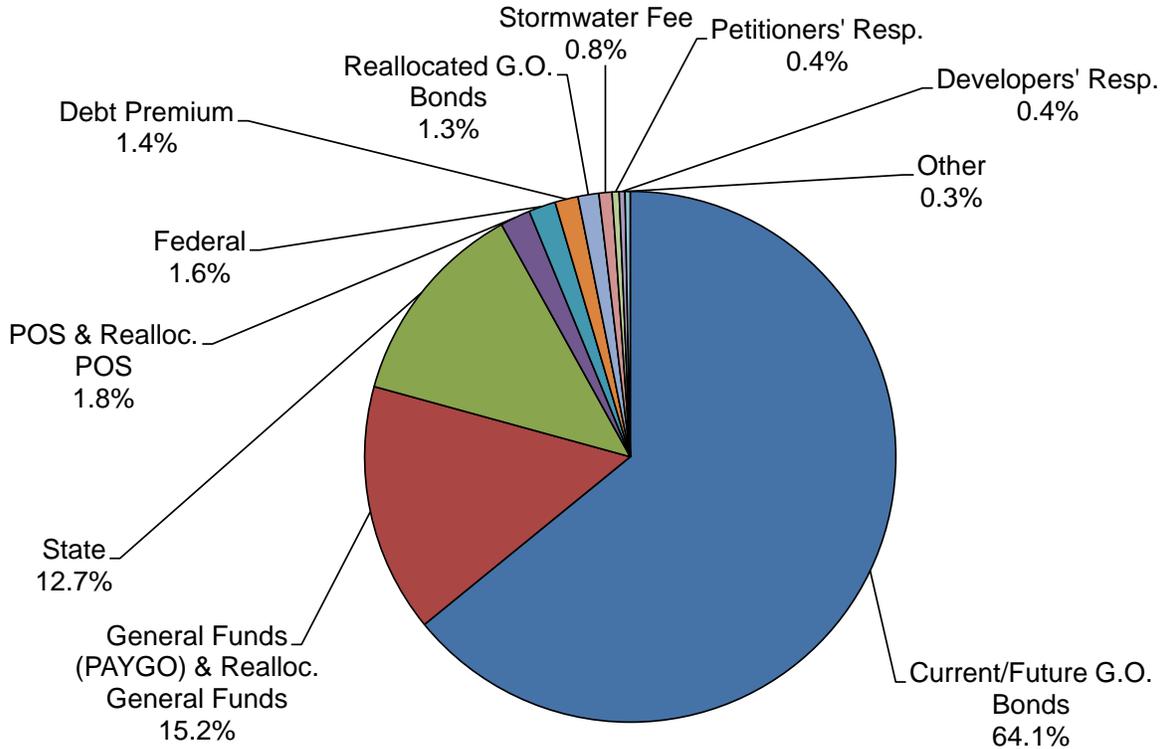


<u>Project Classification</u>	(\$ In Thousands)	
	<u>6-Year Program</u>	<u>% of Total</u>
Schools	\$ 695,187	51.1%
Roads	227,300	16.7%
Buildings	153,125	11.2%
Community College	77,760	5.7%
Waterway Improvements	55,418	4.1%
Bridges	43,875	3.2%
Recreation	41,861	3.1%
Community Improvements	23,800	1.7%
Storm Drains	23,170	1.7%
Refuse Disposal	12,742	0.9%
Land Preservation	7,380	0.5%
Total CPI Projects	\$ 1,361,617 *	100% *

* Difference due to rounding.

