



FY2023 Mid-Year Casino Local Impact Funds Budget Supplemental

DECISION MEMO

Date: March 1, 2023

To: Justin Williams, Deputy Mayor, Community and Economic Development

From: Chris Firehock, Community Development Specialist, CED

Cc: Ethan Cohen, Senior Advisor, Community and Economic Development
Jaime Cramer, Budget Management Analyst, BBMR

Re: FY2023 Mid-Year Casino Local Impact Funds Budget Supplemental Appropriation

I. Action Items

Approve BBMR preparing and submitting for approval the attached FY23 mid-year supplemental budget appropriation for the Casino Local Impact Fund (“CLIF”) program, aka Casino Special Fund 2026.

II. Background

- A. Casino Local Impact Funds (“CLIF”, sometimes referred to “LDC Funds”, “Local Impact Grant”, “LIG”, “Fund 2026” etc.) are collected by the State of Maryland and accrue to Baltimore City from a surtax of 4.3% on revenues at “video lottery terminals” (VLT’s), aka electronic slot machines, at Maryland’s three major casinos: Horseshoe Casino Baltimore, Maryland Live and MGM Grand. This revenue source was mandated by legislation that authorized casino gaming in Maryland (see code [here](#)). Each jurisdiction that is home to one of these casinos receives one-third of the combined surtax to be “used for improvements primarily in the communities in immediate proximity to the video lottery facilities and may be used for the following purposes: infrastructure improvements; facilities; public safety; sanitation; economic and community development, including housing; and other public services and improvements.”
- B. In Baltimore, these funds are allocated for use in the territory of the Casino Impact Area, also referred to as the South Baltimore Gateway District (SBGD), which is the subject of the South Baltimore Gateway Master Plan, adopted by the City Planning Commission in December 2015 (see map in Attachment A). CLIF funds are programmed through the Mayor’s Office of Community and Economic Development, and projects and programs

are chosen through triangulation of the following:

1. South Baltimore Gateway Master Plan, adopted by the Planning Commission in December 2015,
 2. Feedback and input from the Baltimore Casino Local Development Council (LDC) appointed by the mayor and chaired by Senate President Bill Ferguson (District 46),
 3. Input from City and State elected officials, neighborhood associations and City agencies, as well as the priorities and policies of the Administration.
- C. Projects and programs are executed through City agencies and are included as part of the City's annual budget process.
- D. FY23 CLIF spending to-date is at or below budget. This supplemental budget request reflects a combination of "**Carry Forward**" of previous commitments, **Mid-Year Budget Reductions** due to funds no longer being required for certain activities, and reallocation of "**Fund Balance**," explained below.
- E. CLIF typically carries a Fund Balance from one FY to the next. The CLIF Fund Balance at the beginning of each FY is derived from three basic sources-
1. **Surplus Revenue** is revenue that exceeds budget appropriations. For example, the FY22 budget proposed to spend \$7,041,055 of funds from that year's revenue, yet actual revenues were \$8,252,806. Thus, \$1,211,751 of FY22 revenue that was never planned to be spent and is available in future FYs.
 2. **Appropriations** for which expenditures come in under-budget fall into two categories:
 - a. **Carry Forward** occurs when a project requires contracting for goods or services and the agency is still in the process of planning for or procuring those goods after the end of the FY in which funding was allocated. Examples include grants to renovate vacant houses, expanding the CitiWatch program, or contracting to produce plans for renovating City parks. Funding for these activities is technically part of the "Fund Balance" but in practice is needed for those projects in future FYs. Thus, it is marked as "Carry Forward" in supplemental budget requests or future FY budgets, in order to be available for spending by agencies when they are ready to finalize the expenditures.
 - b. **Surplus Appropriation** occurs either when a project comes in under-budget or when funds allocated for personnel and operating costs for activities to be performed by City agencies are not fully expended, such as in cases where positions were vacant for part of the year. Examples include MOED's South Baltimore Employment Connection Center, outreach staff from the Mayor's Office of Homeless Services, and enhanced DPW Solid Waste services. If after calculating expenses for the entire FY there are funds left over, those funds are not required the next FY since that agency will have dedicated funding for following FYs. Therefore, those funds are available to be reallocated for other projects or programs in a mid-year Supplemental Budget or future FY budgets.
- F. As a basic calculation, Fund Balance is equal to revenues minus expenditures. The

budgeting process requires us to calculate existing Fund Balance, forecast revenue for the current and upcoming FY, and then plan expenditures in a way that ensures that if we experience less-than-anticipated revenue, we have sufficient Fund Balance to meet our obligations for that FY and prior commitments.

