

BOARD OF ESTIMATES

2197

JUNE 16, 2014

MINUTES

SPECIAL MEETING

THIS MEETING OF THE BOARD OF ESTIMATES WAS CALLED
TO RECEIVE THE REPORT BY THE CITY ON THE ADOPTION OF
THE FISCAL YEAR 2015 OPERATING AND CAPITAL BUDGET
ORDINANCE AND TO CERTIFY THE REAL AND
PERSONAL PROPERTY TAX RATE FOR FISCAL YEAR 2015.

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SPECIAL MEETING

Honorable Bernard C. "Jack" Young, President
Honorable Stephanie Rawlings-Blake, Mayor
Honorable Joan M. Pratt, Comptroller and Secretary
George A. Nilson, City Solicitor
Rudolph Chow, Director of Public Works
David E. Ralph, Deputy City Solicitor
Bernice H. Taylor, Deputy Comptroller and Clerk

President: "Good evening. This is the special meeting of the June 16, 2014 Board of Estimates, now called to order. Before we proceed, I'd would like to give you a sense of how the meeting will flow. Basically, we will receive the report of the City Council on the adoption of Fiscal Year 2015 Operating Capital Budget Ordinance. The second is the Board will Adopt and Certify the Real and Personal Property Tax Rate for Fiscal Year 2015. At this time I would like to recognize Councilwoman Clarke and also Councilwoman Holton, who is the Chair of the Budget and Appropriation Committee. Thank you for being here. At this time I would like to recognize Councilwoman Holton, Chair of the Budget and Appropriation Committee, who will present the adopted budget to the Board."

Councilwoman Holton: "Thank you Mr. President, members of the Board of Estimates, Madam Mayor, Madam Comptroller. Uh, this year's budget was a much more pleasant process than years past. There were no major hiccups to be had."

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Uh, we had a different format of going through budget hearings this year, one that, I hope was um, acceptable to my colleagues, but what I want to say is that ah the budget has been approved by the City Council and uh, we don't know what will happen next year, but we will take the calm of this year and hope for the best for next year. Thank you."

President: "Thank you."

Councilwoman Holton: "And I'd like to thank all of my colleagues for their persistence and their diligence in going through those marathon days, it was only two, but they were long days and we did hear from uh, major agencies um and departments about their budgets. I want to thank the Finance Department for their willingness to hang in there with us over the long hours to get things done, and we will just "gear up" for next year's budget. Thank you Mr. President."

President: "Thank you. I would like to recognize Councilman Curran who has joined us. Now I'd like to recognize Mr. Andrew Kleine, Director of the Bureau of Budget and Management Research."

Mr. Andrew Klein: "Good afternoon, Mr. President, Madam Mayor, Madam Comptroller, members of the Board of Estimates."

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The City Charter requires the Board to report to the City Council on the property tax rates necessary to support the Ordinance of Estimates. The report before you, the report is before you and I ask for your approval."

President: "Thank you. At this time I would recognize the Mayor."

Mayor: "Thank you very much, Mr. President. At this time I want to take a moment to thank the Board of Estimates and members of the City Council for approving, even though we haven't approved it yet, I'm just going to speak on faith that that's about to happen, um the Fiscal 2015 budget. The Fiscal 2015 budget is the second year of Baltimore's first bien-- biennial budget plan. The Board of Estimates' proposed budget maintains the service levels provided in the Fiscal '14 budget and continues the implementation of the City's 10-Year Financial Plan. The 10-Year Financial Plan has already generated savings of \$395 million through Fiscal 20 uh -- 2022, reduced the property tax by a rate of six percent for homeowners, pumped tens of millions of new dollars into blight elimination and infrastructure projects, and shrunk the City's unfunded pension and healthcare liabilities by \$400 million.

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During the Fiscal 2014 budget, the City negotiated a new um, fire shift schedule that reduced staffing levels while allowing us to give the firefighters a raise. We reformed the Employees' Retirement System, uh pension, completed uh -- a uh -- dependent eligibility audit that reduced health benefits costs by \$4.5 million dollars. We provided a two percent pay increase across all unions. The Fiscal '15 budget provides \$26,000,000.00 in new General Fund capital investment, including \$5,000,000.00 to modernize the police department. It moves the City further down the path toward fiscal stability by growing the Budget Stabilization Reserve to protect City services from the impact of emergency costs, and we've seen between the Winter and the uh, rain, we've seen the need for making that move. We've accelerated the debt repayment to save the City \$5,000,000.00 over the next 10 years, and we've streamlined the workforce and reformed leave and workers' compensation policies to reduce long-term costs and liabilities. The budget also fully funds the City's commitment to the public school system, including \$38,000,000.00 for school construction and modernization. It maintains funding for -- of \$5.9 million for Out-of-School-Time programs, an increase of \$1.2 million over the past four years.

