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SPECIAL MEETING

THIS MEETING OF THE BOARD OF ESTIMATES WAS CALLED
TO RECEIVE THE REPORT BY THE CITY ON THE ADOPTION OF
THE FISCAL YEAR 2013 OPERATING AND CAPITAL BUDGET
ORDINANCE AND TO CERTIFY THE REAL AND
PERSONAL PROPERTY TAX RATE FOR FISCAL YEAR 2013.

MINUTES**SPECIAL MEETING**

Bernard C. "Jack" Young, President
Stephanie Rawlings-Blake, Mayor
Joan M. Pratt, Comptroller and Secretary
George A. Nilson, City Solicitor
Alfred H. Foxx, Director of Public Works
David E. Ralph, Deputy City Solicitor
Ben Meli, Deputy Director of Public Works
Bernice H. Taylor, Deputy Comptroller and Clerk - **ABSENT**

The meeting was called to order by the President.

President: "Good evening. The special meeting of the June 25, 2012 Board of Estimates is now called to order. Before we proceed, I would like to give you a sense of how the meeting will flow. First we will receive the report by the City Council on the adoption of the Fiscal 2013 Operating and Capital Budget Ordinance. Second, the Board will adopt and certify the Real and Personal Property Tax Rate for Fiscal Year 2013. Uh -- At this time I would like recognize members of the City Council who have joined me here today: Councilman Pete Welch, Councilman Bobby Curran, Councilwoman Helen Holton, Council Vice President Ed Reisinger, Councilman Nick Mosby, Councilman Jim Kraft, Councilman Brandon Scott, Councilwoman Sharon Green-Middleton, Councilwoman Mary Pat Clarke. I think I saw Councilman Stokes. Uh-- is he still in the back? Okay. He's gone. At this time I

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would like to -- first of all thank you for being here. At this time I would like to recognize Councilwoman Holton, Chair of the Committee of the Whole who will present the adopted budget to the Board."

Councilwoman Holton: "Thank you Mr. President."

President: "In the mic."

Mayor: "Talk right into the mic."

Councilwoman Holton: "Thank you Mr. President, Madam Mayor, Madam Comptroller, members of the Board of Estimates. It has been a budget season to remember, although I am sure there are those who would like to forget. But, let me begin by thanking my colleagues for putting in the time and effort to actively participate and vet our concerns regarding this budget. We have spent many hours, -- many hours with much lively debate, discussing and deliberating over the budget. It's good to know that honest minds can agree to differ without becoming disagreeable. I also want to thank the staff of Council Services that has worked tirelessly and not without notice, to get us to this point. As well as the President's staff and the staff of our respective Council offices. We are here this afternoon to move one step closer to putting this budget season behind us and begin to work

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with what we have to do the best we can with what's been agreed to by a democratic process. Today, I stand before you to present a budget passed by the City Council for fiscal year 2013. Thank you."

President: "Thank you. Now I would like to recognize Mr. Andrew Kleine, Director of the Bureau of the Budget and Management Research."

Mr. Andrew Kleine: "Good afternoon Mr. President, Madam Mayor, Madam Comptroller, members of the Board of Estimates. In accordance with Article VI, §VII(C) of the Baltimore City Charter, you have in front of you a report for the fiscal period July 1, 2012 through June 30, 2013. The report shows the taxable basis, which is the uh-- table one attachment. The difference between anticipated General Fund expenditures approved by the City Council and expected General Fund revenues and funding sources exclusive of property taxes and a sufficient tax rate needed to raise the difference between such anticipated expenditures and revenues and funding sources. To summarize for you, uh -- the General Fund appropriation approved by the City Council totals \$1,558,141,245.00. The General Fund revenue and

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funding sources, exclusive of property tax estimated by the Board of Estimates \$789,804,837.00. The property tax revenue required is \$768,336,408.00 and based on the uh -- tax base the sufficient tax rates to generate this revenue are for real property other than public utility \$2.268 per \$100.00 of assessed value for personal property and public utility real property \$5.67 per \$100.00 of assessed value."

President: "At this time I would open the floor to the Mayor or any other member of the Board who wishes to speak."