CAPITAL BUDGET SUMMARY

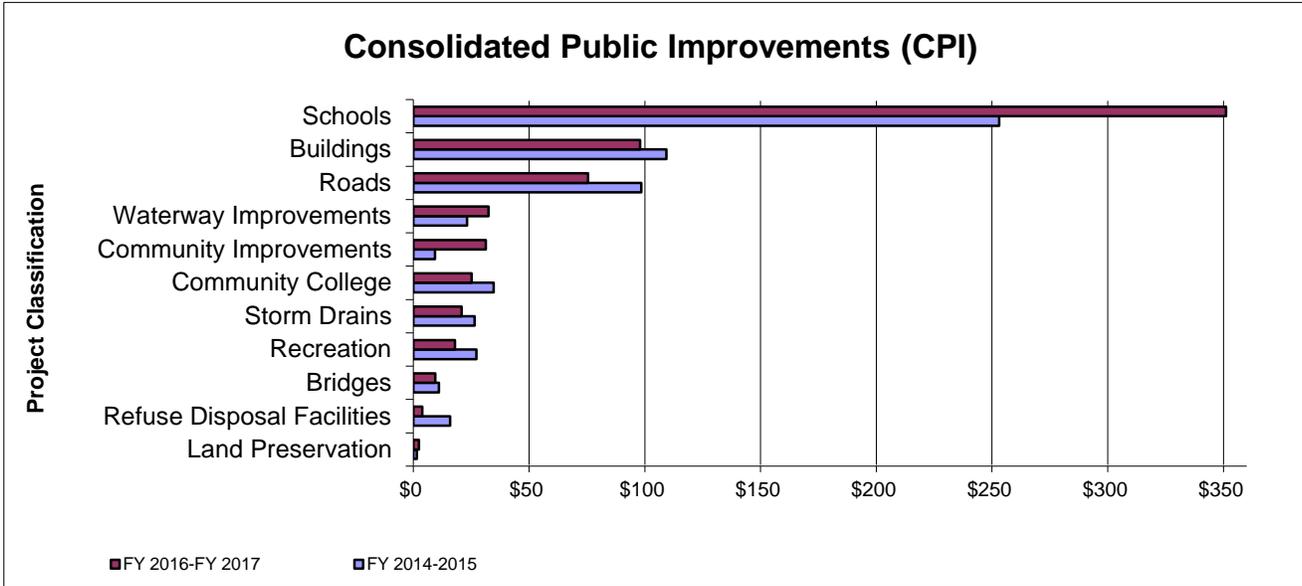
6-Year Program - FY 2017-2022 Consolidated Public Improvement (CPI) Sources



Source of Funding	(\$ in Thousands)	
	6-Year Program	% of Total
Current/Future G.O. Bonds	\$ 872,940	64.1%
General Funds (PAYGO) & Realloc. General Funds	206,356	15.2%
State	172,692	12.7%
Program Open Space (POS) & Realloc. POS	25,098	1.8%
Federal	22,355	1.6%
Debt Premium	19,212	1.4%
Reallocated G.O. Bonds	17,248	1.3%
Stormwater Fee	10,785	0.8%
Petitioners' Resp.	5,864	0.4%
Developers' Resp.	4,800	0.4%
Other	4,267	0.3%
Total CPI Sources	\$ 1,361,617	100%

CAPITAL BUDGET SUMMARY

Biennial Comparison - Projects (\$ in Thousands)



Project Classification	FY 2014-15 ⁽¹⁾	FY 2016-17	Increase/(Decrease)	
			Amount	%
Schools	\$ 253,139	\$ 351,021	\$ 97,882	38.7%
Buildings	109,289	97,992	(11,297)	-10.3%
Roads	98,545	75,433	(23,112)	-23.5%
Waterway Improvements	23,256	32,552	9,296	40.0%
Community Improvements	9,350	31,300	21,950	234.8%
Community College	34,706	25,110	(9,596)	-27.6%
Storm Drains	26,420	20,910	(5,510)	-20.9%
Recreation	27,300	17,992	(9,308)	-34.1%
Bridges	11,089	9,540	(1,549)	-14.0%
Refuse Disposal Facilities	15,931	3,930	(12,001)	-75.3%
Land Preservation	1,575	2,460	885	56.2%
Total CPI Projects	\$ 610,599 *	\$ 668,240	\$ 57,641 *	9.4%

