



## 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**

**WEDNESDAY MAY 27, 2020**  
**3:00 PM**

**VIRTUAL "WEBEX" MEETING**

**TO BE TELEVISED ON CABLE TV 25**

**Council Resolution #17-0003R - Quarterly Budget Briefing**

***FISCAL YEAR 2020 – 3<sup>RD</sup> QUARTER PROJECTION***

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- Larry Greene (*pension only*)

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*Staff: Jennifer Coates*



## BILL SYNOPSIS

Committee: Budget and Appropriations

City Council Resolution 17-0003R

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### Quarterly Budget Briefings

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**Sponsor:** Councilmember Costello, et al

**Introduced:** January 9, 2017

**Purpose:**

For the purpose of calling on the Chief of the Finance Department's Bureau of Budget and Management Research to brief the City Council on how the City's actual finances compare to its budgeted projections in a timely manner after the close of each quarter in the City's fiscal year.

**Effective:** Meetings will be scheduled as needed on an on-going basis

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### Agency Reports

Department of Finance

Comments

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### Analysis

**Current Law**

Baltimore City Code – Article 1, Subtitle 1-City Council, Sections 1-5 and 1-6

§ 1-5. Agencies to provide budget status reports.

**(a) Reports required.**

On or before November 1, February 1, May 1, and August 1 each year, the City agencies **so requested** shall file quarterly budget status reports with the Budget and Appropriations Committee of the City Council.

**(b) Contents.**

Each report shall contain the information required by the Committee and be in the format requested.

**(c) Public hearing.**

The Committee may hold a public hearing for those agencies not reporting or those showing a projected deficit for the fiscal year.

**(d) "City agency" defined**

The words "City agencies" include the City trustees and all City sponsored and financed nonprofit corporations.

*(City Code, 1976/83, art. 1, §5.) (Ord. 72-211; Ord. 77-333; Ord. 81-568; Ord. 82-753.)*

**§ 1-6. Agencies to provide legislative information.**

It shall be the duty of the head of every City department or bureau established by the Baltimore City Charter or by ordinance to provide all technical materials, plats, drawings, and information that are requested by any member or the President of the City Council for the purpose of introducing legislation into the Council.

*(City Code, 1976/83, art. 1, §6.) (Ord. 76-080.)*

## **Background**

The Budget Director for the Department of Finance will periodically appear before the committee to provide insight, forecasts and trends about the City's financial and/or budget status. The forecast is an idea of what is to come based on examining and analyzing available data.

### **Past briefings were held on:**

- February 21, 2017
- May 16, 2017
- November 14, 2017
- April 5, 2018
- May 17, 2018
- October 25, 2018
- November 15, 2018
- March 28, 2019
- May 29, 2019
- September 26, 2019
- December 12, 2019, and
- February 27, 2020

Following are notes taken at the **February 27, 2020:**

1. The representative from the Department of Finance gave a PowerPoint presentation. **A copy of the presentation is in the bill file.** Some highlights from the Presentation were:
  - The projection is based on data through December 31, 2019. [Second Quarter - Fiscal Year 2020]
    - Changes in revenue collected; the overall collection rate for revenue have improved
    - Projected deficit for Police Department is still there but lower (From \$4 million deficit down to \$3.4 million deficit)
    - Projected deficit for Fire Department is still there but much lower (From \$5.5 million down to \$1.9 million deficit)
    - There is a \$2.1 million deficit projected for the Department of Public Works