Mayor: "Thank you very much Mr. President. I want to thank you and the Board of Estimates and the members of the City Council for approving the budget for fiscal 2013. The budget plan was built around our vision for growing Baltimore's population by 10,000 families over the next ten years. Growing Baltimore is a necessity for the City's long term survival and it requires I'm sure as no surprise to many of my colleagues from the Council, tough choices and smart investments in Baltimores' future and in that vein the fiscal 2013 budget prioritizes spending on key uh -- key issues that matter most to Baltimores' families. Crime reduction -- excuse me, public education, jobs and economic

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growth and core kitty -- core City services for our neighborhoods. The budget passed today closes a \$48,000,000.00 deficit while fully funding the City's obligation to public schools, continuing an aggressive plan to hire hundreds of new Police Officers to keep crime down in our City and providing funding for street repair and blight elimination. All while cutting property taxes for Baltimore City homeowners. For the first time since fiscal year 2008, Baltimore homeowners will receive a property tax cut. This is the first installment of our plan to reduce Baltimore's effective property tax rate \$0.20 by 2020. Vacant homes do not qualify for a tax cut. Vacant lots don't qualify and speculators and owners of blighted properties won't get a penny of tax relief at the expense of anyone else. The tax -- This tax cut is for Baltimore City homeowners first. The budget is tough. It's smart and it's focused on the fundamentals. We are investing our resources and clear priorities to help get Baltimore growing again. We can show the citizens - uh -- we can show citizens and potential residents that the City is moving in the right direction and that staying here in our great City is in the best interest of their family.

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The budget supports significant funding for programs and services that impact Baltimore's youth despite a \$48,000,000.00 budget deficit. Increasing funding by \$3.1 million dollars for the Baltimore City School System, meeting our maintenance of effort requirement, while many wealthier counties have sought waivers from their full payment. Increasing funding for Youthworks Summer Jobs Program the funding together with participation from public and private employers will support 5,000 summer job placements. The budget includes \$130,000.00 of enhancement to support placement of 350 youth in year round employment. The City has only surpassed this number of job placement when it uh -- had Federal stimulus money. So, you know this is without Federal stimulus money we were able to do a little bit more. Maintenance of funding for the Youth Violence Prevention Programs including Operation Safe Kids, funding for school based health centers to keep kids healthy and in school. Funding for a new strategy by the Family League of Baltimore City for after-school programs that will directly impact more students. Keeping all of our neighborhood library branches open to promote reading and life-long learning. Opening new community job hubs in neighborhoods hardest hit by the struggling economy and again, this tough budget is focused on the fundamentals while driving property taxes down for Baltimore City homeowners.

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We are investing our resources into clear priorities that will help get Baltimore growing again. Thank you very much, Mr. President."

President: "Thank you. Any other Board member before I go to Council. Comptroller Pratt."

Comptroller: "Thank you Mr. President. This fiscal year as well as the last continues to be difficult and challenging. City agencies have worked extremely hard under the guidance of the Department of Finance to reduce costs, while maintaining essential services. We are fully aware that due to the economic downturn and with constant increases in fixed costs, we must continue to work to look to ways to reduce expenditures in future years while honoring our obligations to protect, educate, recreate and provide a healthy environment to our citizens. We must be creative and innovative in economic development to stimulate Baltimore's economy, in order to give our citizens the opportunity to be productive and to provide for their families. The fiscal 13 budget, provides funding for the Baltimore City Public School System and the YouthWorks summer program, school-based health centers to keep our children healthy, hire additional police officers, all neighborhood libraries will remain open, a reduction in property taxes, street repair and

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blight elimination and an end to furlough days for City employees. When it comes to our employees which is our most valuable resources -- decisions we make about their compensation pay and health care benefits are of great concern to me. I am concerned that the additional cost of health care benefits will impact our employees and their families significantly. Our employees have suffered many years without salary increases and had furlough days for several years. This additional cost may make it difficult for them to remain -- to maintain health care benefits for their families and their quality of life. I believe that the additional health care cost should be incremental instead of all at once. Also, we need to continue to seriously look at increases for MAPS employees. MAPS employees have not received a COLA since 2009. All of our employees are important to the effective administration of government and we need to be able to maintain as well as recruit competent and experienced people to serve in government. It is increasingly difficult to recruit, especially in the MAPS classes, because of salaries and lack of COLA's. Since this is your City and our City we welcome the citizens and community groups to donate their time and efforts and resources to fill some of the gaps where some of the

