

## **FY2010 Budget Message by County Executive John R. Leopold**

Mr. Chairman, members of the County Council, cabinet members, elected officials, honored guests, fellow citizens:

We convene this morning at a time of great financial uncertainty, at home and around the world. Every public official and every citizen faces the challenge of meeting budget demands with reduced resources. The Fiscal Year 2010 Anne Arundel County Operating and Capital Budget that I am presenting today recognizes those challenges and continues my philosophy that government, like every family, must live within its means. The Operating Budget I am submitting is approximately \$1.17 billion, and the Capital Budget is approximately \$217 million.

I am pleased to report that there will be a decline in our property tax rate and no increase in our income tax rate. While the growth in personal income rose by approximately 3 percent, the Fiscal Year 2010 Operating Budget is 4 percent less than last year's budget. It should be noted that while the Board of Education budget will increase by 1.3 percent, all other agencies of government in the aggregate will decrease by 8.8 percent.

Throughout this economic downturn, our County can be proud that sound fiscal planning, responsible budgeting, and reductions in expenses have allowed us to secure Standard and Poor's Triple A bond rating once again this year. We have been able to save our taxpayers, and their children, millions of dollars over the coming years through reduced interest rates for our bond sales. Securing this Triple A bond rating for the second consecutive year is a testament to responsible management of County finances.

This County government has made the same sacrifices that our families and small businesses have made, and those sacrifices began almost from the day we took office. We have implemented three hiring freezes over the last three years and imposed a freeze on non-essential spending last December. By not purchasing 130 new or replacement County cars this year we have saved almost \$4 million. The Budget being presented today eliminates 107 vacant positions with a savings of more than \$6 million annually. The renegotiation of health insurance contracts will save \$15 million over the next three years.

We must continue to examine new ways to save money but continue to deliver the services our residents expect by focusing our tax dollars on the essentials. In the coming year we will be instituting a new process that will more precisely define capital projects and related services to reduce the number of costly change orders in the construction process. This new process has the potential to save us millions of dollars in the coming years.

### **Salaries**

For Fiscal Year 2010, many County agency budgets have been reduced from Fiscal Year 2009 levels. Our Department Heads were faced with difficult choices and all should be

congratulated for their efforts to do more with less. Leaders must lead by example. I have therefore decided that, although County law effective in December provides for a \$5,000 pay increase for the County Executive, I will forgo that salary increase. Our Department Heads and other non-represented employees will not receive cost-of-living or merit pay increases. I appreciate each and every person doing his or her part to help get our County government through these difficult times while still providing quality services for our citizens.

Seven unions who represent about 90 percent of our represented workers also have done their part. They have worked with their membership to reduce our personnel costs and avoid both furloughs and layoffs in this budget. These unions have agreed to forgo a cost-of-living increase, and where necessary many have agreed to reduce their merit increase due next year. I thank you all for understanding the difficult fiscal situation the County faces. County employees come to work each day to do their best for the citizens, and we owe them thanks for a job well done.

I want to thank the following union presidents for all of their time and effort by working with their membership to ratify these new agreements to meet the fiscal demands of this budget, if you would please stand: Mike Akers of AFSCME, Lieutenant Craig Oldershaw, International Association of Firefighters, Sergeant Carl Klapaska, Police Supervisors Association, Corporal "O.B." Atkinson, Fraternal Order of Police, Sergeant Karen George, Detention Sergeants and Donald Scates of the Sheriff Sergeants' Association. I am hopeful that over the next few days the remainder of the employee groups will join the partnership of their fellow employees.

## **Education**

These sacrifices and reductions in spending could have been worse without federal stimulus funding that helped avert more drastic cutbacks. While the General Assembly was forced to make significant reductions in local aid to subdivisions, our legislative delegation was able to increase our allocation of State school construction funding from 8.1% this fiscal year to 9.3% for the coming year. With this State funding and our County capital budget funding of \$112.5 million, a total of \$137.5 million in Board of Education projects are funded. We will be able to complete projects at Severna Park Middle School and Southgate Elementary School this coming year, and begin construction at Pershing, Overlook, and Belle Grove Elementary Schools and Northeast High School. Additionally, Chesapeake Science Pointe Public Charter School in Hanover will receive \$250,000 for renovation and expansion. This budget contains design money for the renovation of Folger McKinsey Elementary School, with construction to begin in Fiscal Year 2011.

It has taken all of our budget skills, with help from the federal government, the General Assembly and even citizens who have sent suggestions to our "Your Taxpayer Dollars at Work" Website, to avoid significant reductions in our commitment to funding classroom education needs.