- Note: The Transportation and Health Departments are no longer projecting surpluses
2. The committee/councilmembers asked questions, stated concerns, and asked for verification/clarification for certain data. Some highlights of same were:
- I. **Police Department – Vehicle Audit – Page 4**
    - Who will conduct the audit?
    - Even with the success in reducing their overtime cost do you still think a supplemental will be needed this fiscal year?
  - II. **Relocating Traffic Cameras**
    - Cameras will be needed in different “walking” locations when the decision is made to relocate some of them. **Answer: Per BBMR, the Department of Transportation determines where the cameras will go.**
  - III. **Department of Public Works’ Clean It Up Campaign**
    - How much money will be spent on private contractors? **Answer: Per Mr. Cenname, will submit data as a follow-up**
    - How long is the campaign going to last? **Answer: Through sometime in April 2020**
    - Concern: After the backlog (clean-up) is finished is concerned that the crew(s) will not have enough work to do.
    - Comment: DPW have also partnered with the community to keep city clean; there are other initiatives associated with the Clean-Up Campaign
    - Comment: Believe the city have made a great improvement in its clean-up efforts
    - How much does it cost for one city crew?
    - How many employees are assigned on a crew? **Answer: Approximately three (3)**
    - Comment/Question: It is my understanding that there will be more code enforcement after the clean-up campaign is over. Do you have any projected revenue for this? **Answer: No, but will in the future**
  - IV. **Tax Credits**
    - Is there any other data available that shows additional information for tax credit revenue?
    - It would be beneficial to see an additional slide to see if these credits are actually working. **Per Mr. Cenname, will include additional data for the next budget briefing.**
    - Comment: Is frustrated about the city’s inability to evaluate the success of tax credits; believe Finance should take the lead in gathering the data.
  - V. **High Performance Market Rate**
    - **At the next briefing please provide: (At the request of Chairman Costello)**
      - The addresses
      - Year it was bought on inline
      - What year they are in credit
      - What they are paying, and
      - What they should be paying

VI. **Zero Waste**

- Has anyone looked into different options for potential savings, such as composting, recycling, etc.?
  - Comment: Maybe the data would show we need our extra trash day back.
3. Requested by Chairman: Moving forward with the budget briefings the committee would like a representative from each agency that have a projected budget deficit of one million dollars or more to attend these meetings. The representative attending does not have to be the agency head but someone who can answer questions.
4. No public testimony. Hearing called to recess. The hearing will reconvene on May 27, 2020.
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**Further Study**

Was further study requested?

Yes  No

If yes, describe.

1. See "yellow" highlighted areas above.
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**Additional Information**

**Fiscal Note:** None

**Information Source(s):** Notes from the February 27, 2020 public hearing.

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Analysis by: *Marguerite M. Currin*  
Analysis Date: May 22, 2020