1. As of FY22 closeout CLIF had \$3,429,117 in fund balance. This included a total of \$1,117,026 for unfinished FY21 (\$812,844) and FY22 (\$304,142) activities that needs to be carried forward for use in FY23. (Note- this does not include unspent capital appropriations)
 2. The remaining balance of \$2,312,091 is a combination of FY22 Surplus Revenue (\$1,211,751), previous Fund Balance, and Surplus Appropriations for activities that came in under budget in FY22.
- G. In some cases, appropriations for activities in FY23 are no longer valid or needed. The proposed supplemental appropriation for FY23 thus would defund, reduce or “negatively appropriate” funds for certain activities as **Mid-Year Budget Reductions**.
- H. The net amount proposed for FY23 Supplemental Appropriation is \$1,065,824, as follows:
1. \$1,117,026 in total Carry Forward (FY21 and FY22).
 2. (\$350,000) in Mid-Year Budget Reductions.
 3. \$298,798 in Reallocated Fund Balance.
- I. This leaves a net fund FY22 Fund Balance of \$2,372,716. We are holding this balance in reserve to cover reduced revenue projections for FY23 and FY24 in order to meet prior commitments. (Appropriations for FY23 totaled \$9,390,578; however, based on current projections we are planning conservatively for revenues of \$8.2 million in FY23 and approximately the same for FY24).

III. Budget Amendment Details: (See Attachment B for Budget Table)

- A. The total amount proposed for FY23 Supplemental Appropriation is \$1,065,824. The changes to the CLIF program budget are of three broad categories:
1. Appropriations needed as Carry-Forward for committed and ongoing activities.
 2. Budget reductions or de-funding appropriations that are no longer valid.
 3. New activities for which we are using Fund Balance.
- B. “Carry-Forward” are funds that were committed in prior FYs, were unable to be spent in those FYs, but are still required to complete the activity. They were not included in the original FY23 budget due to the fact that FY22 does not close until after the original FY23 budget is created, so exact numbers were not available at that time. Carry-forward requests by Agency and “Activity” are as follows:
1. Department of Housing and Community Development \$150,000
 - a. Homeowner Incentives
 - i. Hire additional DHCD Code Enforcement Officer for South Baltimore Gateway/Casino Impact Area.

- ii. Provide DHCD grants to Westport CDC for homeowner-occupied safety and aging-in-place projects.
- 2. Mayor's Office of Community and Economic Development \$60,000
 - a. Project Coordination (CED Staff)
 - i. Cover costs of new CLIF administration position within Mayor's Office of Community and Economic Development and allow for professional development expenses
- 3. Mayor's Office of Child and Family Services \$26,267
 - a. Educational Partnerships.
 - i. Due to staffing issues, Reading Partners submitted an invoice from FY22 after the closeout of the FY22 books. This was paid in FY23, however for reporting purposes it should be paid from unspent FY22 funds budgeted for that purpose.
- 4. Mayor's Office of Neighborhood Safety and Engagement \$290,287
 - a. CitiWatch CCTV Camera Expansion Projects
 - i. Continue to support fiber-backbone planning and installation for CCTV and Community Broadband Initiatives.
 - ii. Purchase and install fiber and hardware for CitiWatch cameras.
- 5. Mayor's Office of Neighborhood Safety and Engagement \$30,000
 - a. CitiWatch Maintenance Reserve
 - i. Ensure funds are available to repair any damaged cameras or fiber.
- 6. Mayor's Office of Employment Development \$20,000
 - a. Employment Connection Center
 - i. FY21 operating surplus funds for enhanced marketing and promotions. This is in response to multiple requests from area employers for more job applicants and will be used to provide enhanced job-seeker outreach via direct mailings, as well as billboard and MTA bus advertisements in the SBGD. MOED staff will track success rate of each methodology and provide analysis.
- 7. Mayor's Office of Employment Development \$30,000
 - a. Job Training Programs & ITA's
 - i. FY21 operating surplus funds for a pilot program to provide transportation to training opportunities. Many MOED job trainees have struggled to complete training programs due to transportation issues. MOED will administer these funds in a program with Lyft to provide rides to job trainees and will provide analysis of effect of transportation subsidy on training completion rates.
- 8. Department of Planning \$298,517
 - a. Community Enhancement Projects

