



**Brandon M. Scott**  
Mayor

**PLANNING COMMISSION**

*Sean D. Davis, Chairman*

**STAFF REPORT**



**Chris Ryer**  
Director

**March 16, 2023**

**REQUEST:** FY2024 – 2029 Capital Improvement Program

**RECOMMENDATION:** Approve

**STAFF:** Kristen Ahearn

**BACKGROUND**

The City Charter requires the Planning Commission to make recommendations for a six-year capital improvement program (CIP), the first year of which becomes the City’s capital budget for the upcoming year. The remaining five years act as a guide for future capital projects. Per Board of Estimates policy, a capital project is a physical betterment or improvement costing more than \$50,000 and any preliminary studies relative to that project. It does not include projects that cost less than \$50,000, vehicular equipment, repairs and maintenance costing less than \$100,000, and salaries for positions that are not part of the cost of the project.

The Planning Commission recommends a new six-year Capital Improvement Program (CIP) each year. Starting late September, the Department of Planning (DOP) works with participating city agencies to solicit project requests, prioritize projects for funding, and prepare the six-year plan.

Fund Sources

Funding for capital programs comes from either current revenues or from borrowed funds (such as general obligation bonds or revenue loans). Bond fund amounts are constrained by the need to ensure that future repayment of debt service can be made from the City’s operating budget. The City also must ensure that outstanding debt meets reasonable benchmarks and does not put an undue financial burden on future generations. Every five years, the City partners with an external expert to evaluate the City’s debt burden and make recommendations on appropriate annual borrowing levels. Fund sources can be grouped into two categories: general fund-backed sources and other sources. The general fund-backed sources include general funds (often referred to as PAYGO), general funds restricted to transportation uses (Highway User Revenue or HUR), and general obligation (GO) bonds. This year, it also includes some proceeds from the sale of City property. Other sources include: enterprise funds, such as those used to fund the water, waste water, stormwater, and conduit utilities; state funds; federal funds; private payments; and other sources. The City has much more discretion over how the general fund-backed sources are used, and the Department of Planning (DOP) typically only makes recommendations about these sources.

## Capital Needs

Baltimore's aging infrastructure often results in higher costs for the city due to the need for emergency repairs, maintenance, or increased energy usage. The table below summarizes the estimated capital needs to reach and maintain a state of good repair, according to different city agencies.

The DOP has taken various steps to reduce the gap between need and available funding, including advocating for an increase in Highway User Revenue allocated to the City, working with the Department of General Services, the Department of Real Estate, and the Mayor's Office to reduce the City's building inventory, encouraging agencies to adopt an asset management program, and exploring additional funding sources for capital projects.

Estimated Capital Needs to Achieve and Maintain a State of Good Repair <sup>1</sup>		
Agency	Total Needed to Achieve State of Good Repair	Annual Need to Maintain State of Good Repair
DGS	\$1,100 <sup>1</sup>	\$58 <sup>2</sup>
DOT	\$1,300 <sup>3</sup>	\$158 <sup>4</sup>
BCRP	\$260 <sup>5</sup>	\$11 <sup>6</sup>
DPW SW	\$116 <sup>7</sup>	\$17 <sup>8</sup>
DHCD	\$3,000 <sup>9</sup>	\$54 <sup>10</sup>
BCIT	\$135 <sup>11</sup>	\$19 <sup>12</sup>
Schools	\$4,000 <sup>13</sup>	\$200 <sup>14</sup>
Total	\$9,911	\$517

Amounts in millions.

While working with agencies, DoP has identified other major costs that will have to be addressed outside of the scope of the current capital budget, whether by a dedicated debt source or public private partnership. These items are listed below:

- Convention Center Upgrades: \$800 million to \$1.4 billion
- Courthouse Upgrades: \$800 million
- Solid Waste Rail Transfer Station: \$81.5 million
- Inner Harbor Promenade State of Good Repair: Unknown

## Process

In October, DOP provided agencies with request limits for the general fund backed sources and instructions for submitting CIP requests. In December, requests were submitted to the Department of Planning (DOP), reviewed, and posted to the CIP website. Agencies presented priorities to the Planning Commission over two days in January. On March 2, DOP staff

