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**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**TUESDAY, MAY 31, 2022
9:00 AM**

COUNCIL CHAMBERS

TO BE TELEVISED ON CHARM TV 25

Council Bill 22-0235

Ordinance of Estimates for the Fiscal Year Ending June 30, 2023

**BUDGET HEARINGS
DAY ONE**

CITY COUNCIL COMMITTEES

ECONOMIC AND COMMUNITY DEVELOPMENT (ECD)

Sharon Green Middleton, Chair
John Bullock – Vice Chair
Mark Conway
Ryan Dorsey
Antonio Glover
Odette Ramos
Robert Stokes
Staff: Jennifer Coates (410-396-1260)

WAYS AND MEANS (W&M)

Eric Costello, Chair
Kristofer Burnett
Ryan Dorsey
Danielle McCray
Sharon Green Middleton
Isaac "Yitzy" Schleifer
Robert Stokes
Staff: Marguerite Currin (443-984-3485)

PUBLIC SAFETY AND GOVERNMENT OPERATIONS (SGO)

Mark Conway – Chair
Kristofer Burnett
Zeke Cohen
Eric Costello
Antonio Glover
Phylicia Porter
Odette Ramos
Staff: Samuel Johnson (410-396-1091)

EDUCATION, WORKFORCE, AND YOUTH(EWY)

Robert Stokes – Chair
John Bullock
Zeke Cohen
Antonio Glover
Sharon Green Middleton
Phylicia Porter
James Torrence
Staff: Marguerite Currin (443-984-3485)

HEALTH, ENVIRONMENT, AND TECHNOLOGY (HET)

Danielle McCray – Chair
John Bullock
Mark Conway
Ryan Dorsey
Phylicia Porter
James Torrence
Isaac "Yitzy" Schleifer
Staff: Matthew Peters (410-396-1268)

RULES AND LEGISLATIVE OVERSIGHT (OVERSIGHT)

Isaac "Yitzy" Schleifer, Chair
Kristofer Burnett
Mark Conway
Eric Costello
Sharon Green Middleton
Odette Ramos
James Torrence
Staff: Richard Krummerich (410-396-1266)

ABOUT AGENCIES, FUNDS, AND/OR ORGANIZATIONS

BUDGET HEARINGS - DAY ONE – May 31, 2022

- 9:00 AM - City Administrator's Office (CAO) – Volume 1, Page 353
- 10:30 AM - Bureau of Budget and Management Research – Volume 1, Page 110
- 12:00 PM - LUNCH BREAK
- 12:30 PM - Capital Budget – Volume 1, Page 5 and See Executive Summary Book – Page 34
- 3:00 PM - American Rescue Plan Act (ARPA Spending) – Volume 1, Page 364

SEE NEXT PAGE(S)

**CITY ADMINISTRATOR
OFFICE**

SEE ATTACHED PAPERWORK

Mayoralty

The Baltimore City Charter establishes the Mayor as the chief executive officer and empowers the appointment of persons to aid in the discharge of duties. The Mayor's Office oversees the operation of City departments, establishes citywide policies, reviews and develops programs, and executes ordinances and resolutions. The Office is supported by the following activities and offices:

City Administrator

Administrative Services

Chief of Staff

Communications and External Affairs

Constituent Services

Government Relations

Immigrant and Multicultural Affairs

Mayor's Office

Equity, Youth, and Human Services

Minority, Women-Owned, and Small Business Development

Neighborhoods

Economic Development

Public Safety

Performance and Innovation

Special Events

BUREAU OF BUDGET
AND
MANAGEMENT RESEARCH
(BBMR)

SEE ATTACHED PAPERWORK

Service 708: Operating Budget Management

This service provides for the management of the City's annual operating budget. Revenues and expenditures are monitored throughout the year, and state and local legislation is analyzed to determine the impact on the City budget. Outreach efforts ensure residents have a clear understanding of the City budget. The service also provides professional research and analysis on management, performance, and financing of City services.

Fund Name	2021 Actual Dollars	2021 Actual Positions	2022 Budget Dollars	2022 Budget Positions	2023 Budget Dollars	2023 Budget Positions
General	1,992,071	16	2,133,175	18	2,348,738	19
Total	1,992,071	16	2,133,175	18	2,348,738	19

Performance Measures

Type	Measure	Actual 2018	Actual 2019	Actual 2020	Target 2021	Actual 2021	Target 2022	Target 2023
Effectiveness	# of residents engaged in annual budget planning process	1,106	1,720	2,357	3,000	3,434	3,000	3,810
Effectiveness	% of results team recommendations adopted in the budget	0%	100%	0%	100%	0%	100%	90%
Outcome	Annual \$ saved from BBMR recommendations (in millions)	\$1.2	\$5.8	\$2.0	\$2.0	\$4.5	\$2.0	\$3.0
Effectiveness	Average # of days to approve requisition	1	1	2	2	1	2	2
Effectiveness	Revenue forecast accuracy (% variance from budget)	4.7%	3.2%	-1.1%	2.0%	0.8%	2.0%	2.0%

- BBMR restarted its outcome-based budgeting process for Fiscal 2023, which included Results Teams. These Teams, which consisted of 45 City employees and community members, reviewed budget proposals and made budget recommendations to the Mayor for consideration.
- The services exceeded its target for "# of residents engaged in annual budget planning process" due to the service's expansion of its social media presence on Twitter and Facebook, as well as engaging with residents on the Baltimore subreddit through Ask Me Anything (AMA) sessions.

