

Bureau of the Budget and Management Research



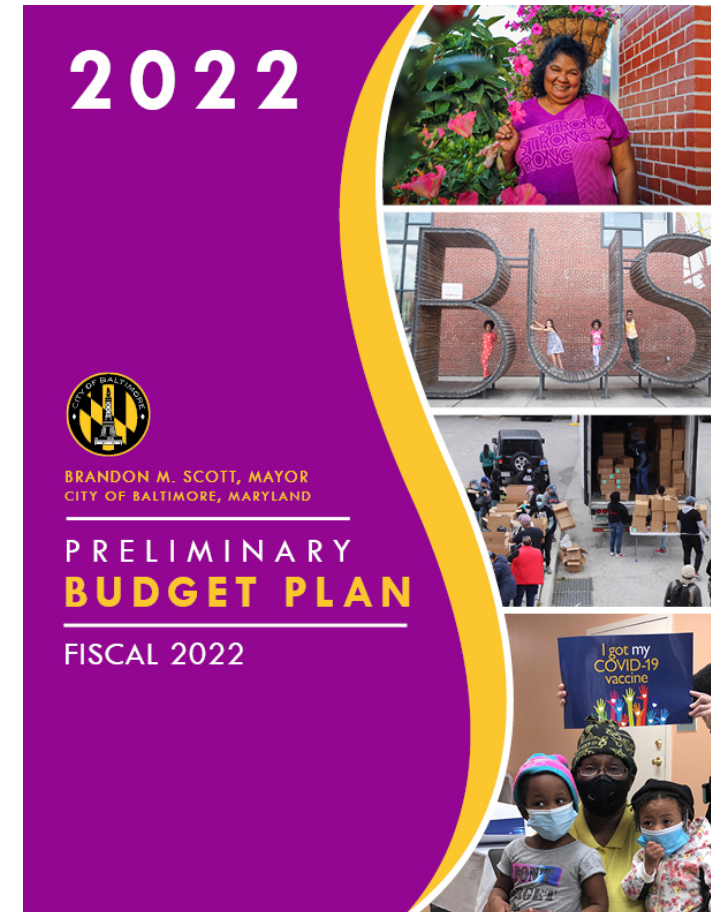
Budgeting for a Better Baltimore

Fiscal 2022 Budget Briefing

DEPARTMENT OF FINANCE

Agenda

- General Fund Outlook
 - Revenues
 - Expenditures & Fixed Costs
- Budget Recommendations
 - COVID-19 & Federal Aid
 - Prioritizing Youth
 - Building Public Safety
 - Clean & Healthy Communities
 - Equitable Neighborhood Development
 - Responsible Stewardship of City Resources
- Other Fund Sources
 - Casino, Grants, Utility, and Capital



Fiscal 2022 Highlights

- Maintains critical City services.
- Restores two graffiti removal crews, which were cut in the Fiscal 2021 budget.
- Maintains base property tax rate at \$2.24 per \$100, and preserves 20 Cents by 2020 reductions for owner-occupied properties.
- Utilizes \$52 million of CARES and FEMA aid to support continuing COVID-19 response.
- Leverages City funds to access State weatherization resources, enabling the completion of 500 additional home projects.
- Continues implementation of Enterprise Resource Planning (ERP) system.



