

Andrew W. Kleine

FROM	NAME & TITLE	Andrew W. Kleine
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (396-4941)
	SUBJECT	City Council Bill #10-0438 <i>10-0222R</i>

CITY of
BALTIMORE
MEMO



DATE September 16, 2010

TO

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

Attention: Ms. Karen Randle
Subject: Information Hearing for 10-0222R

Dear Chairwoman Clarke:

In response to the questions raised at the informational hearing on September 23, 2010—Funding the Baltimore City Public School System’s Comprehensive Educational Facilities Master Plan—the Department of Finance is providing background information relating to the level of debt service that can be leveraged for the purpose of supporting the maintenance and construction of school buildings.

Under the City’s Charter, the amount of debt that the City may incur is not defined. Currently, the City is obligated to appropriate \$65 million and \$60 million for fiscal years 2010 and 2011, respectively. These amounts were approved by voters in 2008. The level at which the City becomes indebted is a critical factor in how rating agencies determine the City’s credit rating.

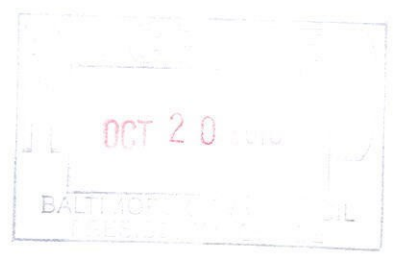
In response to Councilman Kraft’s question on the annual payments for debt service if the City were to incur an additional \$250 million of debt service, the City’s Treasury Management estimated an annual payment of \$19 million for 20 years. This would be over and above the current level of \$99 million annually for the entire City.

In response to Councilman Curran’s request, the Department of Finance is further researching the assessed value of assets utilized by the BCPSS, and will provide information shortly.

Please let me know if you have any further questions. Thank you.

Cc: James Kraft, Councilmember, District I
Ed Gallagher
Thomas Kim

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