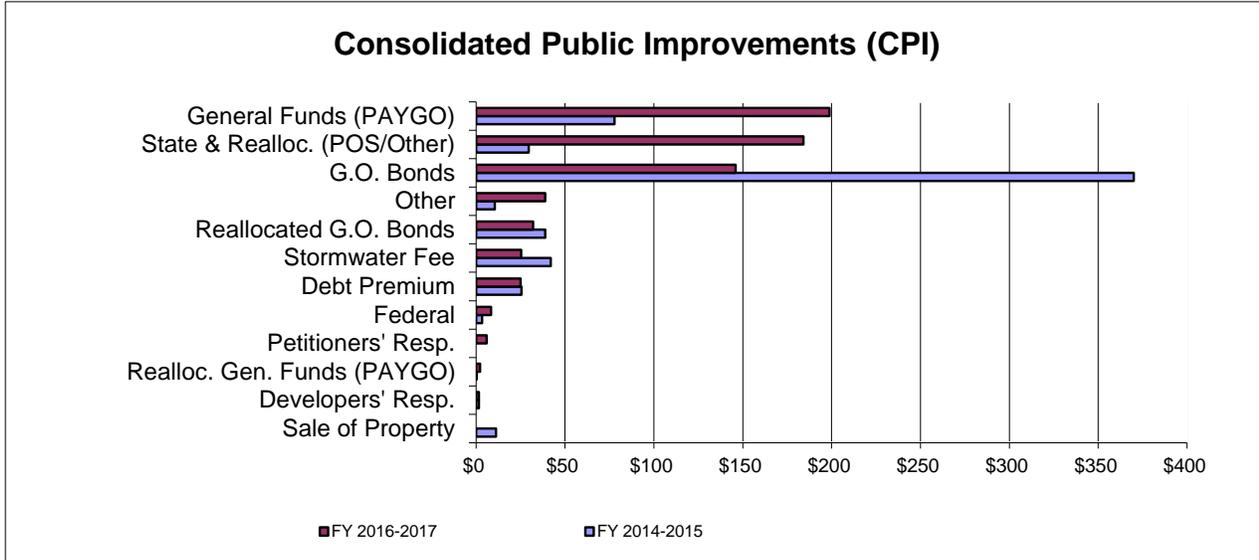
⁽¹⁾ Reflects adjusted FY 2014 and 2015 appropriations and BATs.

* 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	%
General Funds (PAYGO)	\$ 77,784	\$ 198,763	\$ 120,979	155.5%
State & Realloc. (POS/Other)	29,611	184,192	154,581	522.0%
G.O. Bonds	370,085	146,054	(224,031)	-60.5%
Other	10,503	38,834	28,331	269.7%
Reallocated G.O. Bonds	38,957	31,972	(6,985)	-17.9%
Stormwater Fee	41,999	25,300	(16,699)	-39.8%
Debt Premium	25,495	25,102	(393)	-1.5%
Federal	3,305	8,345	5,040	152.5%
Petitioners' Resp.	-	5,864	5,864	-
Realloc. Gen. Funds (PAYGO)	80	2,214	2,134	2664.8%
Developers' Resp.	1,600	1,600	0	0.0%
Sale of Property	11,180	-	(11,180)	-100.0%
Total CPI Sources	\$ 610,599	\$ 668,240	\$ 57,641	9.4%

⁽¹⁾ Reflects adjusted FY 2014 and 2015 appropriations and BATs.

GENERAL OBLIGATION BONDS

<u>Category</u>	<u>Referendum Year</u>			<u>% of Total</u>
	<u>CY 2012</u>	<u>CY 2014</u>	<u>Planned CY 2016</u>	
Schools	\$ 148,875,000	\$ 157,899,000	\$ 166,000,000	56.8%
Public Works	55,874,000	46,370,000	63,374,000	21.7%
General Government Bldgs.	23,148,000	28,500,000	22,211,986	7.6%
Community College	15,000,000	15,000,000	15,000,000	5.1%
Waterway Improvement Program	1,295,000	2,000,000	11,000,000	3.8%
Refuse Disposal	760,000	11,930,000	7,626,000	2.6%
Parks, Preservation and Greenways	2,000,000	4,000,000	4,000,000	1.4%
Land Preservation	1,000,000	2,000,000	2,000,000	0.7%
Community Improvements	7,476,000	10,000,000	1,000,000	0.3%
Total General Obligation Bonds	<u>\$ 255,428,000</u>	<u>\$ 277,699,000</u>	<u>\$ 292,211,986</u>	<u>100%</u>