1 DGS CIP FY 23-28 Presentation (Slide 11)

3 DOT CIP FY 23-28 Presentation (Slide 12)

5 RP CIP FY 22-27 Presentation (Slide 22)

7 DPW (SW) CIP FY 23-28 Presentation (Slide 5)

9 HCD CIP FY 23-28 Presentation (Slide 15)

11 DOP CIP FY 23-28 Presentation (Slide 9)

13 BCPS estimates overall need at \$4B

2 DGS CIP FY 23-28 Presentation (Slide 12)

4 DOT CIP FY 23-28 Presentation (Slide 12)

6 RP CIP FY 22-27 Presentation (Slide 20)

8 DPW (SW) CIP FY 23-28 Presentation (Slide 6)

10 HCD CIP FY 23-28 Presentation (Slide 43 - 47)

12 BCIT refresh cycle is 7years (\$135M/7)

14 BCPS CIP FY 23-28 Presentation (Slide 7)

presented detailed recommendations to the Planning Commission in a public work session. On March 16, Planning Commission votes on the six-year program recommendations. After the Planning Commission votes, the six-year program is reviewed by the Board of Finance and Board of Estimates. Finally, the first year becomes the capital component of the Ordinance of Estimates (the City’s budget bill) and is reviewed by City Council.

This year, agencies were provided a higher than usual limit for project requests, such that the sum of agencies’ requests vastly exceeded available funding levels. The higher limit allowed agencies to put urgent projects and other priorities on record despite funding constraints. This includes items that may be prioritized for grants, surplus general funds, or other fund sources that may become available throughout the year.

Projects were prioritized based on the following factors:

- Alignment with Administration priorities,
- CIP Oversight Committee input and evaluation criteria scores
- Additional funding needed to bid projects or continue to assemble funds for construction,
- Programmatic items at the level prioritized by the agency,
- Constraints of the fund source (see “Fund Sources” below), and
- Potential for alternative sources of funding.

Fund source constraints, and high priority commitments (i. e. ADA improvements, West Baltimore United and Perkins-Somerset-Oldtown CHOICE Neighborhoods Project) were driving factors in prioritizing projects this year.

### Public Input

DOP kicks off the CIP process each year with a public information and listening session. Approximately 30-40 people attended this virtual event in August. In December agency requests were posted to the Planning Department web site and the Planning Commission listserv of over 10,000 email addresses were notified. In January, agencies presented their priorities to Planning Commission over two days via Webex, with presentations open to the public. The Department of Planning also works with Department of Finance to ensure that the capital budget is incorporated into its communication and educational materials and attends “Budget 101” community presentations as invited.

### **RECOMMENDATIONS**

The Department of Planning (DOP) is recommending a total of \$887,852,000 in appropriations for the FY24 capital budget and \$4,073,008,000 over the six-year program. The recommended FY24 capital budget includes \$137,750,000 in general fund-backed sources (GO bonds, general funds and general funds HUR, and sale of city property).

In addition, \$40 million of previously appropriated American Recovery Program Act (ARPA) funding will be dedicated to select capital projects that were requested by agencies in FY24. Since these funds were already appropriated, they do not show in the capital budget reports, but information about the projects is included in the recommendations below. One of the criteria used to identify projects that would be good candidates for ARPA funds was the ability to complete the projects by the end of 2026.

The totals for FY24 are broken down by fund source in the table below.

Recommended FY24 Capital Budget	
Fund Source	Recommendation
General Funds	\$ 13,460,000
GO Bonds	\$ 80,000,000
General Funds (HUR)	\$ 34,190,000
Utility Funds	\$ 48,957,000
Utility Revenue Bonds	\$ 334,815,000
County Grants	\$ 196,572,000
State	\$ 105,623,000
Federal	\$ 55,035,000
Sale of City Property	\$ 10,100,000
Other	\$ 9,100,000
<b>Total*</b>	<b>\$ 887,852,000</b>
*Does not include \$40 million of ARPA funds budgeted in prior year – see DOT, DGS, and EPFL sections for more detail	

### Department of General Services

The Department of General Services (DGS) manages the City’s vertical assets on behalf of all City agencies except for BCRP, DPW, and DOT, acting as the central design and construction agency for capital projects for these assets. DGS’ building inventory has a facilities condition index (FCI) average of 51 percent, *well above* the construction industry standard of 20 percent for municipal buildings. DGS's building inventory has \$1.1 billion in deferred maintenance and DGS needs \$58 million annually to ensure its building inventory does not fall into further disrepair. In FY24, we are recommending \$53,090,000 (including some State requests that may not materialize). While this is more than twice DGS’ typical allocation, it still falls short of the annual amount needed to avoid further deterioration.

