



*Brandon M. Scott*  
*Mayor*

## PLANNING COMMISSION

*Jon Laria, Chairman*



*Chris Ryer*  
*Director*

### STAFF REPORT

**REQUEST:** FY2026-2031 Capital Improvement Program Recommendations

**RECOMMENDATION:** Approval

**STAFF:** Sara Paraniham

**PETITIONER:** City of Baltimore

#### **BACKGROUND/HISTORY:**

**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.

**Process:** In October, DOP provided agencies with guidance for submitting FY26-31 CIP requests. In December, requests were submitted to the Department of Planning (DOP) for review. In January, agency requests were published on the CIP website and agencies presented priorities to the Planning Commission. On February 27, DOP staff presented detailed recommendations to the Planning Commission in a public work session. On March 13, 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.

#### Policy Changes

For the FY26-31 Capital Improvement Program (CIP), DoP implemented several policy changes related to capital budget submissions.

- Instead of providing agencies with targets and having them build the FY26-31 requests from scratch, we started the planning process for FY26-31 with the prior year's approved

capital improvement program (FY26-30 from the FY25-30 CIP). This encourages consistency with the Six Year Program and allows us to report on what changed and provide explanations of why changes were made (change in cost estimate, change in priority, etc.).

- We asked agencies to budget by project phase (design, construction, other) to provide clarity about what phase of the project funds are requested for and to begin funding all of one phase in a single fiscal year rather than spreading funding out over multiple years. This requires sequencing projects rather than having lots of projects in the pipeline at once that are partially funded. This will prevent funding from sitting in accounts waiting for funds to accumulate while the project becomes more expensive due to inflation.
- We are trying to instill a culture of focusing the capital budget on state of good repair, while reserving limited funds for “special projects.”
- We are asking agencies to distinguish between requests for projects and programs, and starting to request different data points for projects vs. programs
  - Projects: Cost estimates by phase, location
  - Programs: Optimal annual funding level
- In the past, agencies have requested State or Federal appropriations if there was any possibility of getting these funds so they would have the appropriations available without having to do a supplemental. For both the operating and capital budget, we are now requiring agencies to have a grant worktag in place to request State or Federal funds for the budget year.

**Workday Clean Up:** When we initially transitioned to Workday, fund sources and amounts in certain Workday project accounts were incorrect. These issues have been addressed, but appropriations still cannot be connected to expenditures to determine balances by fund source and cannot be tied to the age of the funding. DoP continues to lead data remediation efforts with the help of Department of Finance (DoF) and technical assistance from Workday consultants. We are in the process of cleaning up old appropriations and consolidating balances across multiple PRJs for the same project and will be implementing appropriation worktags and funding source rules at the start of FY26.

**Capital Needs:** Baltimore's aging infrastructure requires hundreds of millions of dollars of investment to address decades of deferred maintenance, in addition to investments to provide modern facilities and amenities.

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, partnering with the Department of General Services, the Department of Real Estate, and the Mayor's Office to develop strategies for reducing the City's building inventory, encouraging agencies to adopt an asset management program, and exploring additional funding sources for capital projects.

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 through a dedicated debt source or public private partnership. These include projects such as a convention center overhaul, comprehensive courthouse improvements, and more.

**ANALYSIS:**

The Department of Planning (DOP) is recommending a total of \$1,008,421,286 in appropriations for the FY26 capital budget and \$5,323,384,032 over the six-year program. The recommended FY26 capital budget includes \$180,000,000 in local discretionary sources (GO bonds and General Funds) and \$94,100,000 in Highway User Funds.

**Recommendations by Fund Source:** 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 conducts a study to evaluate the City’s debt burden and make recommendations on appropriate annual borrowing levels.

Fund sources can be grouped into five categories, as shown below. Local discretionary funds include general funds (often referred to as PAYGO) and general obligation (GO) bonds. Highway User Revenue is received from the State for activities in the right of way, and the portion of Highway User Revenue in the capital budget makes up Transportation’s local funding. 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.