Direct Inquiries to: (443) 984-3485

**HANDOUT FROM THE  
FEBRUARY 27, 2020  
HEARING**

# Fiscal 2020 2nd Quarter Projections

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February 18, ~~2019~~

Bureau of the Budget and Management Research



**Budgeting for a Better Baltimore**



# General Fund Summary

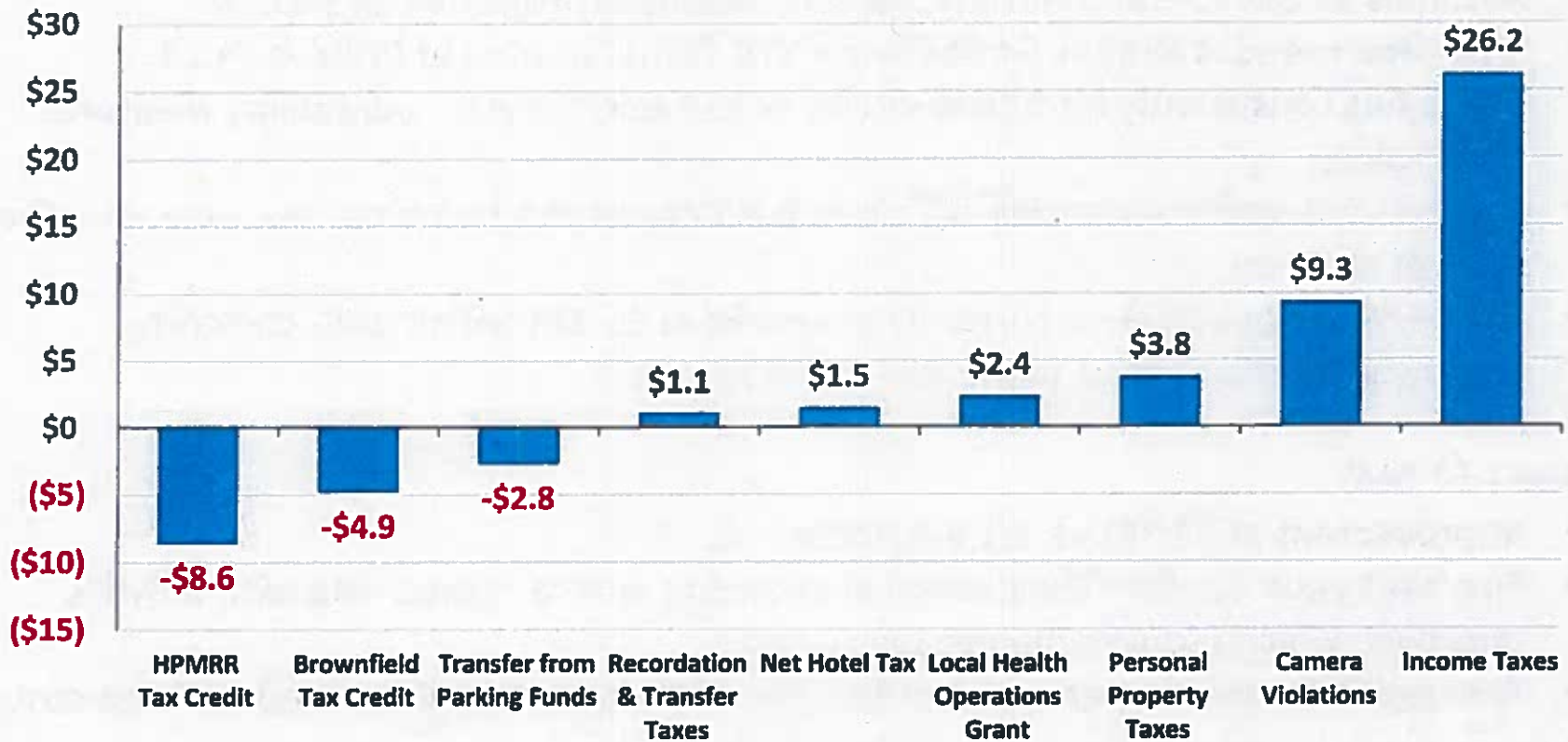
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Fiscal Year	Adopted Budget	1 <sup>st</sup> Quarter Projection	2nd Quarter Projection	Surplus / (Deficit) vs. Adopted
Revenue	\$1,967.2M	\$1,973.9M	\$1,994.7M	\$27.5M
PAYGO Capital	50.0M	50.0M	50.0M	0.0M
Expenditures	1,917.2M	1,919.3M	1,918.3M	(1.1M)
<b>Surplus / (Deficit)</b>	<b>\$0.0M</b>	<b>\$4.6M</b>	<b>\$26.4M</b>	<b>\$26.4M</b>

# Major Revenues

## Fiscal 2020 - 2nd Quarter Revenue Projection

Surplus / (Deficit)  
(figures in millions)



# Key Agencies

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## Police (-\$3.4M)

- Improvement of \$2.7M vs. Q1 projection.
- Assumes \$1.5M PPP in Overtime, for an annualized projection of \$40.5M.
- Overtime spend is already \$4.0M lower YTD (thru January) in FY20 vs. FY19.
- Police has consistently hit \$1.6M PPP or below since new accountability measures put in place.
- BPD has 231 sworn vacancies. Attrition has slowed, but hiring has not exceeded the pace of attrition.
- Rental of motor vehicle is currently projected at \$2.1M deficit. BPD currently undergoing vehicle audit to identify inefficiencies.

## Fire (-\$1.9M)

- Improvement of \$3.3M vs. Q1 projection.
- Fire has begun double-filling terminal vacancies where appropriate with BBMR's approval, which reduces the net salary cost.
- Reversal of accounting error Q1 projection which overstated fleet and facilities cost.

# Key Agencies

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## Public Works (-\$2.1M)

- Clean It Up Campaign
  - Overtime costs for weekend work on backlog of cleaning requests.
  - Also using contractors to assist with work.
- Other Issues
  - Northwest Transfer Station restricted to small haulers and recycling, leading to some longer routes and costs for trash collection.
  - Missed BRESKO tipping fee payment from Fiscal 2019 charged in Fiscal 2020 due to ransomware.

## Debt Service (+\$6M)

- Timing of borrowing and debt payments

# Citywide Issues

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## Collective Bargaining

- Fiscal 2020 budget included 2% COLA's for MAPS, AFSCME, and CUB
  - AFSCME settled for 3.0% plus pay adjustments for drivers and laborers
  - MAPS settled for 2.5%.
  - CUB still in progress.

# Questions?

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