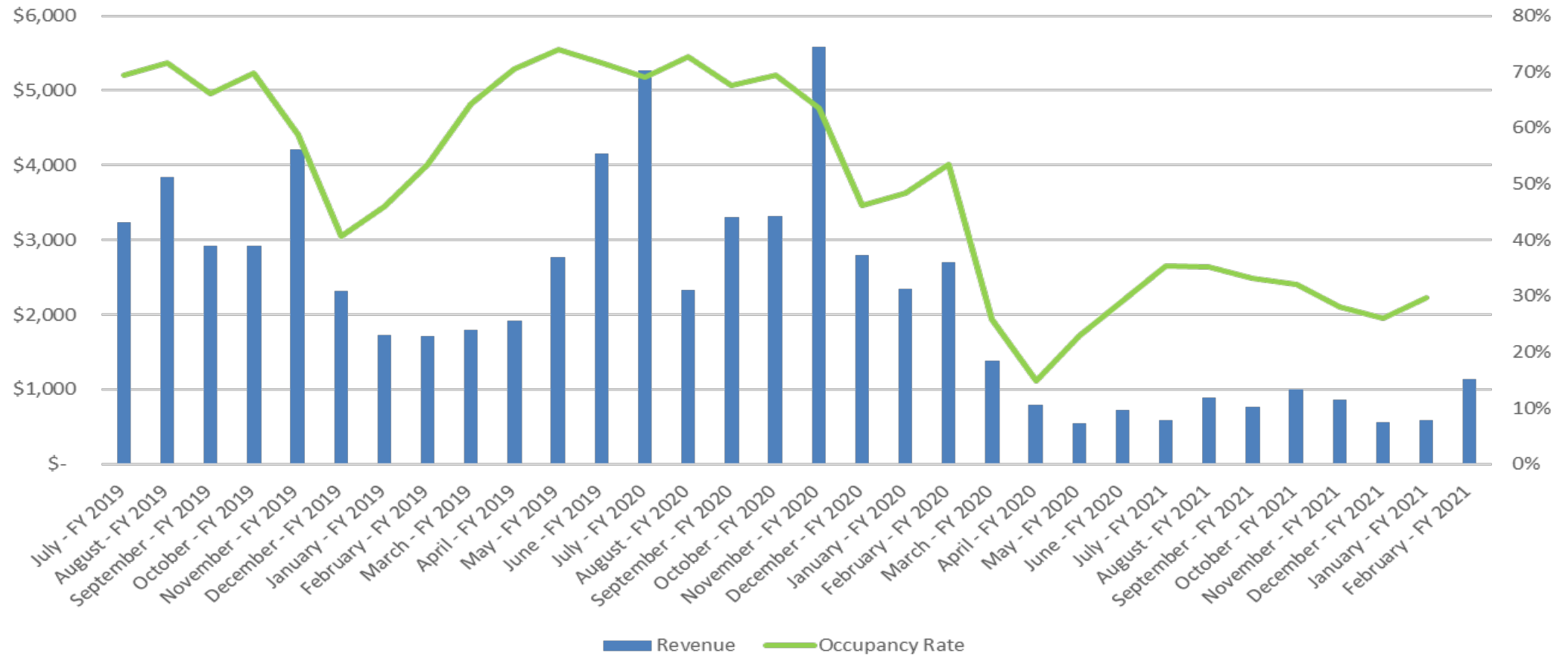
Photo: Mayor's Office of Children and Family Success