CAPITAL BUDGET - DEBT AFFORDABILITY GUIDELINES

Debt Service⁽¹⁾ as % of General Fund Revenue

Guideline - 9.5% of General Fund Revenue	\$	186,883,666
FY 2017 Budget		(160,879,662)
Under (Over) Guideline	\$	<u>26,004,004</u>

Debt Outstanding⁽¹⁾ as % of Total Property Value

Guideline - 2.5% of Assessed Property Value	\$	2,048,856,275
Estimated Debt Outstanding as of 6/30/2017		(1,584,516,941)
Under (Over) Guideline	\$	<u>464,339,334</u>

Legal Debt Limit⁽²⁾

Estimated Assessable Base	\$	81,954,251,000
	x	4%
Debt Limit Equal to 4% of Assessable Base	\$	<u>3,278,170,040</u>
Estimated Debt Outstanding as of 6/30/2017		
Public Facility Bonds	\$	664,577,000
Public School Bonds		459,539,000
Pension Liability Funding Bonds		232,741,000
Bond Anticipation Notes		229,700,000
Community College Bonds		99,439,000
		<u>(1,685,996,000)</u>
Under (Over) Legal Debt Limit	\$	<u>1,592,174,040</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)

Retiree Healthcare Commitment

After reaching full funding of the annual other post-employment benefits (OPEB) obligation in FY 2015 and near-full funding in FY 2016, the balance of the OPEB Trust Fund is expected to decline during FY 2017. Budgeted OPEB expenses are \$30 million less in FY 2017 than in FY 2016, and \$41 million less than the most recent actuarially determined annual contribution. During this year's Insurance Contributions budget hearing, the Office testified that the decision to reduce funding of the OPEB obligation in FY 2017 reflects the County's intent to scale back retiree healthcare benefits in future years. This change in policy course is concerning for a number of reasons.

First, over the past decade, both the legislative and executive branches of County government have been heavily involved in policy decisions related to the County's OPEB funding obligation. If the Office has determined that changes are necessary to the current retiree benefit structure, then it should bring to the table analysis to support this determination prior to changing the County's budgetary course.

Second, the insufficient budget allocation reflects an "underfunding" situation that runs counter to long-established recommendations of the County's Spending Affordability Committee. For this reason, and in light of the Committee's special treatment of OPEB appropriations over the past ten years, the Office arguably should have requested that this matter be added to a Spending Affordability Committee agenda prior to incorporating the change in the official budget submission.

Third, by funding OPEB at a level below the actuarially-recommended amount, the County is taking an action that will cause the actuarially-determined accrued OPEB liability, and the County's actuarially-determined annual OPEB expense, to rise significantly. Such increases, based on this FY 2017 budget decision, may have the effect of creating an appearance that the current retiree healthcare benefit structure is more costly than it actually is.

Budget Alignment with Departmental Plans

During this year's budget process, the Council heard how certain County agencies have been faced in recent years with a choice between filling vacant positions and paying for other operating costs. In particular, the budget analysis pointed out that numerous County agencies have funded unbudgeted operating costs out of higher-than-budgeted turnover savings, and the school system has grown its fund balance by holding open positions and by allowing other line items consistently to be budgeted well above actual intended spending levels. Spending that routinely deviates from the budget plan indicates that the budget may not be aligned with the department's operating plan.

The Council wishes to adopt budgets that reflect the actual operating and capital plans of County government. The Council would prefer for the operating budget to reflect the County's intent for utilizing authorized positions; otherwise, the budget is ineffective in reflecting the County's true historical experience with its staffing levels. The Council similarly would prefer for the budget to reflect the County's intent for utilizing non-salary line items.

Capital Project Appropriations

Bill 12-16 requires that the capital budget include a description, by Councilmanic district, of the proposed capital projects in each capital project classification, without designating proposed appropriations as being shared among Council districts. This legislation was a response to the Council's concern that the vast majority of capital budget appropriations have been routinely designated as being for "bulk" project purposes that are not specific as to location. The Administration previously expressed that it is necessary to designate a portion of projects as "bulk" so as not to generate expectations on the part of specific stakeholders about projects that could change in terms of priority order as new needs are identified throughout the budget year. The Council shares this concern and has suggested that it is incumbent upon both branches of government to advise their constituents that circumstances and priorities may change and that any list of projects is not "set in stone." Accordingly, the legislation allows the budget to reflect "bulk" projects for each Council district, rather than requiring that each project be identified based on the specific facility work being planned.