While this year presented a unique set of challenges to funding operations at our school system, this Budget continues our policy of managing our education funding to get results. The \$592 million in operating funds set aside for education is the highest percentage of the County budget allotted to education in the history of Charter Government. Since taking office, my Administration has increased school funding by 8 percent, while enrollment has increased by less than 1 percent. This additional funding has helped our students increase their test scores, as well as gain admission to colleges at rates that exceed State and national averages.

We must meet the needs of our technology-based society for students with a strong background in science and math by continuing to fund the Science, Technology, Engineering and Mathematics program, or STEM, at the Community College. This budget allows for \$600,000 in operating funding and \$425,000 to upgrade space for STEM labs, for a total of \$1.2 million capital investment over three years.

Two other worthy programs at the College will continue to receive funding. The Center on Aging's gerontology program will receive \$150,000, and the Parenting Center, which helps parents of middle-school-age students, will receive \$200,000.

I have also included more than \$200,000 in the budget to continue the new STEM magnet program at North County High School, and more than \$600,000 to expand the program to South River High School. We will also continue funding for our national board certified teachers in these and other disciplines by providing \$630,000 in stipends to keep these educators in our classrooms and provide the rigorous training that can help lead to improved student performance.

The STEM initiative will provide the classroom component for our students to gain the skills necessary to compete for the high-paying jobs generated by the Base Realignment and Closure relocations at Fort Meade. These students can look forward to staying here in Anne Arundel County and taking advantage of these "high tech" employment opportunities in the global economy.

## **Police and Fire**

Along with education, a key priority of our County government is public safety. Under the very able leadership of Chief Teare in our Police Department and Chief Ray in the Fire Department we have been able to continue to provide high quality services for our citizens.

Chief Teare's reorganization plans include the new Police Community Relations Division headquarters, located at Arundel Mills, and the use of federal stimulus funds to enhance our human and technological response to crime. This budget also continues to fund the Streetlights program that has literally brightened up more than 60 neighborhoods. I would like to recognize Gary O'Neill, Mildred Pastor and Steve Pastor from the Arundel Village Community Association. At your request, we installed lights that have made a real difference in your community. Thank you for being here. The streetlight initiative is

a part of my overall philosophy that improving community appearance and strictly enforcing nuisance laws can lead to a reduction in serious crimes.

The School Resource Officer initiative continues in our schools. This budget provides \$2.9 million for these officers, as well as \$11.7 million for school nurses. These initiatives, and our Gems and Jewels and Brooklyn Park Teen after-school programs, are examples of County funding that supports public education even though not contained in the School Board budget.

Chief Ray has led the implementation of our ambulance service fee, which will provide needed fiscal resources without impacting citizen needs for medical transportation. Insurance companies that have collected premiums from County residents for this service but have never had to pay a claim will now be billed for these costs. No County resident, with or without insurance, will ever be charged.

Our public safety capital program continues to provide funding for construction of the new Eastern District Police Station, the purchase of land for the relocation of the Lake Shore Fire Station and design funding to relocate the Galesville Fire Station. Speaking of public safety capital projects, I am pleased that today marks the opening of the Annapolis Neck fire station, where we have placed an engine company in service. A paramedic unit will be placed in service later this month with the graduation of the recruit class at the Training Academy.

### **Investment in the future**

With the help of the County Council, we have made financial decisions that will increase the County's revenue stream in future years, and allow us to expand our capital program that will help with our road and school construction needs.

Our new impact fee structure will provide a short term stimulus for the housing industry but ensure that we have the funds in coming years to meet the infrastructure needs for new development. I want to thank the Council for its hard work in developing an approach that recognized the need to phase in these necessary fee increases, while setting the fees at future levels that will reflect the impact that new development has on our roads, schools and public safety facilities.

Not all our efforts, however, should be measured in dollars and cents. We owe our veterans a debt that really cannot be repaid in these perilous times. Our men and women in uniform put themselves in harm's way so that we can sleep peacefully at home. Working with our County Council, we have been able to provide those in uniform with a hiring preference that allows them to continue to use their talents here at home to benefit our citizens. To date, Anne Arundel County has hired 56 veterans through this initiative. I would like to recognize four who are with us today: Michael Comeau, a member of the Maryland Army National Guard and Bronze Star recipient who is now an Assistant County Attorney; Corey Oliver, a County firefighter cadet and former Army platoon sergeant, Brianna Mullen, a County detention officer and former Army private; and

Robert Singleton, a Navy Unit Commander who is now a County Police Officer. Thank you all for your service to our country and we welcome you to our Anne Arundel County family.

We also recognize that our environment is a priceless heritage that must be preserved and protected, even in tough economic times. With the help of our General Assembly delegation, the 2009 session again saw significant protections added to our efforts to curb air pollution from fly ash and enforce stormwater management requirements. Legislation was also enacted that will provide for reimbursement from polluters when the County conducts environmental health testing and monitoring to protect citizens.