Given the mismatch between available funding and capital needs, requests were reviewed to determine whether buildings should remain in the City’s inventory. The recommendations rely on pursuing alternatives to investing in current spaces for the following buildings:

- **Druid Health:** The building has an FCI score of 84 percent. A score of 84 percent indicates that most of the building's systems have surpassed their useful life. The replacement cost for the failing systems is \$11 million, yet the building has an estimated replacement value of only \$13.7 million. Therefore, it makes more sense to relocate the Druid Health Center to another facility in better condition rather than make a small investment in a failing building. If there is no building within the City's inventory immediately available, we suggest that DGS migrate the occupants of Druid Health to a temporary leased space until a suitable permanent location is secured. Then, the current site can be demolished and incorporated into a Transit Oriented Development project.
- **MOED Facility:** The MOED facility at 101 W. 24th Street is in poor condition and requires substantial investment to be suitable for MOED in the long term. The building is in an area that has redevelopment potential. There may be an opportunity to relocate

MOED into a more effective facility and sell the property to generate revenue to invest in other properties within DGS' portfolio.

- **Waxter Center:** The building is in poor condition, with a Facility Condition Index (FCI) score of 71 percent, indicating that the building needs significant repairs and upgrades. Additionally, the deferred maintenance on the building is currently almost \$12 million. The Department of General Services' (DGS) limited capital budget has made it impossible to make the necessary repairs and upgrades to this building. As a result, the deferred maintenance on the building continues to grow, and the facility is becoming increasingly unsafe. A private entity could purchase the site and redevelop the property for a use that includes a new senior center.
- **Street Car Museum Round House (2601 Falls Rd.):** Floodplain restrictions limit the City's use of the property. The City should consider selling the property to the Streetcar Museum operators.

Sale or disposal of the buildings above relies on coordination of a wide array of stakeholders. DoP will continue to work with the Department of General Services, the Mayor's Office, the Department of Real Estate, and other stakeholders on the buildings above.

DOP is recommending fully funding all of DGS' highest priorities for FY24, with a focus on completing projects that were previously partially funded.

Department of General Services	
General Fund-backed Sources	\$27,860,000
Other Sources	\$14,380,000
<b>Total*</b>	<b>\$42,240,000</b>
*Does not include \$9.35 million in ARPA recommended for DGS projects	

ARPA: The projects below totaling \$9.35 million are recommended to be funded from the City's ARPA allocation:

- 197-386,406,408,409,410: Northwest CAC Various Improvements - \$7,350,000
- 197-405: Patterson Park John Booth Senior Center - \$2,000,000

**Enoch Pratt Free Library**

On behalf of the Enoch Pratt Free Library (EPFL), the Department of General Services requests capital funds for library branches. DOP recommends fully funding the HVAC requests for Hamilton and Herring Run branches as well as contributing to the Park Heights Library. The Park Heights Library is recommended to be fully funded in FY25.

Enoch Pratt Free Library	
General Fund-backed Sources	\$1,700,000
Other Sources	\$12,028,000
<b>Total*</b>	<b>\$13,728,000</b>
*Does not include \$3.55 million in ARPA recommended for EPFL projects	

ARPA: The projects below totaling \$3.55 million are recommended to be funded from the City’s ARPA allocation:

- 457-040: Hamilton Library HVAC Replacement - \$1,750,000
- 457-041: Herring Run Library HVAC Replacement - \$1,800,000

**Department of Transportation**

The Department of Transportation (DOT) must commit \$10.5 million of its funding to match a total of \$42 million in federal funds, an increase of \$12 million (from \$30M to \$42M) through IJA.