Major Operating Budget Items

- The Fiscal 2023 recommended budget funds 1 General Fund position. This position will provide increased attention to Internal Service, Special Revenue, and grant funds to decrease the number of unplanned subsidies from the General Fund.
- The recommended budget eliminates 1 vacant General Fund position to fund 1 General Fund position.

CAPITAL
BUDGET

SEE ATTACHED PAPERWORK

Agency Detail User's Guide

The Board of Estimates recommendations for the Fiscal 2023 Operating and Capital Budgets are published in the Executive Summary and Agency Detail. These documents constitute the City's comprehensive budgetary plan. This plan is presented to the City Council for deliberation and public hearings prior to the Council adopting and forwarding it to the Mayor for signature. Once the City Council has approved the budget plan and the Mayor has signed the Ordinance of Estimates, a document entitled Summary of the Adopted Budget is completed.

To aid the reader in understanding the budgetary plan, the following sections are included in this document:

Table of Contents: A sequential listing by page number for all City agencies and budget exhibits.

Introduction: A User's Guide to explain this document's organization, a Municipal Organization chart, and a Budget Processflowchart that outlines the steps from agency requests through to the Ordinance of Estimates.

Agency Overviews, Recommendations and Detail: The information is organized in alphabetical order by agency. A divider identifies each agency and the exhibits are organized in the following manner:

Agency	Service
Budget Structure Chart	Service Budget Sections
Agency Overview	Service Description
Operating Budget Funds and Highlights	Funding Summary
Capital Budget Funds and Highlights (if applicable)	Key Performance Measures
Agency Dollars by Service	Service Major Budget Items
Agency Dollars by Object	Analysis of General Fund Changes
Agency Positions by Service	Service Expenditures by Object
	Service Expenditures by Activity
	Service Salaries and Wages for Funded Full-Time Positions

The Fiscal 2023 Agency Detail book includes Fiscal 2021 actuals, Fiscal 2022 adopted appropriations, and the Fiscal 2023 recommended funding levels by fund, service, activity, and object.

Federal Funding for the City's COVID-19 Response

The City has exhausted its \$103.6 million allocation from the CARES Act in Fiscal 2022. This funding, spent over three fiscal years, supported the City's robust response to the public health crisis, while maintaining core City services.

As of the March 30, 2022, the City has also received approximately \$85 million in reimbursement from the Federal Emergency Management Agency (FEMA) for eligible pandemic-related expense and expects to receive another \$50 million. FEMA reimbursement is expected to terminate at the end of the fiscal year, therefore no revenue from this source is reflected in the Fiscal 2023 recommended budget. The Finance Department, however, will continue to seek reimbursement as long as funding is available.

The City was also awarded \$641 million through the American Rescue Plan Act, which was received and appropriated in Fiscal 2022. These funds will be spent over the next several years.

janitorial services within agency facility agreements. These charges increase and decrease based on the costs incurred by DGS to maintain the space. The Fiscal 2023 budget is flat with the prior year - \$27 million

Change in Allocation for Workers' Compensation Expense

The City's annual contribution to the Risk Management Fund, in which the cost of injuries on the job are captured, is updated annually, and is informed by the actuarial firm the City works with to forecast risk liabilities. Workers' compensation funding is allocated on a per position basis and different costs are assigned per position based on the agency. Agencies have varying levels of risk for workers' compensation per the nature of the work carried out in different agencies, with Police and Fire employees being at highest risk for injury on the job. Workers Compensation costs are allocated to agencies based on the volume, severity, and longevity of claims the City must pay out for employees injured on the job. On an All Funds basis, workers compensation charges are budgeted at \$64 million in Fiscal 2023: a 4% increase over Fiscal 2022.

Changes in Cost Transfer to Capital Budget, to/from Other Funds, and Reimbursed Expenses

Budgeted transfers reflect agency plans to expense a portion of personnel costs to the capital budget during the year for employee time spend working on executing capital projects. Transfers also reflect planned credits and debits to the General Fund budget for employees that are funded by more than one funding source; positions are budgeted with a single Fund in the budget due to current systems limitations, but may be funded by multiple funding sources during the year per time spent on varying tasks and grant budgets, for example. Budgeted transfers between Funds may also include credits to the General Fund for overhead or indirect costs charged to grants or the utility funds. Transfers may also include anticipated reimbursement for certain expenditures, often from other agencies utilizing the services of another agency to carry out operations.

