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BALTIMORE CITY COUNCIL BUDGET AND APPROPRIATIONS COMMITTEE

Mission Statement

On behalf of the Citizens of Baltimore City, the mission of the Budget and Appropriations Committee is to analyze and oversee the continuing operations, efficiency, and functions of Baltimore City government.

The Committee provides regular oversight of the funding and spending practices of City agencies, periodically analyzes the budget reports and activities of those agencies, and maintains a high level of fiscal accountability in City government.

As a result of its analysis and oversight, the Committee will recommend reforms to improve the operations of any of these agencies; through legislative, administrative, and/or budgetary improvements.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**THURSDAY, OCTOBER 1, 2020
2:00 PM**

VIRTUAL WEBEX MEETING

Council Bill #20-0596
Supplementary General Fund Operating Appropriation -
Department of General Services - \$2,500,000

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BILL SYNOPSIS

Committee: Budget and Appropriations

Council Bill: 20-0596

Supplementary General Fund Operating Appropriation - Department of General Services - \$2,500,000

Sponsor: *President Scott at the request of the Department of Finance*

Introduced: *September 21, 2020*

Purpose:

For the purpose of providing a Supplementary General Fund Operating Appropriation in the amount of \$2,500,000 to the Department of General Services - Service 726 (Administration - General Services), to provide funding to balance the budget for Fiscal Year 2020, due to unanticipated expenditures because of the COVID-19 pandemic; and providing for a special effective date.

Effective: On the date it is enacted.

Agency Reports

Law Department	Favorable
Department of General Services	
Department of Finance	Favorable
Board of Estimates	Approved

Analysis

Current Law

Article VI - Board of Estimates, Section 8 - Ordinance of Estimates - Deficiencies and Supplementary Appropriations of the Baltimore City Charter governs the mandates for supplementary appropriations.

§ 8. Deficiencies: Supplementary appropriations.

(b) Supplementary appropriations — when authorized.

Except as provided herein, the Ordinance of Estimates shall include all the moneys to be appropriated by the City for all purposes for the fiscal year for which the ordinance is applicable. Additional appropriations shall be permitted during the fiscal year only in the following circumstances and under the following conditions:

(3) Material changes; New programs. Further appropriations for programs included in the proposed Ordinance of Estimates made necessary by a material change in circumstances, or additional appropriations for new programs which could not reasonably be anticipated at the time of the formulation of the proposed Ordinance of Estimates may be made available to the appropriate municipal agency for expenditure by a supplementary appropriation ordinance recommended to the City Council by the Board of Estimates, duly passed by the City Council by a vote of three-fourths of its members and approved by the Mayor.

(c) Supplementary appropriations – Requisites of ordinance.

Every such further or additional appropriation shall be embodied in a separate ordinance limited to a single program, purpose, activity or project therein stated, and each such supplementary appropriation ordinance shall also, anything contained in the Charter to the contrary notwithstanding, provide the revenue necessary to pay the appropriation by a source, other than the full rate property tax, imposed under the authority of Article II. The revenue shall be levied and collected as directed in the ordinance. The estimate of the revenues to be derived from any source proposed in a supplementary appropriation ordinance shall be made by the Board of Estimates.

Background

The supplemental is required to balance the Department of General Services' budget for fiscal year 2020; ended June 30, 2020.

Per the Department of Finance, the supplemental is needed due to variances in the budget resulting from the COVID-19 pandemic.

Council Bill 20-0596, **upon the approval** of the City Council and Mayor will complete the process necessary to allocate these funds to the Department of General Services.

Additional Information

Fiscal Note: **Source of Funding: To be withdrawn from the "Rainy Day Fund"**

Information Source(s): City Charter, Council Bill 20-0596 and all agency reports received as of this writing.

Marguerite M. Currin

Analysis by: Marguerite M. Currin
Direct Inquiries to: 443-984-3485

Analysis Date: September 28, 2020

Council Bill 20-0596

AGENCY REPORTS

CITY OF BALTIMORE

BERNARD C. "JACK" YOUNG
Mayor



DEPARTMENT OF LAW
DANA P. MOORE, ACTING CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

September 28, 2020

The Honorable President and Members
of the Baltimore City Council
Attn: Natawna B. Austin, Executive Secretary
Room 409, City Hall, 100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 20-0596 - Supplementary General Fund Operating Appropriation
– Department of General Services – \$2,500,000

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 20-0596 for form and legal sufficiency. The bill provides a Supplementary General Fund Operating Appropriation in the amount of \$2,500,000 to the Department of General Services – Service 726 (Administration – General Services), to provide funding to balance the budget for Fiscal Year 2020, due to unanticipated expenditures because of the COVID-19 pandemic. The bill provides for an immediate effective date.

The City Charter establishes the criteria for making supplementary appropriations. City Charter, Art. VI, §8. Section 8(b)(3) of Article VI of the City Charter permits such a supplementary appropriation when there has been “a material change in circumstance or additional appropriations for new programs which could not reasonably be anticipated at the time of the formulation of the proposed Ordinance of Estimates” for the current Fiscal Year. The supplementary appropriation must be recommended by the Board of Estimates and must be approved by the Mayor and City Council via an ordinance, which must identify the source of the funds and may only encompass a “single program, purpose, activity or project.” City Charter, Art. VI, §8(c).

The bill as drafted appears reflects those requirements. The Law Department therefore is prepared to approve this bill for form and legal sufficiency.