Funds dedicated to keeping the right of way in a state of good repair (including resurfacing, traffic signal reconstruction, sidewalk improvements, alley reconstruction, traffic safety improvements, urgent needs bridge repairs, etc.) account for more than \$25 million. In addition, FY24 recommendations include more than \$16 million towards ADA improvements.

In 2010, Highway User Revenues (HUR) coming to the City dropped precipitously as the State struggled to balance its budget during the recession that year. The reduction in HUR dramatically reduced DOT’s capital budget. Recognizing that these levels of capital investment for transportation infrastructure were not sustainable, in 2014 the City began budgeting County Transportation Revenue Bonds – debt paid for by future HUR allocations. In 2023, local leaders and elected officials across the State worked to restore the levels of HUR provided to local jurisdictions by the State. HUR to the City will increase starting with the current fiscal year (24), ramping up through 2028 when the legislation will need to be renewed. This allows the City to stop using the more expensive County Transportation Revenue Bonds to fund its capital transportation program. Because the level in FY24 is not significantly higher for the capital budget, the City determined that it would dedicate at least \$15 million in ARPA funds to DOT for capital projects to match the amount that has been previously appropriated in County Transportation Revenue Bonds. On top of that, DOP recommends using an additional \$12.1 million in ARPA funds for DOT capital projects in FY24. The chart below provides a comparison of transportation funding over the last three years (including the current recommendation).

Fund Type	FY22 (Approved)	FY2023 (Approved)	FY2024 (Pending Recommendation)
Highway User Revenue (HUR) set aside for capital			\$27,650
Revenue Loans (MDOT Bonds)	\$15,000	\$15,000	-
Other - ARPA	-	-	\$27,100
Additional local funds (General funds/HUR and City Bond Funds)	\$13,155	\$19,700	\$6,990
<b>TOTAL</b>	<b>\$28,155</b>	<b>\$34,700</b>	<b>\$61,740</b>

The recommended level of local funding for DOT, including the ARPA funds, is the highest since 2014 but remains inadequate to maintain a state of good repair. It is critical to set the stage for the HUR increase to be permanent and increased further. To do that, the City must demonstrate that we are good stewards of the funds by completing high impact, visible projects in an efficient manner. In addition, further planning is needed on the strategy to fund major

projects such as West Baltimore United, Druid Park Lake Drive, and the Veterans Memorial (Hanover Street) Bridge.

Department of Transportation	
General Fund-backed Sources	\$35,690,000
Other Sources	\$56,065,000
<b>Total*</b>	<b>\$91,755,000</b>
*Does not include \$27.1 million in ARPA recommended for DOT projects	

ARPA: The projects below totaling \$27.1 million are recommended to be funded from the City’s ARPA allocation:

- 504-004: ADA Infrastructure Upgrades - \$3,000,000
- 504-005: ADA Resurfacing Reconciliation and Modification - \$4,000,000
- 504-006: ADA Leveraging Neighborhood Equity - \$5,000,000
- 504-007: Quick Build Modifications for ADA Compliance - \$1,000,000
- 504-008: ADA Accommodation Requests and Remediation – \$1,000,000
- 504-009: Access Baltimore: ADA Compliance Construction - \$1,935,000
- 504-100: Sidewalk Reconstruction (Repair) - \$1,165,000
- 514-214: Resurfacing (Northwest) - \$2,500,000
- 514-215: Resurfacing (Southwest) - \$2,500,000
- 514-216: Resurfacing (Southeast) - \$2,500,000
- 514-846: Resurfacing (Northeast) - \$2,500,000

**Department of Public Works – Bureau of Solid Waste**

The expansion of the Quarantine Road Landfill has dominated the Bureau of Solid Waste’s (BSW) capital budget since FY 2020, when DOP began dedicating \$3 million per year from the City’s GO bonds to the needed landfill expansion to supplement the \$6 million per year budgeted in the operating budget. The balance of BSW’s capital budget is for regulatory compliance at the current landfill, \$3.5 million for the Eastside Transfer Station, and \$4 million for compost facility design.