Changes in Contractual Services Expenses; Operating Supplies, Equipment, Software, and Computer Hardware; Grants, Contributions, and Subsidies; and All Other

The Fiscal 2023 budget assumes a general inflation rate of 4.6% for most expenses in these categories. The inflation rate increased by 1.9% from what was factored into the CLS Budget back in the fall of 2021.

Staffing Changes

The Fiscal 2023 Budget includes 115 additional positions over what was included in the Fiscal 2022 Budget. Approximately 60% of the additional positions are in the General Fund budget – spread across several City agencies. The increase in General Fund positions is offset slightly by the abolishment of four positions in the Internal Service Funds, which have General Fund impact. Nearly 30% of new positions are in Federal Funds, which reflects an increase in grant funding awarded to the City. The balance of the new positions are in Special Revenue Funds, which do not impact the General Fund.

Service Performance Measures

The Mayor's Office of Performance and Innovation (OPI) and the Bureau of the Budget and Management Research (BBMR) have collaborated to drive performance measurement and management through a rigorous review of agency performance measures. The collaboration has worked to align accountability for agency service delivery between OPI and BBMR. The performance measure review process resulted in agreement between an agency, OPI, and BBMR to either keep some measures, create new ones that align with work activities and service delivery or delete measures that were no longer relevant or did not meet established criteria. There are four types of performance measures:

Fiscal 2023 Budget Schedule

The table below shows the budget calendar for Fiscal 2023. In accordance with the Charter of Baltimore City, a schedule is published each year to prepare the upcoming fiscal year's budget. Article VI, Section 3 of the Charter mandates the following timeline and events:

- The Department of Finance introduce a proposed budget, including operating and capital revenue and expenses, to the Board of Estimates (BOE) at least 30 days prior to the BOE adoption of the budget.
- The BOE must hold public hearings that allow City Council members, agency heads, and City residents to share their thoughts on the proposed budget.
- The BOE must submit a recommended budget to the City Council at least 45 days before the beginning of the fiscal year.
- The City Council has at least 40 days after receipt of the BOE recommended budget to enact the budget. The City Council must adopt the budget at least five days before the start of the fiscal year.

Item	Description	Scheduled Date
Preliminary Budget at BOE	Transmittal of Department of Finance Recommendations to the Board of Estimates.	April 11, 2022
Special Meeting of the BOE	Presentation of the Fiscal 2023 budget with agency heads.	April 27, 2022
Taxpayer's Night	Presentation of the Fiscal 2023 budget to the public, with an opportunity for public comment.	April 27, 2022
Ordinance at BOE	Board of Estimates adopts proposed Ordinance of Estimates. This includes transmittal of the Executive Summary Budget Book.	May 11, 2022
Ordinance at City Council	Introduction of proposed Ordinance of Estimates to City Council and publication in two daily newspapers, as well as transmittal of the Agency Detail to City Council.	May 16, 2022
Taxpayers' Night	Presentation of the Fiscal 2023 budget to the public, with an opportunity for public comment.	May 26, 2022
Budget Hearings	Budget hearings with agency representatives to discuss the Fiscal 2023 proposed budget.	May 31-June 7, 2022
Ordinance Passage	Passage of Ordinance of Estimates for Fiscal Year ending June 30, 2023.	no later than June 24, 2022

Capital Budget Process

The capital budget process operates on the same timeline as the operating budget process, but is completed as part of a six-year Capital Improvement Plan (CIP), which the Planning Commission submits to the Board of Estimates. The budget process begins in late September as the Department of Planning works with participating agencies to solicit project requests, prioritize projects for funding, and prepare the six-year CIP. The major capital budget agencies are the Departments of Information Technology, General Services, Recreation and Parks, Transportation, Public Works, Housing and Community Development, as well as the Baltimore Development Corporation and City School System. Once the Planning Commission recommends a six-year CIP, it moves on to the

Board of Finance and then the Board of Estimates for their review and approval. Once approved, the first year of the CIP is submitted to City Council as part of the Ordinance of Estimates. Finally, the Ordinance of Estimates is formally adopted by the City Council and signed by the Mayor.

In Fiscal 2023, the major capital budget agencies, Office of Equity and Civil Rights, Department of Finance, and Mayor's Office of Recovery Programs participated in a CIP Oversight Committee, to review and assess capital project requests. The Committee evaluated proposals based on the following criteria:

- Legal or regulatory mandate
- Equity
- Health and safety
- Asset condition
- Return on investment
- Environmental impact
- Efficiency and effectiveness

Department of Planning staff considered these assessments and made a recommendation to the Planning Commission for the six-year CIP.