Sincerely,

A handwritten signature in black ink that reads "Victor K. Tervala".

Victor K. Tervala
Chief Solicitor

cc: Dana Moore, Acting City Solicitor
Matt Stegman, Mayor's Legislative Liaison
Caylin Young, President's Legislative Director
Elena DiPietro, Chief Solicitor, General Counsel Division
Hilary Ruley, Chief Solicitor
Ashlea Brown, Assistant Solicitor

BaltAC

FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 20-0596—Supplementary General Fund Operating Appropriation-Department of General Services-\$2,500,000		

TO

DATE:

The Honorable President and
Members of the City Council
City Hall, Room 400

September 24, 2020

Position: Support

The Department of Finance is herein reporting on City Council Bill City Council Bill 20-0596, Supplementary General Fund Operating Appropriation-Department of General Services-\$2,500,000, the purpose of which is to increase the appropriation of General Funds by \$2.5 million to the Department of General Services.

Background

The Baltimore City Charter requires that each agency ends the fiscal year in balance. Due to the revenue and expenditure impacts of the COVID-19 pandemic, the Board of Estimates approved the use of up to \$25 million from the Budget Stabilization Reserve, or Rainy Day Fund, on September 16, 2020. As of June 30, 2020, the Fund balance was \$145 million. As a matter of historical significance, this is only the third time that this fund has been used since its inception in Fiscal 1993. The prior instances were in Fiscal 2010, to cover a shortfall caused by two historic snowstorm events and declining local revenues; and in Fiscal 2015, to cover unanticipated costs in response to civil unrest.

Fiscal 2020 was the “perfect storm” of budget problems in that we simultaneously experienced both lower revenues and higher costs. In March 2020, as the COVID-19 pandemic spread throughout the United States, states and local jurisdictions put in place strict social distancing guidelines and stay-at-home orders to prevent the further spread of the virus. The result was that many parts of the economy slowed to a standstill, and in turn the City wrote down its revenue projections for key General Fund sources including income tax, transfer and recordation tax, investment earnings, hotel tax, convention center income, and admissions and amusement tax, among others.

Additionally, the City incurred new expenses in an attempt to both control the spread of the virus and to minimize the economic hardships to its residents. These expenses included costs to maintain core City services, health response expenses, isolation and quarantine for vulnerable populations, resident assistance programs for food and rental assistance, and small business support.

The Department of Finance recommends appropriation transfers and supplementary appropriations when an agency is projected to close the fiscal year in deficit. This supplemental appropriation is required to meet the Charter mandate.

Fiscal Impact

The Department of General Services has a deficit for Fiscal 2020 due to unexpected expenditures resulting from the COVID-19 pandemic, including costs to enhance health and safety in City-owned buildings. This \$2.5 million supplemental appropriation is necessary to accommodate COVID-related costs. The Rainy Day Fund will be used to cover supplemental expenses.

Conclusion

This supplemental appropriation is required to meet the Charter mandate that annual agency expenditures do not exceed appropriations, and is necessary due to unexpected COVID-related costs.

For the reasons stated above, the Department of Finance supports City Council Bill 20-0596.

cc: Henry Raymond
Matthew Stegman
Nina Themelis

**CITY OF BALTIMORE
COUNCIL BILL 20-0596
(First Reader)**

Introduced by: The Council President
At the request of: The Administration (Department of Finance)
Introduced and read first time: September 21, 2020
Assigned to: Budget and Appropriations Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of General Services,
Department of Finance, Board of Estimates

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Supplementary General Fund Operating Appropriation –**
3 **Department of General Services – \$2,500,000**

4 FOR the purpose of providing a Supplementary General Fund Operating Appropriation in the
5 amount of \$2,500,000 to the Department of General Services – Service 726 (Administration
6 – General Services), to provide funding to balance the budget for Fiscal Year 2020, due to
7 unanticipated expenditures because of the COVID-19 pandemic; and providing for a special
8 effective date.

9 BY authority of
10 Article VI - Board of Estimates
11 Section 8(b)(3) and (c)
12 Baltimore City Charter
13 (1996 Edition)

14 **Recitals**

15 The revenue appropriated by this Ordinance represents funds from the Budget Stabilization
16 Reserve in excess of the revenue relied on by the Board of Estimates in determining the tax levy
17 required to balance the budget for Fiscal Year 2020.

18 This additional revenue could not have been reasonably anticipated when the Ordinance of
19 Estimates for Fiscal Year 2020 was formulated.

20 This appropriation is made necessary by a material change in circumstances since the
21 Ordinance of Estimates for Fiscal Year 2020 was formulated or is for a new program that could
22 not have been reasonably anticipated when that Ordinance of Estimates was formulated.

23 On September 16, 2020, the Board of Estimates recommended this appropriation to the City
24 Council.

25 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That
26 \$2,500,000 shall be made available to the Department of General Services – Service 726

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 0-0596

1 (Administration – General Services) as a Supplementary General Fund Operating Appropriation
2 for Fiscal Year 2020, to provide funding for unanticipated expenditures because of the COVID-
3 19 pandemic. The source of revenue for this appropriation is funds from the Budget Stabilization
4 Reserve in excess of the amount from this source that was relied on by the Board of Estimates in
5 determining the tax levy required to balance the budget for Fiscal Year 2020.

6 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
7 enacted.