With the help of Program Open Space and County funding, we have kept South County rural and expanded parks countywide by preserving more than 800 acres through agricultural easements and more than 250 acres through land acquisitions. These efforts preserve our history, protect our open space, and provide recreational opportunities for our children and grandchildren. We are close to providing County public water access for boats in North County and will add the first dog park at Lake Shore Athletic Complex as part of its renovation and expansion.

### **Safety Net**

We will also work to preserve our human resources safety net during these tough economic times. To help identify priority needs, I convened a 22-member Clergy Advisory Committee. I would like to recognize representatives of the committee: the chairman, Pastor Larry Smith of Grace of God Church in Millersville, the Rev. Joseph Barr of Holy Family Catholic Church in Davidsonville. These men have seen firsthand how our most vulnerable citizens have been impacted by the economy, and I appreciate their service.

You have identified needs, including crisis services, mental health counseling, children's services, and emergency housing and assistance for the elderly and people with disabilities.

This administration has responded with community grant funding to local non-profits. We have maintained our human services safety net at a time of great fiscal stress.

Annapolis Area Ministries will receive \$250,000 in capital funding to help in funding its new shelter facility now under construction. The County Mental Health Agency, which operates the Mobile Crisis Team and the suicide hotline for the school system, will receive \$200,000 in operating funds. The ARC of the Central Chesapeake Region, which provides critical services to people with developmental disabilities, will receive \$90,000 in operating assistance. Arundel Child Care Connections will receive its full request of \$55,000 to provide daycare referral services as well as mental health counseling for children.

We are increasing funding for the County Food Bank, which distributed food to over 35,000 families at 60 pantries last year and served more than 350,000 nutritious meals around the County.

With its record of success, the Gems and Jewels program has made a real difference in children's lives. The program will receive \$15,000 for its Mentoring Institute and the new "Friday Night Alternative" at Bates Middle School, which keeps students safe and connected during the weekends. The Brooklyn Park Teen Program, a similar initiative that provides after school recreational activities and summer camp in North County, will receive \$45,600.

I would like to recognize Cesalie Jenkins, the domestic violence intake counselor at Arden House, and Molly Knipe, Executive Director of the YWCA. They have seen the Arden House filled to capacity as the economy has worsened. They will receive \$70,000 to help keep open the only emergency safe house shelter for female victims of domestic violence and their children. Arden House offers programs and services to help these victims become safe, secure and independent.

## **Economy**

As dark as the economic sky has been, there are some signs that things may be brightening. In most economic scoring measures, like unemployment rates, Anne Arundel County has fared better than the State or National trends. As the County has been a leader in securing defense procurement contract dollars, we have been better insulated from the downturned economy than other jurisdictions in the State. We must plan conservatively but we are hopeful that our excellent team at the Anne Arundel County Economic Development Corporation will continue to identify opportunities for increased business activity and job creation that generates significant tax revenues for the County. An estimated 7.5 million square feet of office development - a \$1.5 billion investment - is anticipated to come on line in the next 25 to 46 months as part of the overall BRAC enhancements in the Fort Meade/Odenton area. We have already seen major commercial operations begin at the Station Ridge Office Complex in Hanover as well as the Annapolis Town Center at Parole.

We can be proud of our health care services available to County residents. Baltimore-Washington Medical Center will open its new obstetrics unit this fall as part of its \$117 million expansion. Anne Arundel Medical Center's \$100 million Acute Care Pavilion will also add to our enhanced level of medical services. Together, our two regional hospitals are providing excellent care and growing our economy.

Let's take these hopeful signs on the economic horizon and continue to build a strong commercial and residential property base that can provide the fiscal resources necessary to meet our priorities. We must carefully manage our growth so that we preserve the quality of life that we have come to know and expect in our County. The location of new businesses and homes must be planned with that key goal in mind. Our new General Development Plan will be the master guide for this effort. It will be presented to the

Planning Advisory Board next week for the first of three scheduled public reviews, and we look forward to the presentation of the Plan to the Council later this month. The County Planning and Zoning Office will continue to work with the Special Advisory Committee, citizens and the Council as we move through consideration of this critical guide to our future growth.

The challenges facing every level of government have never been greater but we are committed to working together to get through these tough times. We have a strong and vibrant County and we will see brighter days. But we must never waver from our efforts to deliver efficient, effective services to our citizens — safe communities with great schools and roads. We will continue to find ways to meet that goal, in good times and bad.

We will work together with the County Council to finalize a budget that meets our citizens' expectations that government live within its means and preserves the quality of life we enjoy in Anne Arundel County.

Thank you for listening.