

MEMO

To: Baltimore Local Development Council (LDC) Members

From: Ethan Cohen, Senior Project Coordinator

Re: DRAFT Budget Modifications FY'15 and FY'16 Spending Plans

Attached is a DRAFT version of proposed budget changes for the FY'15 and '16 spending plans developed with the City's Finance Department last week, hereby submitted for your review and feedback. The major reductions are based on the Local Impact Grant formula at 5.5% of current, conservative projections of VLT revenues, followed by the Governor's proposed cut of 10-11% in Impact Aid from FY'15-'16, which would occur through the Budget Reconciliation and Financing Act, or "BRFA," this spring. (See **Table 1** below)

Revised LIG Est.: 5.5% VLT minus setasides	FY'15	\$5,828,048
Revised LIG Est. after BRFA reduction: 11.4%	FY'15	\$5,163,651
Revised LIG Est.: 5.5% VLT minus setasides	FY'16	\$7,867,064
Revised LIG Est. after BRFA reduction: 10.2%	FY'16	\$7,064,623

Table 1: Impact from projected reduction in VLT Revenues & State Budget Reconciliation

That said, you'll see on the attached budget and in **Table 2** below that Tier 1 totals in both years are higher than the scenarios presented above. This is based on carrying a deficit against future aid in FY'16-'17. Tier 2 totals are higher too, allowing the City and the LDC flexibility in spending additional impact aid, if it becomes available, without a budget modification. Thus, if revenues continue to increase (as they have done in January and February), or if the Governor's budget modification does not pass, we would work with the LDC to determine which line-items from Tier 2 should proceed and in which order, as additional funding becomes available.

Revised Tier 1 + Tier 2 Budget Total	FY'15	\$6,500,000
Revised Tier 1 Budget	FY'15	\$5,160,000
Revised Tier 1 + Tier 2 Budget Total	FY'16	\$8,500,000
Revised Tier 1 Budget Total	FY'16	\$7,060,000
<i>Reduction from Tier 1 previously budgeted</i>	<i>FY'15</i>	<i>\$1,840,000</i>
<i>Reduction from Tier 1 previously budgeted</i>	<i>FY'16</i>	<i>\$1,940,000</i>

Table 2: Revised Tier 1 and Tier 2 budget amounts for FY'15 and '16 Spending Plans

The following highlights the status of and major changes to items in the FY'15-'16 plans:

1. Police – no change.
2. Sub-station (i.e. headquarters for the Casino Mini-District) – A change was made in December 2014 shifting \$15,000 from Medic services to equipment rental, utilities and re-installation of the set-up for the Casino Mini District at Lot J. Once the construction close-out occurred, it was necessary to pay for these facilities provided by Whiting-Turner. We are currently looking for a space in Pigtown to rent for roughly \$1250/month by June 2015.
3. Citivatch cabling and cameras is complete; Fiber Study nearing completion. No change.
4. DOT Traffic Enforcement – costs for first and second quarters were \$137,000; however we are now shifting to a more flexible deployment, pulling TEO's off at slow times, while leaving resources available for peak traffic times, casino promotions, stadium events, etc. The estimated savings from this scenario is about \$32,000 in FY'15 and \$142,000 in FY'16.

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5. MEDIC services – BCFD believes that the PEAK Medic unit stationed at Engine 58 in Westport starting last November is valuable in not drawing resources from other areas when calls occur at the casino. This also benefits the communities here, which are under-served by Medic services. Starting January 2016, with the addition of more crews citywide, BCFD predicts the PEAK unit will be unnecessary. We project savings of \$58,000 in FY'15 and \$150,000 FY'16.
6. Employment Connection Center – this is planned to open in April at 1410 Bush Street near Hamburg Street. With only three months of operations projected in FY'15, savings are \$284K. However, the costs for FY'16 are higher than previously thought by \$120K, due to a miscommunication about whether unspent funds from this year could be carried over.
7. Sanitation – We find no savings here, as the LDC was firm about wanting to maintain the current level of service, which is showing a slight deficit. For FY'16, in order to cover the cost of the ECC, we recommend shifting shift \$120,000 to Tier 2, roughly the cost of the second load-packer vehicle.
8. Project Coordinator – no change. Saving results from nine months of staffing (budgeted for 12).
9. DOT Complete Streets Study – We have asked DOT to re-scope the contract so that services can be procured in phases with a deliverable for each one. We are proposing to fund the first two phases with FY'15 funds: community assessment/outreach (in progress) and the physical inventory, for an estimated total of \$300K. With FY'16 T1 funds, we can finish the study. T2 would pay for the parking study for the South Baltimore peninsula, which is a separate component costing \$150K.
10. Planning Department, Master Planning consultant – no change.
11. MOED, Workforce Development Needs Assessment: this will be presented 3/24 – no change.
12. Community Benefits District (CBD) – \$50,000 remains budgeted for feasibility study/consulting services, to be procured by BDC, in FY'15. Funding is reduced by \$40,000 in FY'16.
13. Community Enhancement Projects – Due to timing of these projects, we can meet the commitment of \$350,000 for projects over two years (FY'15-'16). With Tier 2 in FY'16, we recommend funding projects in other neighborhoods; these funds can be combined with or administered by the District.
14. Warner Street Urban Design Study – we are drafting the RFP for review. No cost/no change.
15. MOED, training for Construction Careers – no change.
16. Infrastructure Upgrades (reimbursement to Casino Developer) – In a new agreement being finalized, Horseshoe will allow the repayment to be extended over four (4) years instead of three. This reduces the annual amount by \$500K to \$1.5M per year in FY'15 – FY'18. The City's Legal Department is currently working on establishing this change to the Ground Lease Agreement.
17. Steam Line Replacement: As noted earlier, through cost-sharing by Caesar's, Veolia and BDC, the portion to be repaid with Local Impact Aid is \$4.34M, a savings of \$567K, split over FY'16 and FY'17.

Summary/Net Effects –

The reductions above for Tier 1 in FY'15 result in \$5.66M in spending, reduced from \$7M, with a deficit of \$500K. That deficit is either carried forward into FY'16 or offset all or in part if the BRFA reduction in Local Impact Aid does not go through, or if VLT revenues exceed current projections.

Tier 1 Spending in FY'16 totals \$7.06M, down from \$9M, resulting in a deficit of \$340K that the City will carry forward into FY'17. At that time, Local Impact Aid is expected to increase dramatically once MGM opens and impact aid is evenly split among Baltimore City, Anne Arundel and Prince George's Counties. Projects and commitments not fully funded in FY'16 are recommended to be given first priority in FY'17.

Please feel free to contact me with any questions or to discuss the information attached or above.