General Fund Outlook

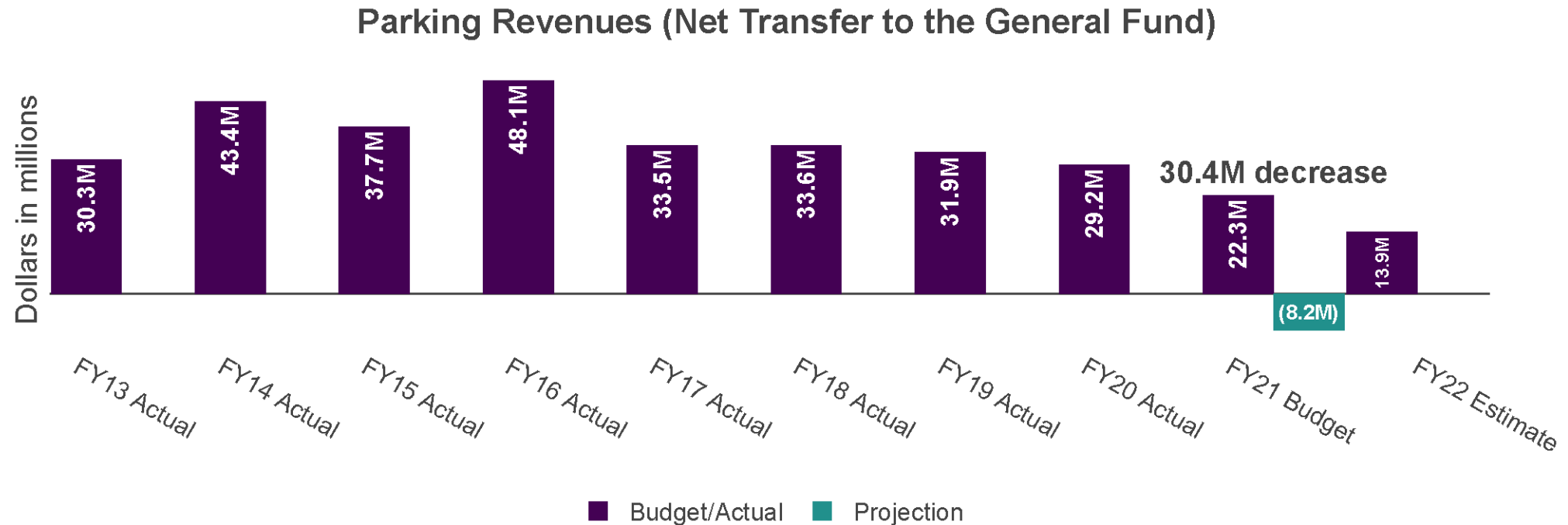
General Fund Revenue

- Overall
 - Local recovery will lag behind national and global indicators.
 - General Fund recurring revenue sources projected to grow only \$22.9M for Fiscal 2022, or 1.2%.
- Some resiliency in certain General Fund revenue sources.
 - Transfer and recordation activity strong, especially in residential market, due to record-low interest rates and demand for larger work-from-home space.
 - Income tax largely unaffected so far, due to minimal impact on high-income earners and Federal actions on supplemental unemployment insurance.
- Commercial Property assessments impacted
 - Triennial assessment growth of only 0.9% for Group 3 City properties vs. Statewide growth of 8.1%.
 - Group I properties (including CBD) due to be reassessed for Fiscal 2023.
- Negative COVID-19 impact will continue in tourism-related sectors
 - Net parking revenues projected at \$13.9M vs. \$33.0M per COVID-average.
 - Hotel Tax projected at \$19.6M vs. \$29M pre-COVID average.

Hotel Tax-Monthly



Net Parking Revenue



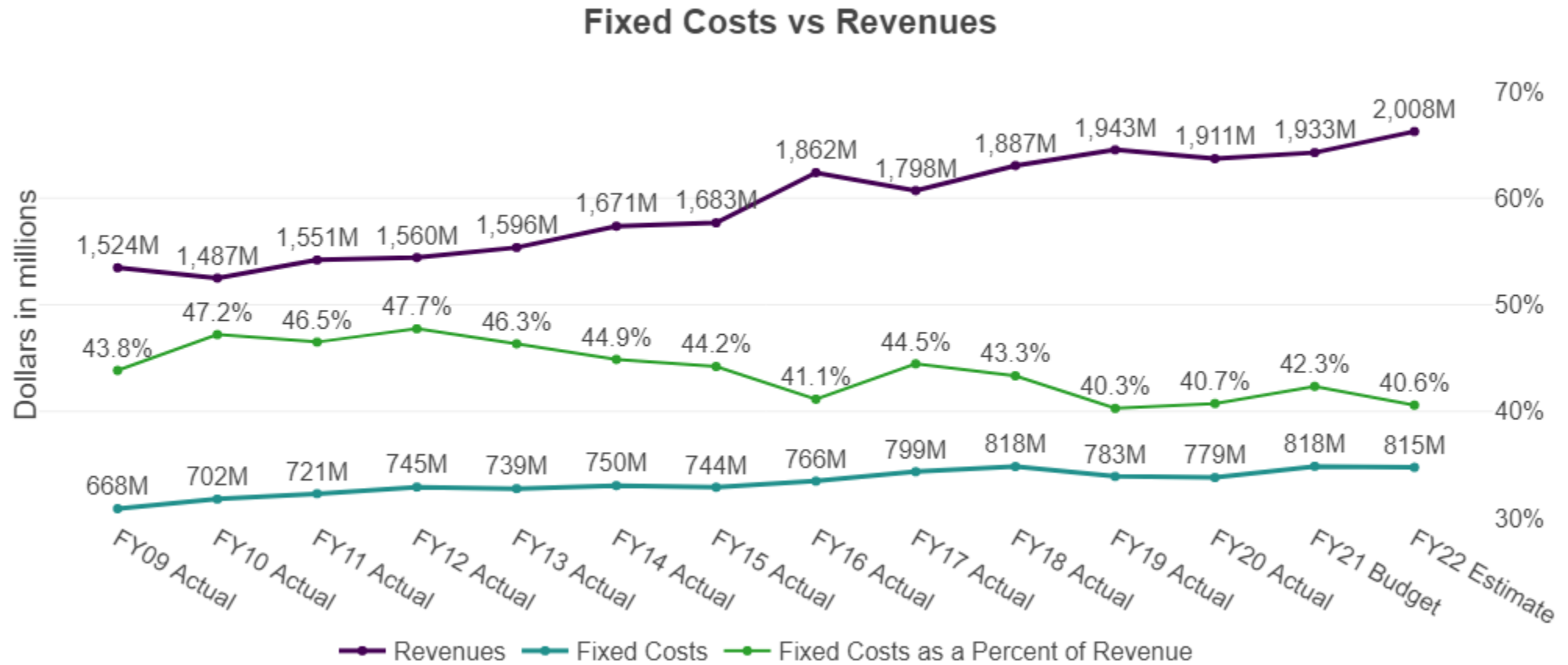
- Parking tax revenue has declined more than 55% compared to pre-COVID average activity.
- Metered parking revenues have observed 50% reduction in Fiscal 2021 and are estimated to experience a 25% decline for Fiscal 2022. City owned garage revenues have declined by 60% compared to pre-COVID levels.