Unfortunately, the submitted budget's effort to identify planned capital project jobs by Council district did not provide the desired information about the proposed FY 2017 capital project appropriations; instead, it contained a listing of all planned capital project jobs and no detail was provided on the planned use of upcoming-budget-year funding. As a result, the Council was unable to gain the desired level of insight into the FY 2017 project appropriations it is approving. The Council therefore asks the Office to work with the County Auditor to ensure that its FY 2018 capital budget submission to the Planning Board is consistent with the legislative intent of Bill 12-16.

Revolving Financing Fund Appropriations

The County's funding of its Economic Development Revolving Financing (EDRF) Fund is reflected by a "triple" appropriation – from the General Fund, to/from the capital budget, to/from the Economic Development Financing special fund. The Economic Development Financing special fund program provides the authorization to utilize funds received from the capital project "expenditure" to provide financial assistance to businesses. Such financial assistance is meant to benefit business and residential sectors throughout the County, targeting activities which create employment opportunities, assist small businesses, market the County's revitalization districts, and improve housing opportunities for County residents.

For years, the EDRF Fund has been carrying a balance that is significantly above the amount needed to support current and upcoming year economic development and housing plans. In future years, the Council would prefer to have an opportunity to review separately the financing fund activity and budgeted spending for economic development purposes and housing purposes, respectively. As such, the Council requests that a separate fund be created for the financing of housing projects, with a separate funding stream established that will allow for a clear view of the intended purpose of the proposed appropriations.

Administrative Officer (007)

Financial Planning

Since FY 2011, the portion of the County's General Fund operating budget dedicated to funding the legally binding long-term liabilities of debt and pensions has grown by over 71%, climbing steadily to \$279 million in FY 2017. This funding has grown as a percentage of General Fund expenditures by approximately four percentage points over the same period, to more than 14% of the General Fund operating budget. During this period, the County has implemented some strategies to control these expenses in the short term, including the continued use of significant debt premiums to offset a portion of budgeted debt service expenditures, as well as the imposition of a required increase in employee retirement system contribution rates in FY 2011-FY 2012 (which also yielded long-term benefits). At the same time, the County has continued to make new capital budget commitments and salary enhancements that have placed additional long-term pressure on the County's debt and retirement liabilities. The retirement actuarial liability has also grown due to the County's prudent measures to reduce the actuarial assumed rate of return on investments in order to lessen the chances that the retirement system will be at risk of being under-funded over the long term. However, the actuarial method being used has been changed to amortize the retirement liability over a longer period, almost entirely offsetting the upward pressure on the FY 2017 annual required contribution.

The complexity of these policy and financial management actions is difficult to untangle, even for the most experienced fiscal and policy analysis professionals. The County spends significant sums each year getting expert advice from a debt management consultant and an actuary. The Council would like to see a 10-year financial forecast that ties together all components of the County's current short and long-term obligations. The Council asks the Administration to furnish such a document by August 31, 2016.

Single-Stream Recycling Collection

On January 11, 2016, the Northeast Maryland Waste Disposal Authority issued a Request for Proposal (RFP) on behalf of Baltimore County for the design, permitting, construction, and long-term operation of up to two high diversion material recycling/recovery facilities. At the Department of Public Works' FY

2017 budget hearing, the Council learned that pursuit of such an endeavor could have tremendous potential benefits and cost savings, but based on the wording of the RFP, would mean the end of single-stream recycling collection in Baltimore County. The Department of Public Works advised at its budget hearing that such a decision is not immediately imminent. The Council prefers to hear about such large-scale policy considerations prior to issuance of public procurement announcements. The Council urges the Administration to consult with the Council prior to issuing procurement announcements which may have significant policy implications.