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reductions have occurred. In the future I would like to see -- I would like the Council President and myself to work with the Mayor in a collaborative effort and have upfront dialogue so we can try to improve some of the outcomes before the preliminary budget is issued. With reluctance, I will vote yes for this budget, there are many unmet needs but there is a requirement that the City has a balanced budget and this budget does it. Finally, I would like to thank Mr. Black, Mr. Kleine and their entire staff for their diligent work in balancing the budget. Council President Young and the Baltimore City Council for their conscientious efforts in enacting the ordinance and resolutions needed to govern Baltimore. I'd like to thank the City employees for their hard work, which has continued while the City has struggled to balance a budget in the last few years, and I want to especially thank Mayor Rawlings-Blake for her dedication to bring forth a balanced budget that will help sustain the City, and provide service to our citizens. As last year's budget -- as with last year's budget, this budget will call upon each of us to make sacrifices, but it is imperative that we continue to

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identify ways to use funds efficiently, generate savings and to continue to identify new resources. Thank you, Mr. President."

President: "Thank you. Madam Mayor, Madam Comptroller members of the Board, City Council colleagues and members of the public. This represents the third City spending proposal enacted since I have been President of the Baltimore City Council. For the past three years the City has been forced to continue a significant budget deficit, and this year unfortunately was not an exception. Our Mayor had to deal with closing a daunting \$48,000,000.00 short fall which included being selective in choosing how to allocate funding throughout her budget proposal. I recognize fully that as a City like many other American cities, Baltimore has the unfortunate problem of its revenue lagging behind its expenditures. Our fixed cost continues to rise, while our tax base continue to shrink. Every City has to make tough spending decisions and Baltimore is no different. The challenge however is achieving a proper balance between cutting costs while continuing to fully invest in the priorities that most improve the lives of our citizens and by that measure I am sorry to report that we have fallen short. On June 4th I

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released a detailed plan that relied on a strategic and responsible spending deduction to the Mayor's proposed fiscal 2013 budget to fund a number of critical services including increasing funding for programs and services that would grow the youth of Baltimore into a generation of successful adults. Supporting City employees and their families by phasing in an unprecedented increase to employee's costs for health insurance rather than doubling the fee in a single year. Working to make sure that our neighborhoods are protected and safe by reversing employee closures of three City Fire companies and increasing funding for programs and service that benefits our seniors. From the outset, I envision the Mayor, my Council colleagues and myself rolling up our sleeves to figure out a way to cut spending a fraction of a percent in order to fund these essential parties that matter to a majority of Baltimoreans. But instead of cooperation, I was met with uncompromising opposition. My suggestions should have been met with a willingness to compromise and to find ways to answer the calls of our citizens. Instead I was repeatedly told by the administration the reason why these cuts could not happen. This

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attitude resulted in the failure to fund many of Baltimore's core priorities and at the end of the day; the people of Baltimore suffered a devastating loss. I do not support this budget. I do not think this budget lives up the promises of providing a better Baltimore to every man, woman and child. We could have done much better by the citizens who elected us to serve in their best interest. Moving forward I will continue to search for areas of understanding between myself, the Mayor and my Council colleagues and I remain committed to building a better Baltimore. I would like to thank Councilwoman Holton for her leadership as Chair of the Committee of the Whole. You did an outstanding job. Thank you to the citizens of Baltimore for your active participation in this process and for making sure your voices were heard and your priorities known. I look forward to continue to serve you in the best interests of the City. I will entertain a Motion to Certify the Tax Rate."

City Solicitor: "Mr. President, I MOVE to Certify the Tax Rate of \$2.268 cents per/\$100.00 of assessed value for Real Property other than public utility and a Tax Rate of \$5.67 cents per/\$100.00 of assessed value for Personal Property and for Public Utility Real Property all for the budget of fiscal 2013."

Comptroller: "Second."

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President: "All those in favor say AYE. All opposed NAY. I have a Motion and second to approve the certification of fiscal year 2013 tax rate at \$2.268 to \$100.00 of assessed value. I already did that - All those in favor say AYE. All opposed NAY. The Motion carries. As there is no further business before the Board will adjourn until its regular scheduled meeting on Wednesday, 27, 2012.

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JOAN M. PRATT
Secretary