Department of Solid Waste	
General Fund-backed Sources	\$6,500,000
Other Sources	\$7,000,000
<b>Total</b>	<b>\$13,500,000</b>

**Department of Recreation and Parks**

As a result of a large infusion of funding for capital projects in the last few years, recommendations for the Department of Recreation and Parks focus on making sure projects are fully funded and implemented. DOP recommends starting only two new projects with general fund-backed sources this year: Ripken Field at Carroll Park and Druid Hill Park - Parkdale Avenue Flooding.

Department of Recreation and Parks	
General Fund-backed Sources	\$9,500,000

Other Sources	\$50,920,000
<b>Total</b>	<b>\$ 60,420,000</b>

**Baltimore Development Corporation**

The core of Baltimore Development Corporation’s (BDC) capital budget each year is its business support programs, including Façade Improvement Grants, the Innovation Fund, and Inner Harbor Infrastructure Improvements. These regular, ongoing programmatic items total to \$1.75 million in FY24. In addition, funding is recommended in FY24 for the Black Arts and Entertainment District. Warner Street streetscape is recommended for Local Impact Aid funding only, not GO bonds. Funding is not recommended for Metro West Street Realignment as the street re-alignment could be incorporated into the West Baltimore United project to leverage federal aid. The request for BASE Network Support Grant is not capital and is therefore not recommended for funding.

Baltimore Development Corporation	
General Fund-backed Sources	\$1,950,000
Other Sources	\$2,500,000
<b>Total</b>	<b>\$4,450,000</b>

**Department of Housing & Community Development**

The Department of Housing & Community Development’s (HCD) capital budget includes many of the items that allow the agency to provide important services across the City, including demolition, stabilization, housing repair and home purchasing incentives. It also includes requests for projects in Impact Investment Areas and Middle Neighborhoods. HCD’s program includes the amount set aside for the Affordable Housing Trust Fund (\$7 million in Affordable Housing Bonds). The recommendations generally fund these activities for FY24 at the same level as FY23. Finally, the recommendations include just over \$4.3 million towards the PSO CHOICE Neighborhoods Project to fill funding gaps in certain development projects, and \$683,000 to begin design on the next phase of the Park Heights Redevelopment Project.

Housing & Community Development	
General Fund-backed Sources	\$26,900,000
Other Sources	\$18,375,000
<b>Total</b>	<b>\$45,275,000</b>

**Baltimore City Information Technology**

Baltimore City Information Technology’s (BCIT) capital program falls between the operating and capital budgets. Most items are not physical betterments or improvements costing at least \$50,000 (per the BOE definition of a capital project) but may be depreciated over several years (per the accounting definition of a capital investment). Because BCIT’s capital budget is so different from other agencies, DOP recommends setting a level of funding for BCIT at \$7 million annually, to be funded by PAYGO. This year, BCIT has budgeted its \$7 million in three categories, applications, public safety technology, and infrastructure platforms. The IT Governance Committee will prioritize projects and ensure that they align with strategic initiatives citywide.