- i. These funds were first earmarked in earlier CLIF budgets in \$50K increments for initiatives in specific neighborhoods in the SBGD. Some have used all of their funds, some have used some, and some have not used any. CED staff will be working with the neighborhoods to begin program design for this activity in late FY23 and early FY24. The total also includes \$100,000 that was intended as a grant for the B&O Railroad Museum in FY22.
- 9. Department of Planning \$161,955
 - a. Middle Branch Design Master Plan
 - i. These funds are committed to the RMB plan, which is billed and paid as contract deliverables are finalized.
- C. Budget reductions recommended due to funds no longer being required for those activities:
- 1. Mayor’s Office of Children and Family Success (\$150,000)
 - a. Summer Head Start – Associated Catholic Charities.
 - i. The provider did not run the program in Summer 2022 due to COVID.
 - 2. Mayor’s Office of Children and Family Success (\$100,000)
 - a. Educational Partnerships- Reading Partners
 - i. The FY23 budget requested by Baltimore City Public Schools and the Mayor’s Office of Children and Family Services was fully covered by ARPA funding.
 - 3. Department of Public Works (\$100,000)
 - a. Enhanced Solid Waste Services
 - i. As DPW has been short-staffed, they have to focus on core services and have been unable to fulfill the original scope of enhanced services.
- D. Reallocated Fund Balance- these are funds that are available for reappropriation (see section II.F for definition):
- 1. Department of Public Works \$100,000
 - a. Trash Removal: MB-Ridgely's Cove
 - i. Current funding provides for 23 weeks of contractor service cleaning the Middle Branch waterways and booms of debris and trash. This supplemental funding will provide an additional 7 weeks of service, ensuring a clean shoreline for the summer months.
 - 2. Department of Planning \$198,798
 - a. The Clean Corps Demonstration Project- Westport
 - i. CED staff worked with Department of Planning to determine if there was a neighborhood in the SBGD eligible for Clean Corps, in order to leverage available ARPA grant funds with CLIF funding. Westport CDC applied

through the Clean Corps process, and was identified for a grant award. The allocation of \$198,798 represents 7 months of funding for Westport’s Clean Corps program in FY23. The Westport program will be supported with CLIF funding in FY24 and FY25 through December 2024, which is the end of the ARPA-funded demonstration program.