Tourism

The Council requests that the Administration step-up efforts to promote the County as a tourist destination and to communicate with the Council about these efforts. The Council is concerned that the FY 2017 budget includes a reduction of \$93,000 in funding for the Tourism grant program, which provides the majority of the funding for the County Office of Tourism and Promotion's budget; the reduction is due to the State changing its methodology for calculating grant awards to local jurisdictions. During the budget review process, the Administration advised that the decreased funding will reduce the size and number of advertisements purchased for County events, such as the semiannual Restaurant Week. The Council encourages the Administration to search for other funding sources to not only maintain the County's Restaurant Week promotion and associated advertising but also to expand it to include more restaurants throughout the County, particularly on the County's Eastside. The Council further requests that the Administration provide the Council with regular updates on its tourism efforts during FY 2017 and routinely inform the Council of new County businesses and initiatives that promote tourism.

Policy Questions

The Council requests that the Administration revisit the following two departmental policies which appear inconsistent from a government-wide perspective.

Mowing of Median Strips on County Roads: In last year's budget message, the Council urged the Administration to consider increasing its resources to addressing the concern that County roads and roadsides often do not reflect the same standards to which the County holds 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. The Council asks the Administration to furnish cost data that will provide insight into the funding required to increase the mowing cycle to a more appropriate frequency.

Collection of Bulk Trash Items: The Council has observed that bulk trash items are difficult for many residents to dispose of, and they provide exactly the type of living environment that is conducive to rat infestation. Council members observed that for residents who hire junk haulers, there is no guarantee

that such junk will make its way to the County landfill; some junk haulers prefer to dump the items illegally so as not to pay the landfill dumping fees. While the County is devoting significant additional resources to attacking the rat problem in FY 2017 and contending with a persistent illegal dumping problem, the Council also asks the Administration to revisit the question of providing a bulk trash pick-up for County residents, perhaps by appointment, and perhaps for a reasonable fee (in the \$25 range).

Program Open Space Spending

The FY 2017 capital budget includes nearly \$7.7 million for Parks, Preservation and Greenways projects, including \$3.9 million in State Program Open Space (POS) funding. The County's balance of approximately \$16 million in unencumbered POS funds may be utilized for projects included in the County's annual POS plan. Additionally, the Council recently acted to increase local open space funding by passing Resolution 90-15, which boosted fees from developments in Downtown Towson. The Council urges the Administration to expend its sizeable amount of available funding for parks and open space projects. Previously-announced projects such as Radebaugh Park and Patriot Plaza should be completed, and new parks should be advanced throughout Baltimore County, including on the Eastside. Further, the Administration should be cautious about changing course in the process of initiating purchase agreements with landowners.

Neighborhood Issues

Subsequent to the FY 2017 budget adoption, the Council requests that the Administration address certain neighborhood and community issues.

CZMP notification procedures: When the Comprehensive Zoning Map Process (CZMP) is finished, the Council urges a review of the notification procedures by which property owners are notified of potential changes. The letter that the Department of Planning mailed to communities this year was confusing and lacked complete information about the Planning Board schedule. The Council expects improvements to be made to this notification process prior to the inception of the next CZMP cycle.

Perry Hall Mansion: In the years since Baltimore County purchased the Perry Hall Mansion in 2001, the County has made significant structural repairs to this historic property in northeastern Baltimore County. The Council is alarmed by the lack of further progress; the mansion should not be allowed to deteriorate. The Council supports leasing the Perry Hall Mansion to a nonprofit entity that will independently make improvements to this property.

Drumcastle Garage: The Council commends the Administration for deciding to construct a new parking garage at the Drumcastle Center. At the same time, the Council requests more robust efforts to curtail parking in the surrounding neighborhoods from Drumcastle patrons and workers while the garage is being

constructed.

Towson Circulator: The Council unanimously approved Resolution 81-15, endorsing a pilot program for the Towson Circulator. The Maryland Transit Administration has provided funding to plan the Circulator, and the Council once again urges the Administration to help execute this worthy initiative.

Funding Our Community College

The FY 2017 budget includes \$53.1 million in County funding to the Community College of Baltimore County (CCBC) and exceeds the State-required Maintenance of Effort (MOE) level by \$2.9 million. The Council understands that County funding is above MOE level for the third straight year but is aware that the majority of the increased funding in each year is needed to fulfill the Administration's personnel initiatives (i.e., COLA, bonus). CCBC remains near the bottom Statewide in terms of local share funding; the local share of CCBC's FY 2015 revenues was 24.4%, placing CCBC third lowest in the State for local revenue support and making CCBC the highest in the State, at 50.5%, for the percentage of its budget funded by tuition and fees. For FY 2017, County funding is expected to make up 21.3% of CCBC's budgeted revenues.