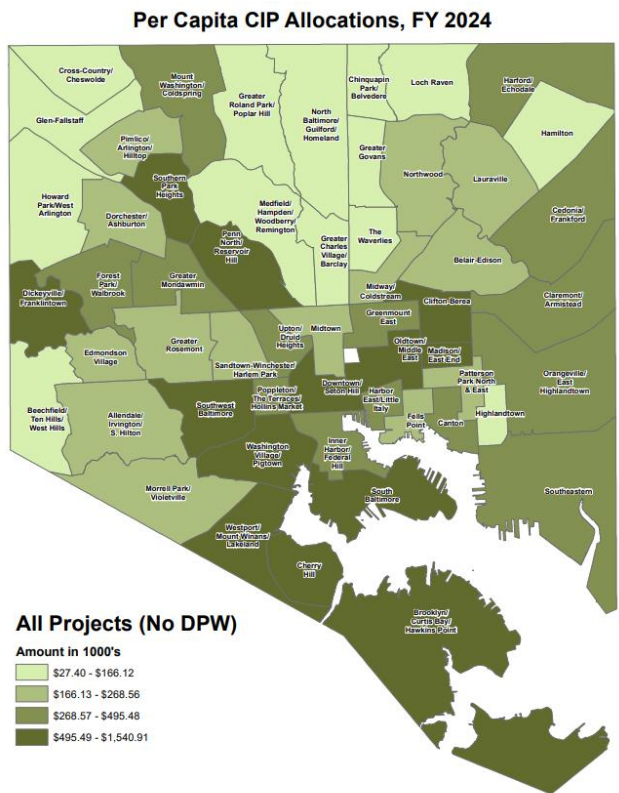


Items in BCIT’s capital program do not have a life span that matches the term of the City’s GO bond debt. Because debt is not an appropriate source for these projects, BCIT will *only* have a capital budget in years where PAYGO is budgeted. While not an issue this year, it is an issue in years where revenues are low or demand on the operating budget is high.

Baltimore City Information Technology	
General Fund-backed Sources	\$7,000,000
Other Sources	\$0
<b>Total</b>	<b>\$7,000,000</b>

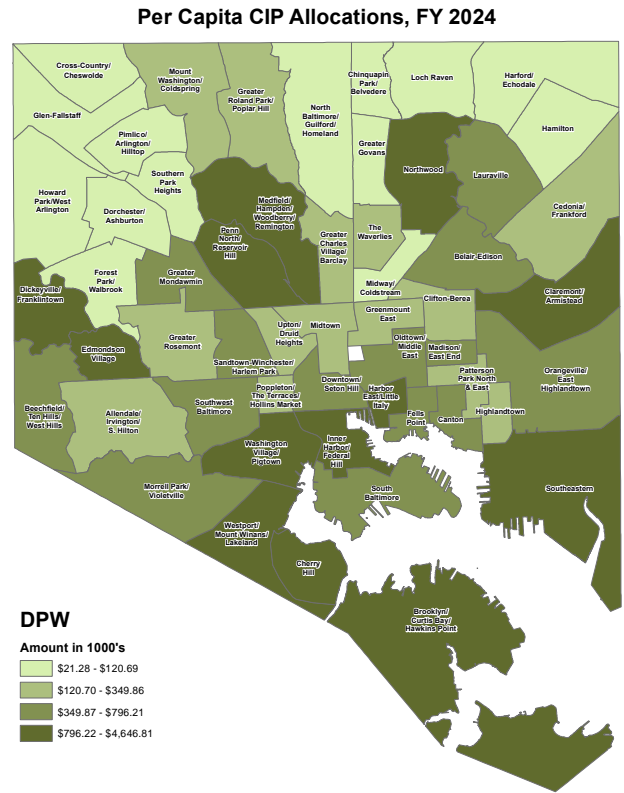
## EQUITY

Each year, the Department of Planning (DOP) analyzes the distribution of funds across the 56 Community Statistical Areas (CSAs) in the City, using a methodology established by the Baltimore Neighborhood Indicators Alliance. The maps below show the distribution of funds, broken out into DPW projects and all other projects.



Per capita is reported as per 1,000 people.