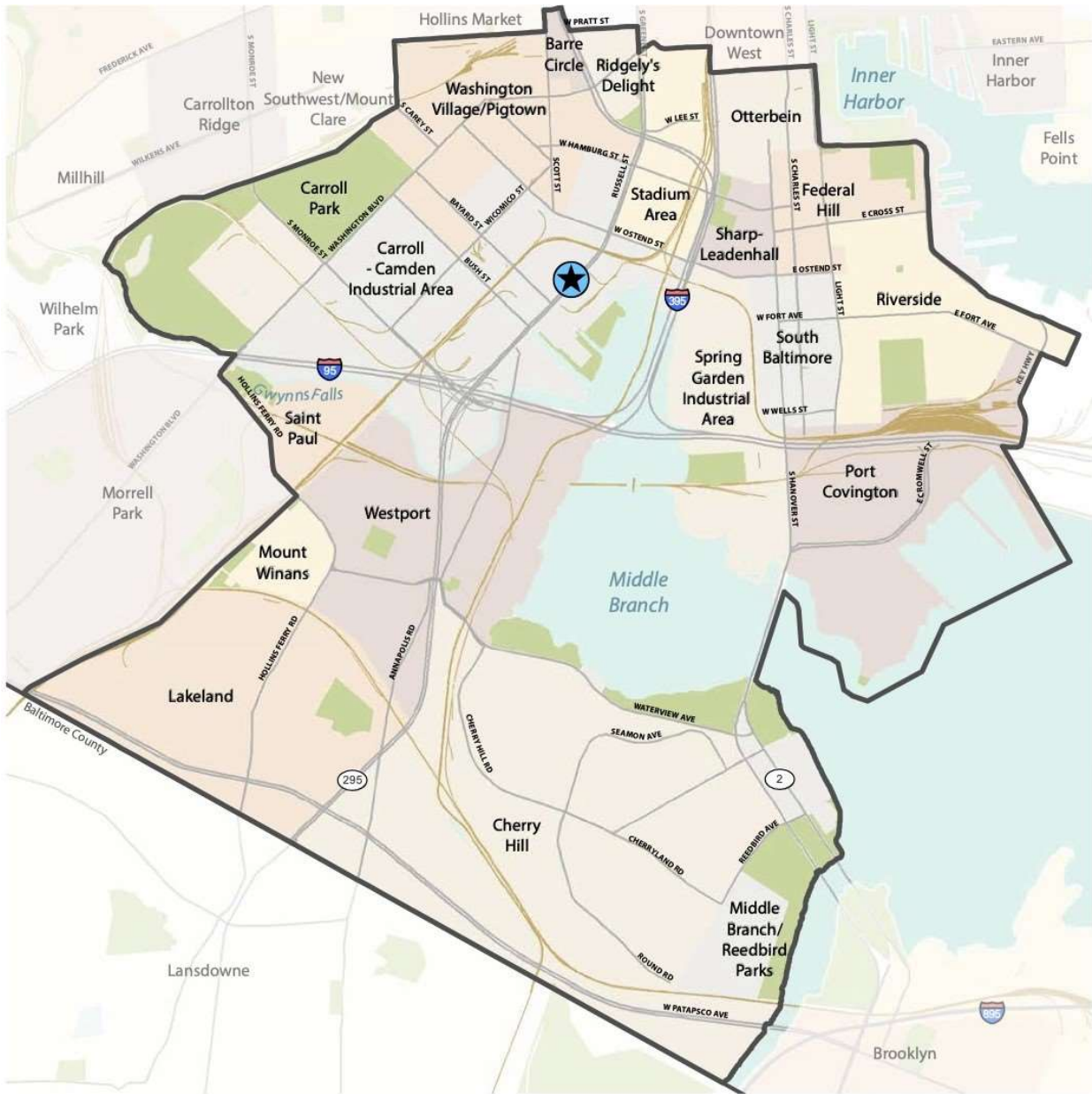
IV. Recommendation

- A. The recommended action is to direct Finance/BBMR to proceed with a mid-year, FY23 supplemental budget appropriation from Fund Balance that currently exists within Casino Special Fund 2026. The total/net increase to the FY23 budget for the Casino Special Fund will be \$1,065,824, all drawn from existing, unallocated reserves or Fund Balance. This action requires approval of the City Council; thus, BBMR would submit the action for the Council’s consideration.
- B. This action is needed – and with some urgency – in order to authorize and access carry-forward funding for activities currently underway, such as the professional services agreement on the Reimagine Middle Branch Plan, construction of CitiWatch expansion projects, and delivering on the FY22 grant pledged to B&O Railroad Museum. It is also needed to fund new activities not contemplated when the FY23 budget was adopted, namely the Clean Corps Demonstration Program in Westport and actions that align with and advance the Mayor’s anti-vacancy strategy in Cherry Hill, Westport and Pigtown.
- C. Contracts have been written and approved for these activities, requiring that monies currently available as unallocated Fund Balance be appropriated for their use. The alternative, if the supplemental budget action does not occur, is to seek approval for spending on these activities in deficit against the Fund Balance. From an accounting and fiscal management standpoint, it is preferable to make the funds available in the current fiscal year via the supplemental appropriation process, rather than reconciling deficit spending and surplus Fund Balance after the fact.