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The budget also supports the 'Vacants-to-Value Program' with funding for whole-block demolition and relocation. It maintains funding for the Youth Works Summer Job Program, which will partner with private and not-for-profit employers to give more than 5,000 young people meaningful work experiences. We maintain funding for the One-Plus-One trash and recycling collection, while piloting the use of municipal trash cans. We are crossing our fingers that this will be a good uh -- pilot because if it works, it has the uh -- potential to uh, to save us money and help with our, hopefully, uh, I'm crossing my fingers and toes this time, and with the rat eradication, with the um, municipal trash cans. So, with good planning and innovation, Baltimore has come through this Great Recession with a larger fund balance, lower property taxes, and shrinking liabilities. It's hard to find another city in America that has accomplished half of these things while recovering from the recession, and we did it all of the, we did it while at the same time enhancing funding for services that get us results, avoiding public safety layoffs, and doing better by our employees than any other counties in our region. We will continue to face big challenges and tough choices in the years ahead, but we should be proud of what we have done together.

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This budget keeps us moving forward and it keeps us making the right investments to grow our city. Again, I'd like to thank the City Council for its ongoing cooperation in helping to implement the reforms in the 10-Year Financial Plan and to help get Baltimore growing again. Thank you very much."

President: "Thank you. Uh -- Madam Comptroller."

Comptroller: "Good afternoon. As we continue to have challenging economic times, I am pleased by the efforts of the Mayor, the President of the City Council and our City Council to assure that we have a balanced budget, while maintaining important services. I would also like to thank the Department of Finance for its work and guidance in this process. Our workforce is vital to the mission of our City. Therefore it is very encouraging that this budget begins to address some of the pay inequities by implementing salary increases and changes for the managerial and professional employees, as well as providing increases to other employees. While we would like to have been able to do more, this budget shows that we value our employees. We had a very rough winter and I often hear from citizens about the conditions of our streets and their concerns about them and other services."

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This budget responds to some of those community concerns by providing funding to resurface neighborhood streets; by keeping our libraries open; maintaining recreation centers and providing other services that are important to our citizens and residents. I know that this budget was not easy because of the competing demands for limited resources. However, this budget is an example of how "working together works." Again, I thank everyone who worked on this budget on behalf of our citizens and our residents."

President: "I would like to begin by acknowledging Mayor Rawlings-Blake um, and her team, in the Finance Department, who worked hard to craft the budget, that avoided cuts to vital services, while continuing to invest in programs that benefit the citizens of Baltimore. Madam Mayor, thank you for your partnership, and for the level of care and detail that you've displayed in growing the City's Fiscal 2015 budget. For many citizens the City of Baltimore's multi-million dollar annual budget represents a complex figure that's difficult to dissect. With a budget on par with U.S. states like Delaware, Montana and South Dakota, Baltimore's \$3.36 billion dollar Fiscal Year 2015 budget helps fund the departments and programs that help keep a major city running.

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Members of the City Council, led by our fantastic Chair of the Budget and Appropriations Committee, Councilwoman Helen Holton, spent weeks examining the Mayor's proposed budget. We worked late into the night, holding public hearings on the budget proposals of more than a half dozen City agencies. Baltimore's annual budget, which funds everything from infrastructure upgrades to workforce training programs, has an impact on the lives of every resident, employee, tourist and business owner. The City Council was proud to work in partnership with Mayor Rawlings-Blake to approve a thoughtful budget that positions our city for the future. Again I would like to thank Councilwoman Helen Holton, who served masterfully as the chairwoman. I'd like to thank uh -- Mr. Kleine, and all the Council members, and I'd also like to thank you, uh, Madam Comptroller, for all that you do to help us get this budget through. Thank you. At this time, I will entertain a Motion to certify the Tax Rate."

City Solicitor: "I MOVE to --."

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Mayor: "One second, Mr. President, I MOVE to certify the Tax Rate at \$2.248 of \$100.00 of assessed value for the Real Property tax other than Public Utility and a Tax Rate of \$5.62 of 100 \$100.00 of assessed value for Personal property and Public Utility Real Property for the Budget for Fiscal Year 20, this says 14 but I believe it is 15."

President: "Yes, 15."

City Solicitor: "Correct."

President: "Is there a second?"

Comptroller: "Second."

President: "I have a Motion and a 'Second' to approve the certification of the Fiscal Year 2015 Real Property tax rate at \$2.248 per 100.00 of assessed value and a Personal property tax rate at \$5.62 per \$100.00 of assessed value. All those in favor say AYE. All opposed NAY. The Motion carries. As there is no more business before the Board, the Board is adjourned -- Did I hear something? The Board is adjourned until its regular scheduled meeting on Wednesday June 18, 2014. Thank you."

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JOAN M. PRATT
Secretary