Source: Baltimore City Planning, March 2023

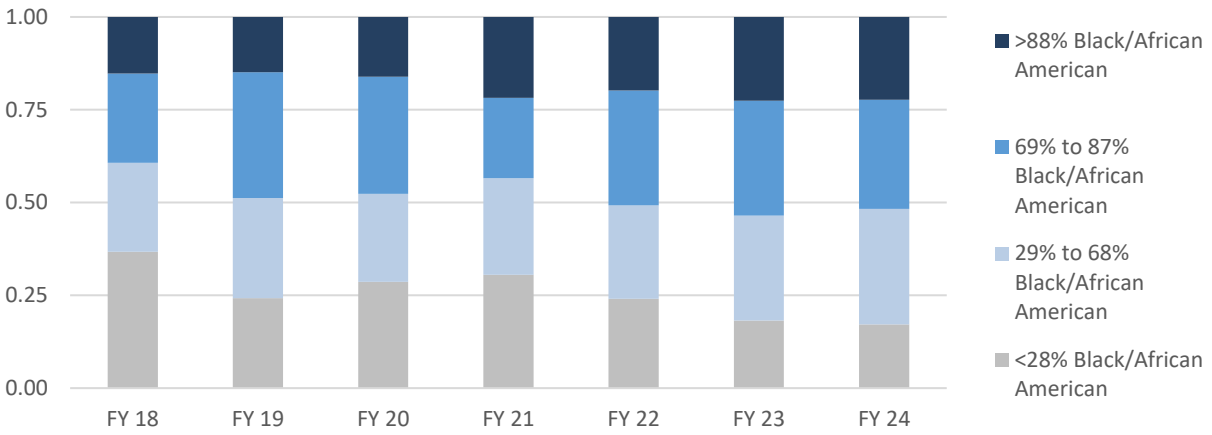


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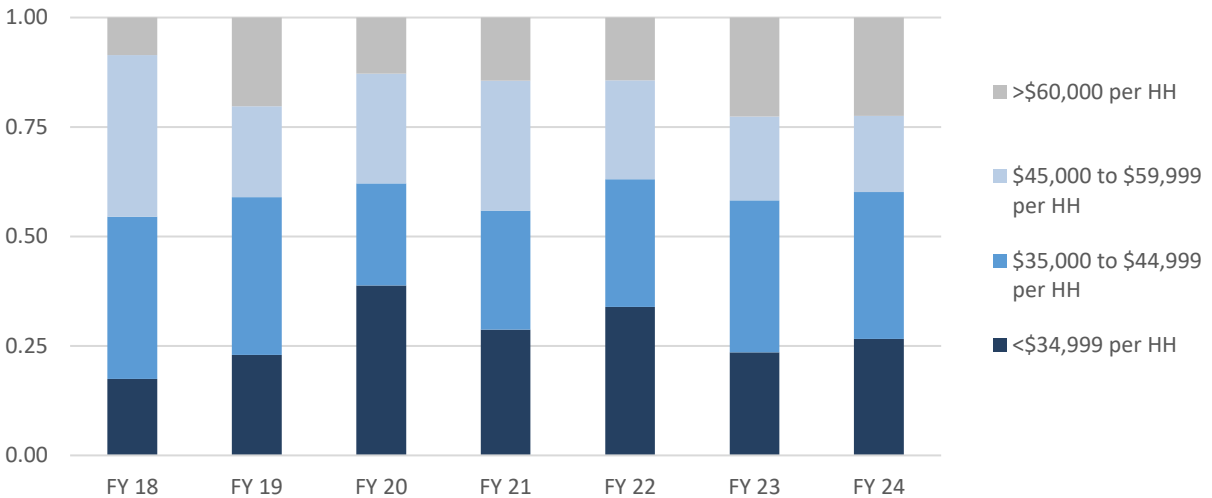
Source: Baltimore City Planning, March 2023