V. Deputy Mayor Action:

- Approved
- Denied
- Need to Discuss
- Comments:

Attachment A



South Baltimore Gateway Neighborhoods

-  Casino
-  South Baltimore Gateway Boundary
-  Major Roads
-  Railroad
-  Park
-  Water

Attachment B

Casino Local Impact Funds FY23 Mid-Year Budget Supplemental								
Agency	Activity: Project or Program Name	Original	Updates					Net
		Original Adopted Budget	Mid-Year Budget Cut	FY21 Carry Forward	FY22 Carry Forward	Reallocated from Fund Balance	Updated Net Total (Cut+CF+Reallocated)	Updated Budget (Adopted + Updated Net Total)
Housing & Community Development	Homeowner Incentives	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000	\$ 300,000
Mayor / Administration	Project Coordination (CED Staff)	\$ 236,678	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ 296,678
Children & Family Success	Summer Head Start - Assoc. Catholic Charities	\$ 150,000	\$ (150,000)	e	\$ -	\$ -	\$ (150,000)	\$ -
Children & Family Success	Educational Partnerships: Reading Partners	\$ 100,000	\$ (100,000)	\$ -	\$ 26,267	\$ -	\$ (73,733)	\$ 26,267
Neighborhood Safety & Engagement	Citiwatch CCTV Camera Expansion Projects	\$ 450,000	\$ -	\$ 117,787	\$ 172,500	\$ -	\$ 290,287	\$ 740,287
Neighborhood Safety & Engagement	Citiwatch Maintenance Reserve	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ 30,000
Neighborhood Safety & Engagement	Safe Streets: MedStar HH Responder	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000
Employment Development	Employment Connection Center	\$ 675,000	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 695,000
Employment Development	Job Training Programs & ITA's	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ 30,000
Employment Development	YouthWorks Summer Employment	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000
Homeless Services	Anti-Homelessness Strategies	\$ 246,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,368
Planning	Community Enhancement Projects	\$ -	\$ -	\$ 198,517	\$ 100,000	\$ -	\$ 298,517	\$ 298,517
Planning	Environmental Education Programming	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Planning	Neighborhood Planning Studies	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Planning	Middle Branch Design Master Plan	\$ 300,000	\$ -	\$ 416,580	\$ (254,625)	\$ -	\$ 161,955	\$ 461,955
Police	Enhanced Policing: Casino Sub-District	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Public Works	Marine Trash Removal: MB-Ridgely's Cove	\$ 347,532	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 447,532
Public Works	Enhanced Solid Waste Services	\$ 350,000	\$ (100,000)	\$ -	\$ -	\$ -	\$ (100,000)	\$ 250,000
Planning	Clean Corps-Westport	\$ -	\$ -	\$ -	\$ -	\$ 198,798	\$ 198,798	\$ 198,798
Information Technology	Fiberoptic Infrastructure	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Department of Transportation	Warner-Stockholm Complete Streets	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000
Department of Rec and Parks	Solo Gibbs Phase 1	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
	Budgeted Sum Totals-	\$ 9,390,578	\$ (350,000)	\$ 812,884	\$ 304,142	\$ 298,798	\$ 1,065,824	\$ 10,456,402

Attachment B (cont.)

Fund Balance Calculation

	Adopted Budget	Updated Budget
FY22 End-of-Year Fund Balance	\$ 3,429,117	\$ 3,429,117
Projected FY23 Revenue *Revenue projection revised down from original \$9.4M	\$ 8,200,000	\$ 8,200,000
FY23 Expenditures	\$ (9,390,578)	\$ (10,456,402)
Projected Year-End of FY23 Fund Balance	\$ 3,438,539	\$ 1,172,716