General Fund Expenditure

- Budget Process Priorities
 - Maintain service delivery during COVID-19 emergency.
 - Make best use of available Federal aid to support City costs into Fiscal 2022.

- Fixed Cost Trends
 - Pension costs grew by \$15.0M, or 6.1%, due to lower-than-benchmark returns in both the F&P and ERS pension funds for Fiscal 2020.
 - Health care costs down by \$10.0M due to full-year savings from Medicare Advantage Plans for retirees, which were implemented on January 1, 2021.
 - Fixed costs now represent only 40.6% of overall General Fund revenues, the second lowest rate in the last fifteen years.

Fixed Cost as % of GF Revenues



Budget Recommendations

Fiscal 2022 by the Numbers

Fiscal 2022	Fiscal 2021 Budget	Fiscal 2022 Recommended	Dollar Change	Percent Change
Operating Plan	3.02 billion	3.8 Billion	829.5 million	27.5%
Capital Plan	823.2 million	487.5 million	(335.6 million)	-40.8%
Total	3.84 billion	4.33 billion	493.9 million	12.9%

General Fund	Fiscal 2021 Budget	Fiscal 2022 Recommended	Dollar / Number Change	Percent Change
Budget	1.92 billion	2.01 billion	84.3 million	4.4%
Positions	9,387	9,403	16	-0.3%

** Totals may not match detailed amounts due to rounding.*

COVID-19 Response: CARES

Direct Personnel: \$8.15 million of remaining CARES Act funds will be used to support personnel that are “substantially dedicated” to emergency response, per allowable uses in CARES. This includes some Fire EMS and Health personnel through the end of December.



Photo: Office of Emergency Management



Other City Costs: \$16.35 million of remaining CARES Act funds will be used for other City response costs in Fiscal 2022, including technology upgrades, PPE purchases, cleaning and decontamination, and others.

COVID-19 Response: FEMA



Photo: Baltimore City Health Department

Food and Shelter: The City will continue to provide food distribution and sheltering as a means to prevent the further spread of COVID-19 in the community, seeking \$12.4 million in reimbursement. These programs will be phased out as the spread slows and when FEMA aid expires.

Mass Vaccination Sites: \$10 million of reimbursement will be sought for the cost of the City's mass vaccination sites through December.



Photo: Mayor's Office of Children and Family Success

COVID-19 Response: Other

Rental Relief: The City will utilize a myriad of resources to provide rental relief and eviction prevention services to tenants that have fallen behind on payments due to COVID-19.

Funding Source	Amount
Community Development Block Grants (CDBG)	7,900,000
Emergency Shelter Grants (ESG)	2,482,768
Homeownership Set-aside Program (HSP)	328,717
Affordable Housing Trust Fund (AHTF)	2,750,000
Consolidated Appropriations Act Emergency Rental Assistance	17,739,748
Total	31,201,233

American Rescue Plan (ARP)

- Bill signed into law in March 2021
- Baltimore City to receive \$641.2M
 - Funding will be received in two tranches (amounts unknown)
 - The first tranche is expected to arrive no later than mid-May
- Deadline to spend funds is December 31, 2024 (Fiscal 2025)
- Generally allowable uses will respond to or mitigate the COVID-19 public health emergency or its negative economic impacts
- Ineligible expenses will result in a requirement to repay the federal Treasury
 - No funds shall be deposited into any pension fund
 - No funds shall be used to either directly or indirectly provide a reduction in net tax revenue

American Rescue Plan (cont.)