Funding Considerations

Funding for capital projects comes from either current revenues (referred to as "Pay-As-You-Go" or "PAYGO") or from borrowed funds (referred to as "Loans and Bonds"). Loan and bond fund amounts are constrained by the need to ensure that future repayment of debt service can be made from the City's operating budget. Discretionary sources are limited to General Obligation (GO) bonds and PAYGO capital. The City follows the requirements of the GO bond authorization, which specifies how that source can be spent. The City also must ensure that outstanding debt meets reasonable benchmarks and does not put an undue financial burden on future generations. Every five years, the City partners with an external expert to evaluate the City's debt burden and make recommendations on appropriate annual borrowing levels.

As in many older cities, Baltimore's aging infrastructure often leads to higher costs for the City, either through emergency repairs, maintenance needs, or energy inefficiency. In addition, many City assets and buildings were built decades ago and might not best meet current City needs. Therefore, capital budget planning requires the City to prioritize limited resources in upgrading and maintaining City structures and infrastructure. The City must balance these infrastructure needs with community and economic development activities.

Community Engagement

There are several ways residents and other stakeholders can get involved in the capital budget process. The process to develop the CIP starts with agencies, so one of the best ways to get involved is to engage directly with agencies. This can be done through planning processes, neighborhood liaison officers, or using the 311 system. Besides working directly with agencies, the Planning Commission has several public hearings on the capital budget throughout the year, including CIP information sessions, presentations from agencies, and hearings to vote on the six-year CIP.

Capital Projects Impact on Operating Budget

Policy

In Fiscal 2004, the capital budget was redesigned to incorporate a set of mandatory operating budget impact fields. Agencies must identify and project reasonably quantifiable revenue and expenditure impacts of capital projects on the operating budget following completion.

Fiscal 2023 Operating Impact of Capital Projects

Most of Baltimore City's capital program focuses on capital infrastructure maintenance and replacement. New facility projects or expansions with operating impacts are limited. For Fiscal 2023, agencies did not report any capital projects that will have a significant impact on the operating budget.

The City pays debt service, the interest and principal costs on the bonds issued by the City to build capital projects, through the operating budget.

AMERICAN RESCUE PLAN ACT
(ARPA SPENDING)

SEE ATTACHED PAPERWORK

M-R: American Rescue Plan Act

The American Rescue Plan Act (ARPA), specifically the State and Local Fiscal Recovery Fund, provided \$641 million to the City of Baltimore in response to the COVID-19 public health emergency and its negative economic impacts. Mayor Brandon M. Scott established the Mayor’s Office of Recovery Programs (MORP) in Fiscal 2022 to transparently and effectively administer this funding on behalf of the City, as well as managing reports to the U.S. Department of the Treasury, the federal agency managing and overseeing ARPA funds. The City is using this one-time funding to make strategic investments in Baltimore’s future and equitably deliver resources and services to underserved and underinvested communities. All ARPA funds were appropriated to MORP in the Fiscal 2022 budget and will be carried forward until fully spent.

As of publication, \$481.2 million (75%) in ARPA funding has been committed for various projects. Project descriptions and anticipated budgets are described in more detail in the Fiscal 2023 Executive Summary.

Operating Budget Highlights

Fund Name	2021 Actual Dollars	2021 Actual Positions	2022 Budget Dollars	2022 Budget Positions	2023 Budget Dollars	2023 Budget Positions
Federal	0	0	680,284,732	0	0	0
Total	0	0	680,284,732	0	0	0

- Funded projects include:
 - The Health Department for COVID-19 Public Health Response (\$80 million)
 - The Mayor’s Office of Neighborhood Safety and Engagement for Violence Prevention (\$50 million)
 - The Mayor’s Office of Employment Development for workforce development (\$30 million)
 - The Mayor’s Office of Broadband and Digital Equity for public internet access in divested neighborhoods (\$6 million)
 - Baltimore Development Corporation, Baltimore Civic Fund, Visit Baltimore, the Family League of Baltimore, and the Baltimore Office of Promotion & the Arts for an Economic Recovery Fund (\$25 million)
 - Recreation and Parks for recreation infrastructure (\$41 million)
 - Lexington Market for small business relief (\$4.9 million)
 - Programs to reduce food insecurity (\$11.1 million)
 - A Guaranteed Income Pilot Program (\$4.8 million)
 - Vaccine incentives for City employees (\$10.4 million)
 - Program evaluation with University partners (\$600,000)
 - Position restoration (\$2.76 million)
 - Administration funding for MORP through Fiscal 2025 (\$10.6 million)

- Other projects, whose budgets are still being finalized, include:
 - The Mayor’s Office of Homeless Services for reducing homelessness
 - The Department of Housing and Community Development for affordable and vacant housing
 - A budget stabilization fund