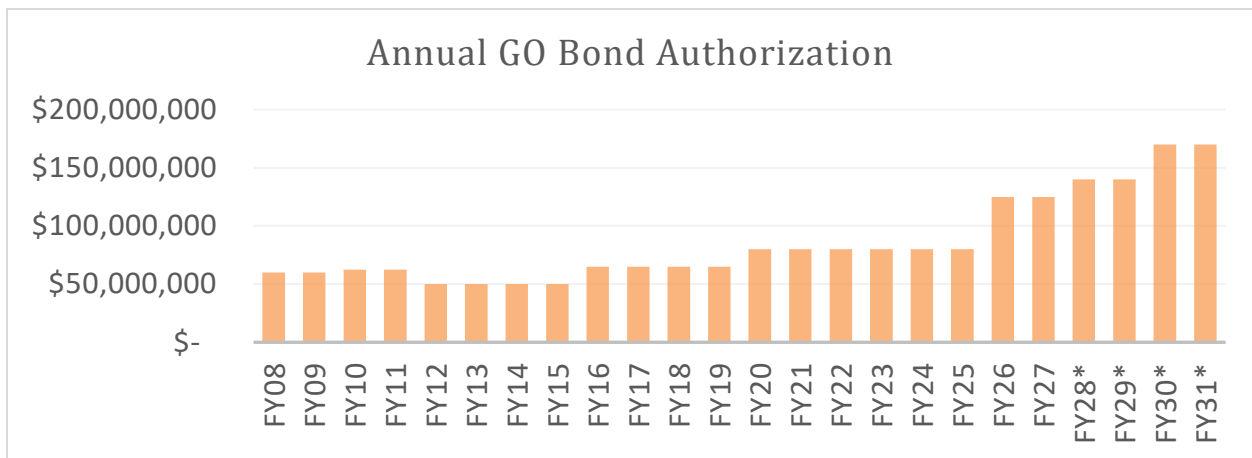
The totals for FY26 are broken down by fund source in the table below.

<b>Revenue Categories</b>	<b>FY2026</b>
<b>Local Discretionary</b>	
General Fund Revenue - Capital	\$ 55,000,000
General Obligation Bonds - 3rd Public Infrastructure	\$ 62,500,000
General Obligation Bonds - 6th Community and Economic Development	\$ 25,000,000
General Obligation Bonds - 5th Affordable Housing	\$ 10,000,000
General Obligation Bonds - 51st School	\$ 27,500,000
<b>Highway User Revenue</b>	
General Fund HUR Eligible- Capital	\$ 94,100,000
<b>Federal and State</b>	
Federal Grants	\$ 152,874,418
State Grants	\$ 66,723,228
<b>Utility Revenue</b>	
Utility Revenue	\$ 45,000,000
Revenue Bonds	\$ 332,045,469
Counties Grant-Capital	\$ 130,978,171
<b>Other</b>	

Other Funds - Capital	\$	2,700,000
Casino Supp-Community Grant - Capital	\$	4,000,000
<b>Total</b>	<b>\$</b>	<b>1,008,421,286</b>

General Obligation Bonds

One of the most critical fund sources for the City’s capital budget are General Obligation bonds. Based on the 2024 election, the City will be authorized to issue *up to* \$125 million per year in GO bonds for FY26 and FY27, with further increases in subsequent years. The Board of Finance established a policy to review the amount of GO bonds budgeted annually prior to the start of budget planning. DoP’s recommended FY26-31 CIP shows the highest possible GO bond amount, per the debt study recently completed by the Bureau of Treasury, as displayed in the chart below.