- The City has set-aside \$140.6 million for budget stabilization and project administration.
- Budget stabilization includes a withholding for future revenue deficits that may occur due to the economic effects of the pandemic
 - The amount is subject to change based on the pace of the economic recovery.
- Administration includes support to create 10.5 FTEs and contractual project management consultant support until FY25.

Total ARP Funding (in millions)	\$641.2
Budget Stabilization	\$130.6
Administration	\$10.6
ARP Funding Remaining	\$500.0
External	\$100.0
Internal	\$400.0

Prioritizing Youth

Supporting City Schools: Support for City Schools is \$360.3 million and includes MOE, retiree benefits, school construction, and school health and crossing guard services. New State-mandated contributions begin in Fiscal 2023.



Photo: Enoch Pratt Free Library



Enoch Pratt Free Library: \$27.6 million General Fund appropriation to support the healthy and safe reopening of branches, as well as digital library services and virtual programming like Books for Me and One Book Baltimore.

Building Public Safety



Photo: Mayor's Office of Neighborhood Safety and Engagement

911 Fee: The City will increase its monthly 911 fee by \$0.25 per phone line to support the growing cost of 911 services as part of the Next Generation 911 (NG911) effort.

NG911 is a state-of-the-art public safety technology that will improve 911 service through secure call networks, better call routing capabilities, and the integration of call and geo-location data for use by emergency responders.

Group Violence Reduction: The Mayor's Office of Neighborhood Safety and Engagement will leverage a \$850,000 private investment along with a City commitment to kick-start the Group Violence Reduction Strategy (GVRS), an evidence based approach designed to reduce homicides and shootings, expand opportunities for high-risk populations, and build better relationships between police officers and the communities they serve.



Photo: Baltimore City Fire Department

Clean and Healthy Communities

Sewage Onsite Support (SOS): The 12-month pilot of the Sewage Onsite Support (SOS) Cleanup Program, which began in Fiscal 2021, will continue in Fiscal 2022. SOS provides professional cleaning, disinfection, and disposal services to City residents in the aftermath of a sewage backup at no cost.



Recycling Cans: The Department of Public Works will begin distributing recycling cans for every eligible home in Baltimore. The \$8.3 million program is made possible by a private grant and an interest-free loan, with ongoing maintenance and debt service costs to be paid from the Stormwater Enterprise Fund.

Equitable Neighborhood Development



Career Access: The Mayor's Office of Employment Development (MOED) budget includes over \$5.8 million in grant funds to serve 30,000 residents and continue refining strategies to help residents get living wage jobs. A standardized "access points" intake process will launch at career centers, in order to evaluate residents' specific needs and direct them to relevant services.

Career Navigators: MOED, in partnership with the Health Department, has hired Career Navigators to work with the Health Department's temporary staff who have been hired as contact tracers and supporting positions. Career Navigators will provide connections to support services, job readiness, resume assistance, and next steps to occupational training once the contact tracing positions end.

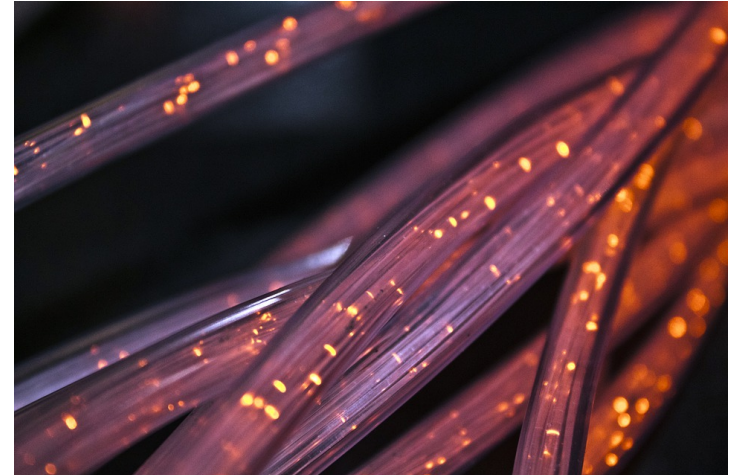


Responsible Stewardship of City Resources

Digital Equity: Baltimore will be one of the first cities in the nation to have a Director of Broadband and Digital Equity, which will be funded with \$200,000 in grant support. This role will focus on how to expand high-speed, affordable internet access to over 60,000 Baltimore households currently without this critical necessity.