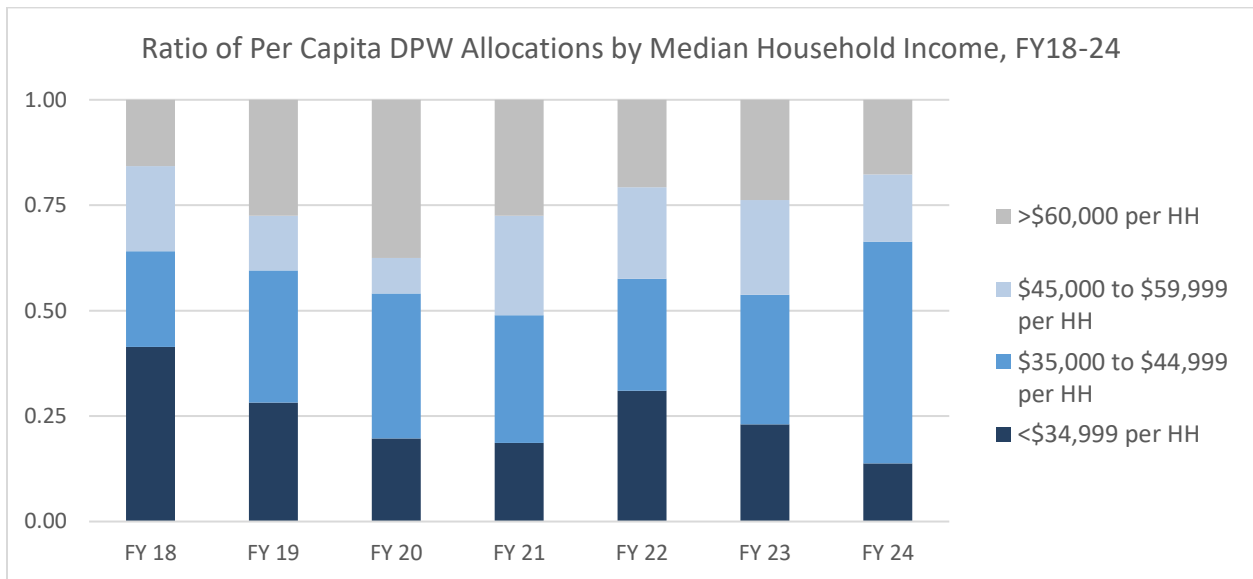
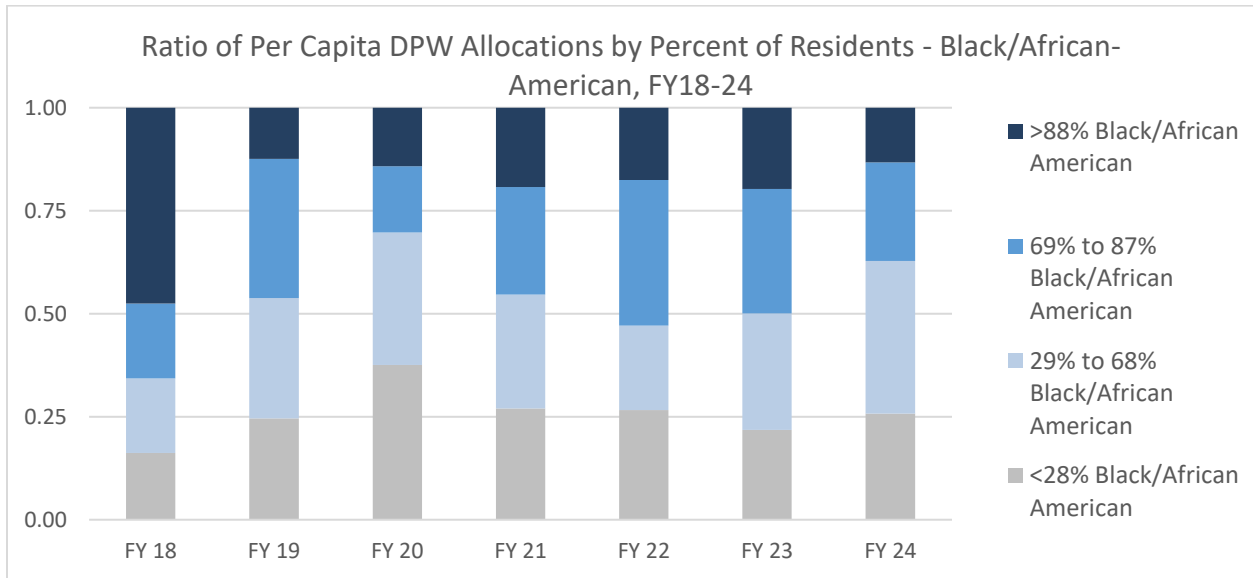
These CSAs are then broken into four groups, or quartiles, based on the racial composition and average median income of each community. DOP then compares the per capita allocation of capital budget dollars across the four groups. If spending in each quartile were equal, all segments of the bars in the charts below would be of equal size. These charts show if spending is skewed toward a particular demographic. DOP will conduct further analysis and publish a report with this data as part of its annual equity report to City Council.

All Projects (NO DPW) Ratio of Per Capita Allocations  
by Percent of Residents - Black/African-American, FY18-24



All Projects (NO DPW) Ratio of Per Capita Allocations  
by Median Household Income, FY18-24





The Department of Planning recommends approval of the FY 2024-2029 Capital Improvement Program.

Notification: Notification went to our 15,000 + person email list

**Chris Ryer**  
**Director**