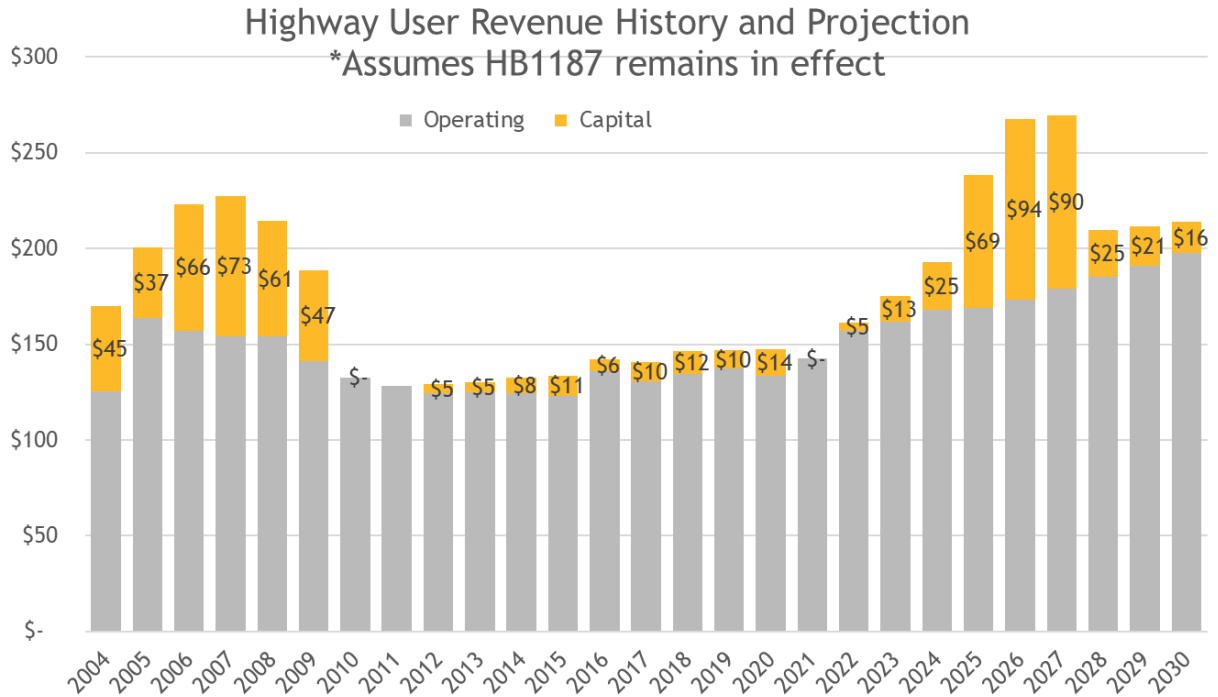
The recommendations are based on amounts programmed into four major buckets as shown below. It is assumed that funding for the Vacants Initiative allows the City to focus its GO bond authority on City assets and infrastructure.

Programmed GO Bond Allocations (\$ Millions)						
	FY26	FY27	FY28	FY29	FY30	FY31
Infrastructure	\$62.5	\$62.5	\$87.5	\$87.5	\$109.0	\$109.0
Affordable Housing	\$10.0	\$10.0	\$11.0	\$11.0	\$ 12.0	\$ 12.0
Community/ Economic Development	\$25.0	\$25.0	\$11.5	\$11.5	\$ 9.0	\$ 9.0
Schools	\$27.5	\$27.5	\$30.0	\$30.0	\$ 40.0	\$40.0
	<b>\$125.0</b>	<b>\$125.0</b>	<b>\$140.0</b>	<b>\$140.0</b>	<b>\$170.0</b>	<b>\$170.0</b>

\*Allocations are approximate and not necessarily the loan questions that would appear on the ballot

Highway User Revenue

The recommended FY26-31 CIP shows the projected amounts of Highway User Revenue (HUR) that Baltimore City will receive if 2022 HB1187 remains in effect. Based on HB 1187, the projected amounts are significantly increased in FY26 & FY27 before a sharp decline in FY28.



**General Funds**

The FY26 capital budget recommendations include \$55 million in General Funds. This is a significant increase over the typical \$15 million per year. One time revenues are often used to boost capital investments. This does not represent an ongoing increase in General Funds for capital projects.

**Recommendations by Agency:**

**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 \$1.2 billion in deferred maintenance and DGS needs \$105 million annually to ensure its building inventory does not fall into further disrepair. We are recommending \$15 million for DGS in FY26, but significantly more in future years to be able to fully fund several large projects.

**Highlights:**

- Northeast Police District Station (FY27)
- Clarence Mitchell Courthouse HVAC Replacement (FY29)

- Abel Wolman Multi-Systemic Improvements (FY30)

### 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.

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 increased starting with FY24, ramping up through FY27 when the legislation will need to be renewed.

