

Baltimore Efficiency & Economy Foundation, Inc.



City Finds Gold Selling Surplus City Properties in Local Real Estate Boom

Project SCOPE Creates National Model

Project SCOPE (Selling City-Owned Properties Efficiently) streamlines the disposition of surplus Baltimore City-owned real estate utilizing the marketing expertise and resources of the private real estate industry. Prior to SCOPE, multiple city agencies could take as long as 18 months to weigh in on the proposed sale of a City property. Today, SCOPE is a national model for cities wishing to dispose of unwanted property. It has already reaped Baltimore over \$2 million in sales and the reality of increased property and income tax revenues. Transitional City neighborhoods are turning around as boarded up vacant houses are rehabbed for home ownership.



David B. Rudow, Esq.
Partner
Adelberg, Rudow, Dorf &
Hendler, LLC



Joseph "Jody" Landers
Executive Vice-President
Greater Baltimore Board
of Realtors

SCOPE is the innovative outcome of a task force comprised of City agencies, the Greater Baltimore Board of Realtors (GBBR), the Baltimore Efficiency & Economy Foundation (BEEF), and volunteers. Meeting monthly since September 2001, the task force goal is to simplify and accelerate the process for putting vacant and underutilized City-owned real estate on the open market for purchase by responsible buyers.

The partnership between the City of Baltimore, GBBR and BEEF began shortly after Mayor Martin O'Malley's first inauguration when BEEF initiated contact with the Mayor's Office. Shortly thereafter, Mayor O'Malley, City Council President Sheila Dixon and Comptroller Joan Pratt asked BEEF to help the City reform its

process for selling its huge inventory of surplus residential and commercial real estate. BEEF recommended that a partnership with the Greater Baltimore Board of Realtors assess private sector resources.

BEEF Vice-President David B. Rudow, Esq., a partner with Maryland law firm Adelberg, Rudow, Dorf & Hendler, LLC, has chaired the task force since its inception, working closely with GBBR Vice-President Jody Landers. *The Daily Record* recognized David Rudow and Jody Landers among its 2004 Innovators of the Year. A generous donation from the Gold-seker Foundation supports the project and ensures its continuity. The task force has engaged able assistance from two realtors. Morgan Amaimo joined the task force early on to help design

The objective of Project SCOPE is to expose the City's unwanted properties to the broadest possible market in order to sell them quickly to responsible buyers at the highest sales price and at the lowest cost to the City.

the prototype; Nishika Jones was engaged last year to coordinate project implementation.

Jody Landers confirmed with the National Association of Realtors that SCOPE is a national pilot for cities with surplus properties. Government officials outside of Maryland are taking note of Baltimore's achievement. In late April, David Rudow and

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City Pools Face Brighter Future

During Baltimore's hot summer months, children in search of fun in the water migrate to the City's public swimming pools. Large pools in Patterson Park, Druid Hill Park, Cherry Hill, Clifton, Roosevelt and Riverside Park invite children and families from across the City during the summer season and host events for private parties in their off-hours. An additional

repairmen from the Department of PublicWorks to maintain the pools. Summer personnel are short-term and contractual, and the Division must pay off-duty policemen for security. Permitted vendors sell refreshments and give no percentage of their revenues back to the pools. Because the City faces potential liability if a child is injured or drowns, the Aquatics Division takes every precaution to operate a safe environment, and as a result, they have usually exceeded their \$1.2 million annual budget.

Overtime, which had previously been built into weekly scheduling, now requires written approval. The necessary documentation for scheduling overtime has caused managers to become more efficient at staff scheduling and reduced the overtime costs from previous years. Overtime payments for the swim season dropped dramatically between 2002 and 2004, from \$174,000 to \$45,000.

Because of the high potential for liability, the Aquatics Division will continue its partnership with the Balti-

BEEF's assignment was to recommend new procedures for cash management, overtime management and security, and to develop a business plan to make the pools revenue-generating.

16 community "walk to" pools draw families from their neighborhood.

The pools achieve much more than giving families relief from summer's sweltering sidewalks. They offer many children a protected haven from boredom, mischief, and the often-dangerous streets. Children learn to swim, participate in swim meets and other water activities under skilled supervision. Frequently, the community pool is a low-income family's only option for day care. While there is a very modest pool admission fee, the pools operate with a compassionate mission and offer free admission and a swimsuit to children in need of assistance.

The Aquatics Division faces a unique management challenge overseeing the widely dispersed pools. City budget cuts have reduced the Aquatics Division staff to the bare bones, and they have limited use of computers. The Division depends upon only two

At the request of Recreation & Parks Director Kimberley Flowers, BEEF engaged accountants Harvey Finkelstein and Charles Geser to undertake a review of the pools' management systems. Their assignment was to recommend new procedures for cash management, overtime management and security, and to develop a business plan to make the pools revenue-generating.