Photo: Baltimore City Information and Technology



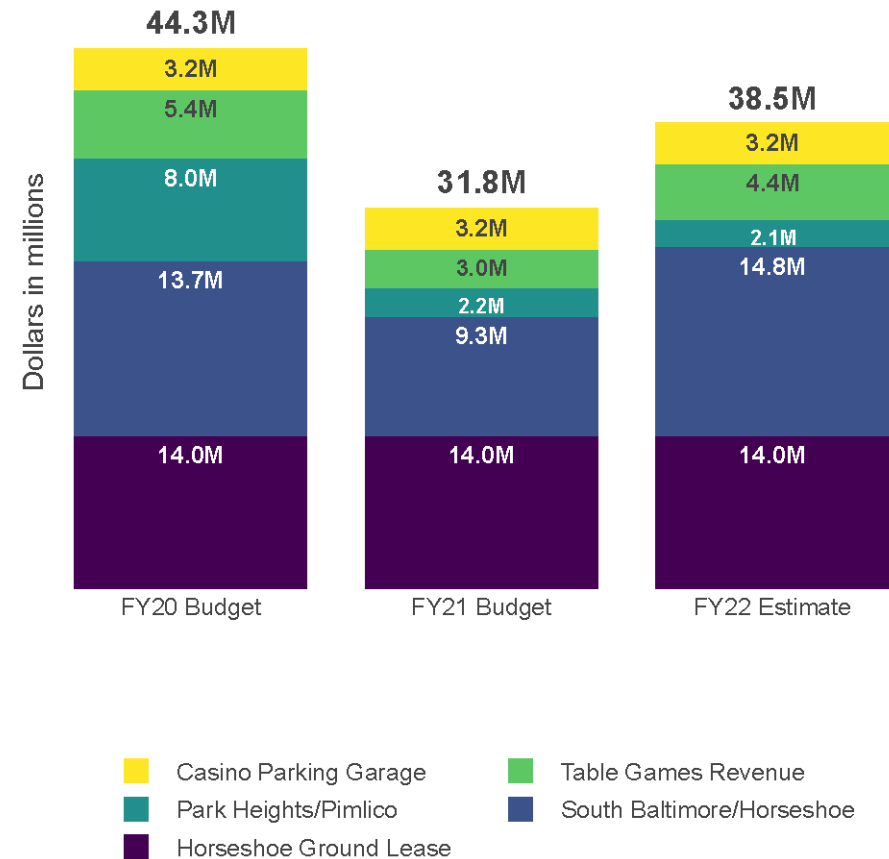
Online Chat Innovation Fund Loan: BCIT will receive an Innovation Fund loan of \$200,000 to invest in an automated online messaging system for 311 service requests. The technology, similar to those used by online services and retailers, will provide real-time assistance to customers, which will reduce call volume pressure on the 311 Call Center.

Other Fund Sources

CASINO, GRANTS, UTILITIES, CAPITAL FUNDS

Casino Revenues

Casino funding supports the General Fund at large, tax reduction, school construction, and services within the radius of the Horseshoe Casino and Pimlico Racetrack (South Baltimore and Park Heights, respectively).



Grant Funding for Operating Budget

- State Funding - \$164.8 million, examples include:
 - \$23.3 million for Ryan White Part B Early Intervention Services
 - \$6.2 million for Safe Streets
 - \$4.4 million for EmPOWER energy weatherization
 - \$1.5 million from Maryland RELIEF Act for workforce development
- Federal Funding - \$937.2 million, examples include:
 - \$24.6 million for Continuum of Care
 - \$8.1 million of Workforce Innovation and Opportunity Act (WIOA) formula funds
 - \$2 million for Lead Based Paint Hazard Reduction Program
 - \$772,713 for HOME Program
 - \$443,641 of multi-year workforce grant to help residents impacted by opioid abuse
- Special Grant Funding - \$5.2 million, examples include:
 - \$850,000 for the Group Violence Reduction Strategy (GVRS)
 - \$200,000 for Broadband and Digital Equity

Utility Funds

Operating Funds	Fiscal 2021 Budget	Fiscal 2022 Recommended
Wastewater Utility	273,303,492	302,323,057
Water Utility	201,535,654	212,323,870
Stormwater Utility	34,016,956	34,125,241
Total	508,856,102	548,772,168