#### Highlights:

- More than \$12m for sidewalk repairs in FY26 compared to only \$1.5m in FY24. This is in addition to \$12m for the Partial ADA Consent Decree.
- More than \$40m in resurfacing in FY26 compared to \$14m in FY24
- Local Match for West Baltimore United (FY26-30)

### 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. In FY26, more than \$20 million is included in Solid Waste’s capital budget for phases I and II of the Eastside Transfer Station. The balance of BSW’s capital budget is for regulatory compliance at the current landfill and improvements to existing sanitation facilities and yards.

#### Highlights:

- Construction of Phase I (improvements to existing Administrative Offices) and II (compost facility) at future Eastside Transfer Station (FY26)
- Phase III of Eastside Transfer Station (FY31)

### Department of Recreation and Parks

Recommendations for the Department of Recreation and Parks focus on making sure projects are fully funded and implemented. Funding programed to award contracts for many BCRP projects, including

- Robert C Marshall Field
- CC Jackson Park Expansion
- City Springs Park Improvements
- Easterwood Park Improvements
- Bocek Park Athletic Center – Gym and Basketball Court
- Cab Calloway Legends Square Park

With so many projects in progress, DOP recommends starting just one new project this year: design for Lillian Jones Recreation Center.

BCRP is completing a draft of the BCRP Playbook, which will likely guide future capital investments.

**Additional Highlights:**

- North Harford Park Improvements (FY27)
- Construction of Lillian Jones Recreation Center (FY28)
- Phase 1 of Druid Hill Park Reservoir Improvements (FY30)
- Madison Square Nathan Irby Park (FY29) and Dome Renovation (FY30)
- Pools:
  - William McAbee (FY28)
  - CC Jackson (FY29)
  - O'Donnell Heights (FY31)

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 \$2.15 million in FY26. There is also \$2 million to provide assistance to small businesses. In addition, funding is recommended in FY26 for Charm TV Incubator and Warner Street Entertainment District.

BDC's strategic plan, Baltimore Together, provides a vision for Baltimore's economy and guides BDC's capital investments.

**Highlights:**

- Small Business Assistance Program
- Charm TV Community Incubator

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. The investment in the Impact Investment Areas through the CIP is part of the Mayor's \$3 billion Vacants Initiative. HCD's program also includes the amount set aside for the Affordable Housing Trust Fund.

DHCD is completing a draft of a comprehensive housing plan, which will likely guide future capital investments.

**Highlights:**

- More than \$10m in local funding and \$20m in State funding for Impact Investment Areas compared to \$2m in local funding in FY24

- \$4.5 million for Homeowner Incentives in FY26

### Baltimore City Information Technology

BCIT projects focus on IT infrastructure, applications, cybersecurity and public safety technology. Going forward we want to create greater transparency around specific projects that are being funded, providing capital support for initial development and deployment of new applications and infrastructure with ongoing support and licensing funded through the operating budget.

Baltimore City Information Technology is unique among agencies participating in the capital program. 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 is only funded through General Funds, not GO Bonds. While not an issue this year, this may be an issue in years where revenues are low or demand on the operating budget is high.

### Highlights:

- Broadband Network Upgrade (FY28-31)