The Aquatics Division began implementing the accountants' recommendations in the 2004 summer season. New system-wide policies collected in an Aquatics Manual addressing attendance recordkeeping and tighter cash management systems caused pool receipts to nearly double from \$56,000 in 2003 to \$110,000 in 2004.

more City Police Department. It is important to maintain a high level of security at public pools.

The Aquatics Division looks forward to the 2005 swim season. The staff will continue to work at reducing overtime expenses by implementing a manpower budget for each pool. Concession rentals can be expected to increase along with marketing the pools for private parties.

BEEF's Aquatics Division project was generously funded by the William G. Baker, Jr. Memorial Fund, The Abell Foundation, M & T. Bank Foundation, Maryland Communities & Citizens Fund and the Baltimore Community Foundation. ■



BEEF Helps City Council Prepare for New District Structure

When the Baltimore City Council faced its first structural change since 1922, City Council President Sheila Dixon called upon the Baltimore Efficiency & Economy Foundation (BEEF) to undertake a review of the City Charter and the Council's longstanding rules and protocols. The President wanted to be certain of their conformity with the new single member district structure.

At BEEF's recommendation, President Dixon created the Baltimore City Council Transition Commission with the passage of City Council Resolution 03-1264 in December 2003. The Commission would evaluate "all aspects of the City Council and its operations to ensure a smooth transition from a body comprising six 3-member districts to a body comprising 14 single member districts, and to facilitate a continuing satisfactory level of service to the citizens of Baltimore." It would also review the recommendations made by the City Council's Commission on Council Representation (Stokes Commission) issued July 2001.

BEEF Board Member Zelig Robinson was named Chairman of the Commission; BEEF President George A. Nilson, was named Vice-Chair. The Commission was comprised of the following:

Tony Ambridge
Victor Bonaparte
Karen Footner
Vera Hall
Joseph T. Landers
Kim Nunnally
Ronald L. Schultz

Michael Seipp
Stuart O. Simms
Joseph L. Smith
Otho M. Thompson

Convening in January 2004, the Commission set out to tackle time-sensitive questions requiring immediate consideration. Recommendations on these measures were presented to President Dixon in an April 29, 2004 Interim Report.

The first priority topic related to the Council's FY 2005 budget. The Commission concluded that the funds appropriated for the salary and benefits of the four abolished Council positions and one-half of the funds appropriated for their staff salaries and benefits be eliminated from future City budgets. The balance retained for staff and support funds should be devoted to hardware/software improvements that enhance the capacity of the City Council President to provide constituent services to Council members and citizens.

The second priority topic was the process for filling a mid-term Council seat vacancy in a single-member district. This required a Charter amendment, and later a Council Rule with details. The Commission proposed that a Nominating Committee consisting of the President of the City Council and the Chairs of all Standing Committees nominate to the full Council a person to fill the vacancy. (In the prior 3-member district, the remaining two council members in the delegation had done that.) The City Council passed an ordinance embodying the recommended City Charter amendment in July 2004, and the voters approved it in the November 2, 2004 general election. Action on the Rule remains.

Over the next nine months, the Commission considered other hot button issues, some requiring a City Char-



City Council President Sheila Dixon called upon BEEF to undertake a review of the City Charter and the Council's longstanding rules and protocols.

ter amendment. An energetic discussion ensued over the number of votes required to override a Mayoral veto. Proponents of the current strong mayoral government wanted to retain constraints on the Council's veto powers. Others argued that balancing legislative powers more evenly between the Mayor and City Council would make local government more responsible. The debate concluded with the Commission's recommendation that the City Charter be amended to require a vote of eleven council members (reduced modestly from 12) to pass an ordinance or resolution after a veto.

A second, less controversial matter also requiring a Charter amendment, would give the Council authority to reallocate appropriations within the Proposed Ordinance of Estimates while it is before the Council. This would permit funds that the Council cuts from one appropriation to be added to another appropriation provided that the Mayor and City Council agree. The present Charter not only prohibits the

SCOPE, *cont. from page 1*

Jody Landers traveled to Philadelphia to explain SCOPE processes to the Pennsylvania House of Representatives Urban Affairs Committee. Philadelphia is said to have more than 40,000 vacant houses and Pittsburgh has 12,000 vacants.

The objective of Project SCOPE is to expose the City's unwanted properties to the broadest possible market in order to sell them quickly to responsible buyers at the highest sales price and at the lowest cost to the City. Rather than creating a new bureaucratic government-based marketing apparatus, the City, like any other real estate seller, is paying real estate agents a success-based commission for their sales efforts and expertise.