The Council stresses the importance of affordable higher education and commends CCBC for the variety of programs and services it provides. CCBC's FY 2017 budget includes tuition increases of \$5, \$6, and \$13 for in-county, out-of-county, and out-of-state students, respectively; an additional \$2 million in County support would be needed to offset these increases. The Council has learned that roughly half of CCBC's students receive financial aid. The Council commends CCBC's efforts to provide additional financial assistance to its students through its Opportunity Grant and Completion Scholarship programs and encourages CCBC and the Administration to provide additional funding for these programs when possible.

The Council is aware of the difficult decisions CCBC must make in order to ensure a balanced budget each year and commends CCBC for its determination to make use of every penny and opportunity for savings; for example, significant savings are being realized through a solar power purchase agreement with Constellation Energy. The Council encourages the Administration to consider addressing additional needs identified by the College to ensure the County's residents continue to have access to quality resources to meet their educational needs at a nationally-acclaimed community college. The Council also continues to urge the Administration, CCBC, BCPL, and BCPS to collaborate to facilitate similar cost-savings opportunities government-wide.

Election Judge Compensation

During this year's hearing process, the Board of Elections reiterated its interest in increasing the daily pay rate for election judges, which has not changed since July 2007. Presently, Baltimore County compensates

its election judges at the rate of \$225 per day for a chief judge and \$162.50 per day for regular judges, plus \$40 for having attended training (provided the individual is not absent from work on Election Day). For Election Day during the 2016 presidential primary election, Baltimore County was short 244 election judges. In addition, 251 hired election judges did not report to work, which means that the Board is still short nearly 500 judges to staff the presidential general election in November 2016. Several jurisdictions offer a higher pay rate for election judges, including Harford, Prince George's, Talbot, Wicomico, and Worcester Counties. The Council urges the Administration to look into the question of whether a pay increase for election judges would help to spur recruitment efforts and to ensure that once hired, more judges follow through with their commitments to Baltimore County on Election Day.

Police Department (015)

Body Worn Cameras

In FY 2016, the County plans to spend \$869,000 to commence implementation of the Body Worn Camera initiative, and the FY 2017 budget includes related costs totaling approximately \$2 million. This initiative has received a lot of publicity and will forever change public safety operations. Costs include payments for equipment, as well as salary and benefits for more than a dozen employees in the Police Department, the Office of Information Technology, and the State's Attorney's Office. At this year's budget hearing, the Police Chief advised that savings may also result from the program, with an anticipated lesser need for officers to testify in court, which would reduce callback compensation costs. The Council is interested in staying abreast of program developments and accordingly asks the Department to report on costs and savings mid-way through the fiscal year.

Department of Education (035)

Budget and Operating Plan

In light of the County's new plan to utilize the school system's fund balance to support air conditioning projects, the Council would like to be briefed on the school system's long-term plans for funding and rolling out the S.T.A.T. (digital conversion) program while supporting the other costs of education. The Council is concerned about certain areas of the school system's budget that appear to be underspent, consistently, by significant amounts; in particular, school system vacancies have grown steadily over the past 4 years, from 139 in the spring of 2012, to 435 as of last month. It is the Council's understanding that these areas of underspending have resulted in the sizeable school system fund balance that is being made available for the air conditioning projects. Accordingly, the Council also requests a detailed explanation by July 1, 2016 as to how the school system's FY 2017 operating plan is expected to differ from its FY 2017 budget.

BALTIMORE COUNTY COUNCIL

Vicki Almond
Chairwoman
Second District

Tom Quirk
First District

Y c f g' M e j
Third District
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L w i k p ' G O L q p g u ' L t 0
Fourth District

David Marks
Fifth District

Cathy Bevins
Sixth District

' V q f f ' M E t c p f g m
Seventh District

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Secretary

Lauren Smelkinson
Auditor