### CONFORMITY TO PLANS

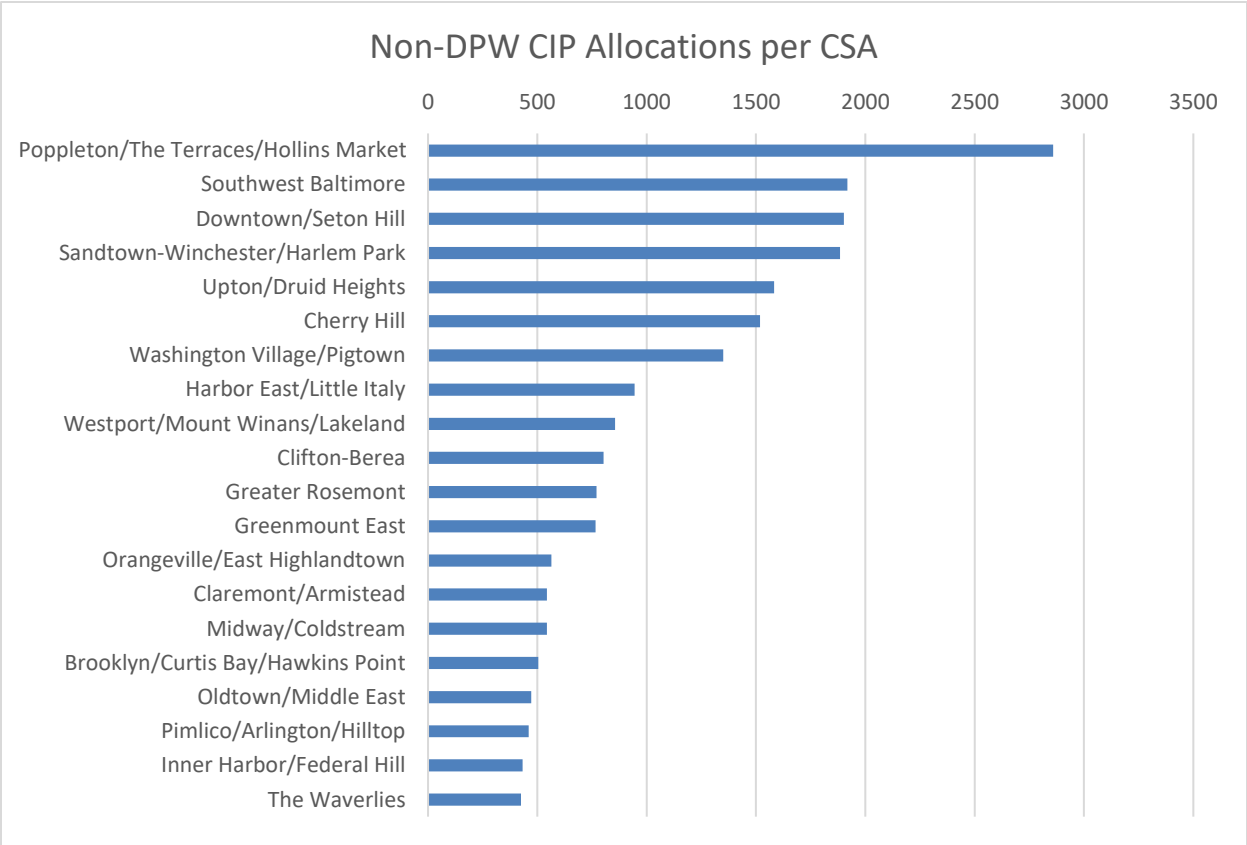
In the current FY 2025-2030 Capital Improvement Program, the amount of GO bonds programmed for the outer years (FY 2028-2031) for Community and Economic Development is \$5 million per year. The FY2026-2031 recommendations increase the level of Community and Economic Development bonds to \$11.5 million per year in FY28 and FY29 and \$9 million per year in FY30 and FY31, recognizing that while the Vacants Initiative will provide intense investment in Impact Investment areas, it will not supplant the need for the various loan and grant programs administered by DHCD, including homeowner incentives, lead hazard reduction, and housing updates to benefit seniors.

### DISTRIBUTION & EQUITY

The Urban Sustainability Directors' Network (USDN) sets forth four overarching ways to consider equity: structural, procedural, distributional, and transgenerational. The Planning Commission has been attempting to address distributional equity through its annual CIP distribution analysis and by using equity as an evaluation criteria for each specific project proposal. It has been working to improve outreach and engagement to improve procedural equity.

The preliminary distribution analysis shows the highest non-DPW investment for FY2026 in the following three Community Statistical Areas (CSA): Poppleton/The Terraces/Hollins Market, Southwest Baltimore, Downtown/Seton Hill, and Sandtown-Winchester/Harlem Park. Appropriations of federal funds for West Baltimore United is likely driving these CSAs in West Baltimore to the top of the list. The inclusion of downtown among the top neighborhoods is driven primarily by the need to make major investments in public buildings. Several Parking