Capital Budget

Capital Funds	Fiscal 2020 Budget	Fiscal 2021 Budget	Fiscal 2022 Budget	Dollar Change*	Percent Change*
Pay-As-You-Go					
General	50,000,000	500,000	15,000,000	14,500,000	2,900.0%
Conduit Enterprise	23,000,000	41,000,000	5,000,000	(36,000,000)	-87.8%
Wastewater Utility	16,388,000	0	0	0	
Water Utility	19,578,000	0	0	0	
Stormwater Utility	2,275,000	1,750,000	0	(1,750,000)	-100.0%
Grant and Special Funds					
Federal	75,191,000	39,967,000	39,668,000	(299,000)	-0.7%
State	26,235,000	8,630,000	23,302,000	14,672,000	170.0%
Loans and Bonds					
General Oblig. Bonds	80,000,000	80,000,000	80,000,000	0	0.0%
Revenue Bonds	223,623,000	451,538,000	199,518,000	(252,020,000)	-55.8%
County Trans. Bonds	26,018,000	15,000,000	15,000,000	0	0.0%
Other					
Other	85,156,000	184,827,000	76,234,000	(108,593,000)	-58.8%
Grand Total	627,464,000	823,212,000	453,722,000	(369,490,000)	-44.9%

* Change is calculated between Fiscal 2021 and Fiscal 2022.

Fiscal 2022 Capital Project Highlights



\$7 million for information technology, including \$1 million for broadband at public housing sites



\$2 million for Mayoralty and Planning, including \$500,000 for sidewalks and community projects near new 21st Century school buildings (INSPIRE Program), \$900,000 for shelter improvements, and \$1.4 million for cultural organizations



\$11.1 million for City buildings, including \$1.6 million for the Southeast Community Action Center, \$1.9 million for Fire Department facilities, \$1.4 million for Police Department facilities, and \$1.2 million to improve Library buildings



\$19 million for school building upgrades and additions (for school buildings not included in the 21st Century Schools initiative)



\$19.1 million for recreation and parks, including \$4 million for Chick Webb Recreation Center, \$1 million for Reedbird Park improvements, \$1.3 million for City Springs Park, and \$1.5 million for pool renovations



\$68 million for transportation infrastructure, including: \$15.7 million for bridges; \$13.8 million for major road reconstruction; and \$18.6 million for pedestrian, bike, transit, and safety improvements

Fiscal 2022 Capital Project Highlights



\$4.8 million for solid waste facilities, including a \$3 million contribution to expanding the Quarantine Road Landfill



\$45 million for Housing and Community Development, including: \$10 million for demolition and stabilization of vacant and abandoned buildings; \$7.5 million for homeownership and home repair incentives; and \$9.1 million for major redevelopment projects



\$7.9 million for Baltimore Development Corporation, including \$3.5 for the new Animal Care Facility and \$900,000 for Lexington Market construction



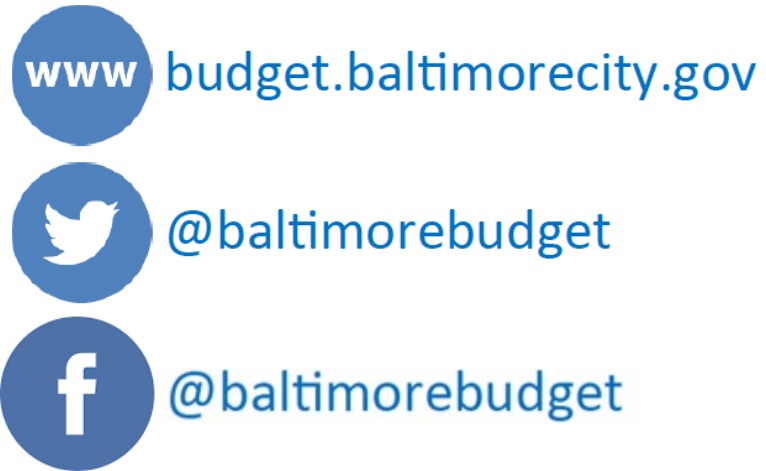
\$172 million for water main replacements, dam rehabilitation, and other improvements to the drinking water system



\$1.5 million for stormwater management projects



\$96 million for wastewater projects, including improvements to sanitary sewers and inflow and infiltration reduction projects



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