The GBBR network of independent private sector real estate brokers and agents supplies the marketing and brokerage services. The City executes Multiple Listing Agreements on a form specifically designed for SCOPE, and properties are listed on the Statewide Multiple Listing Service (MRIS) and linked to the national listing database REALTOR.com. Mortgage lenders, title companies and other allied professionals are engaged as in private transactions to help efficiently manage the transfer.

The Baltimore City Housing Department identifies vacant and underutilized properties for assignment to the SCOPE project. SCOPE properties are located throughout the City, but primarily in transitional neighborhoods that are showing signs of promise such as Reservoir Hill, Middle East and around Hollins Market. Some properties have been in the City's possession for years after foreclosure or abandonment, and others acquired more recently through Project 5000.

Each property title is checked by the City Law Department and must be cleared of liens prior to sale. Buyers submit offers and contract forms developed for SCOPE and available on the GBBR website. Listing agents convey offers to the City's Real Estate Officer; a multi-agency committee reviews the contract offers and selects the best one. The Community Law Center vets buyers to identify parties whose properties are subject to housing code violation notices or who have bad records as landlords.

The task force created a Qualification Review and Selection Panel which selects the SCOPE brokers. There is an application process which includes personal interviews, and the brokers are selected based on their experience and demonstrated work in the City. There has been a diverse representation of the community among the brokers, who all have experience with distressed properties and knowledge of the rehab market and loan products. Agents earn commissions of \$2,500 or 8% of the sales price, whichever is greater.

Potential buyers acknowledge the physical risks of entering a SCOPE property by signing a Hold Harmless Agreement. Missing floors, interior walls or parts of roofs, many of these houses are not for the weak. Buyers must demonstrate that they have the capacity to renovate the property based on the City's estimated cost of renovations.

Properties are sold "as is" free of any liens. Buyers agree to renovate the house in 18 months, and either to use it as a primary dwelling or sell it to someone who will. This condition eliminates speculators from buying homes and letting them rot until the market changes. Failure to comply with the time frame may result in the property reverting back to the City. All of the properties are eligible for the

vacant house property tax credit, permitting the property tax increase due to rehabilitation to be phased in 20% per year over five years.

The task force continues to reckon with challenges that impede a fast and easy sale of a City-owned real estate. BEEF and GBBR commend City Housing officials David Levy, Bob Pipik and Ayanna Brown, and Real Estate Office official Walter Horton for their hard work on behalf of the project. It is hoped that SCOPE processes will soon be fully integrated into the City Department of Housing and Community Development and Real Estate Department. ■

City Council, *cont. from page 3*

Council from increasing any expenditure in the budget proposed by the Mayor and Board of Estimates, but provides that if the Council cuts any tax-supported budget item, than the savings must be used to reduce the property tax rate or be put in reserve for the next fiscal year.

In a third Charter-related matter, the Commission recommended that the salaries and benefits of City Council members come from recommendations of an independent commission subject to disapproval by the Council, at least thirty days before the primary election. The City should adopt an approach similar to that provided by the State General Assembly Compensation Commission model to make recommendations for salaries and benefits of its members.

Protocols for long-standing Council procedures were addressed. The most significant in its impact was a proposed Council Rule governing the introduction and consideration of bills for zoning or land use changes or amendments. The proposed Rule would require concurrence beyond a single councilmanic district when land use changes effect more than one district.

The Commission took on issues related to a more transparent government. Recommendations included:

- 1) Using all available technologies to improve public information about current city issues;
- 2) Publishing the City's General Fund budget annually;
- 3) Developing and publishing reports linking the budget to the performance of city services, as generated by the CitiStat program;
- 4) Committee voting on significant issues in public;
- 5) Organizing the Council agenda to give separate prominence to consideration of legislation vs. resolutions;
- 6) Making

We gratefully acknowledge the support of members who help BEEF explore and evaluate new ideas for better government.

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permanent the Budget and Appropriations Committee; and 7) Exploring new options for interactive remote access to City Council meetings.

The Commission met through September 2004 under the leadership of Zelig Robinson. Commissioners made recommendations to bring the Baltimore City and Council Rules into conformity with the new structure. The final report prepared with the able assistance of Marsha Schachtel of The Johns Hopkins Institute for Policy Studies was submitted in October for consideration by the new City Council in 2005. ■



BALTIMORE EFFICIENCY & ECONOMY
FOUNDATION, INC.
P.O. Box 16281
Baltimore, MD 21210
Tel. 410-433-0354
www.beefbaltimore.org

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