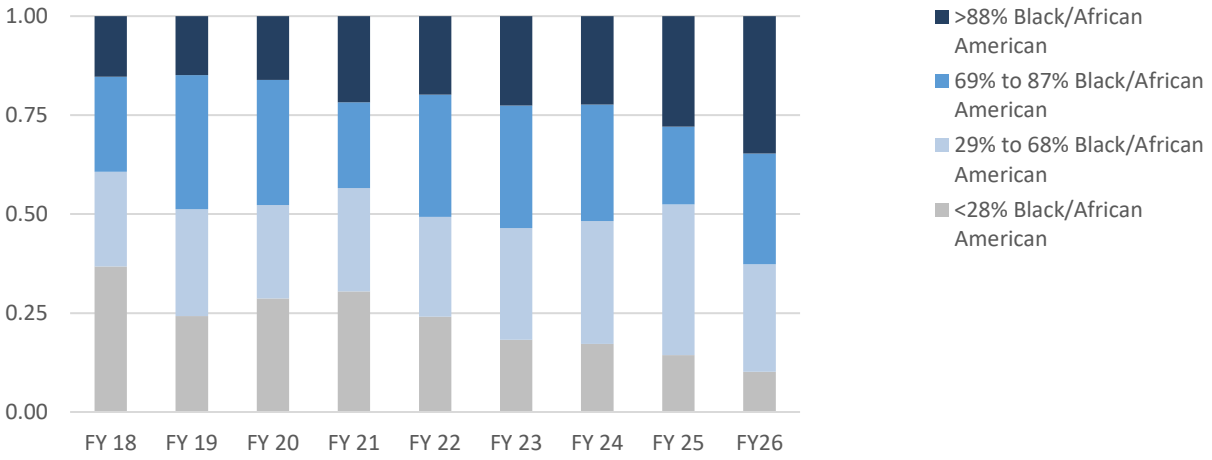


Authority projects funded by Parking Revenue Bonds may also be contributing to the higher investment figures in this geography.

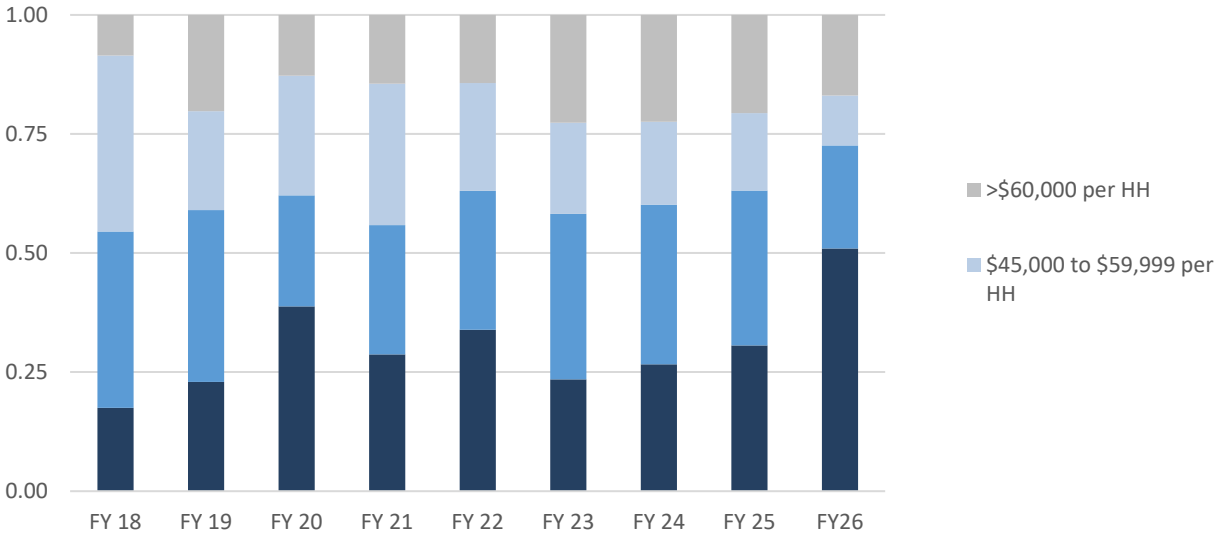
The top twenty CSAs in terms of non-DPW investment (per 1,000 residents) are shown in the chart below. Maps showing the investment for both DPW and non-DPW allocations are attached.

Charts showing the investment by quartile for both DPW and non-DPW allocations, for both race and income, are below.

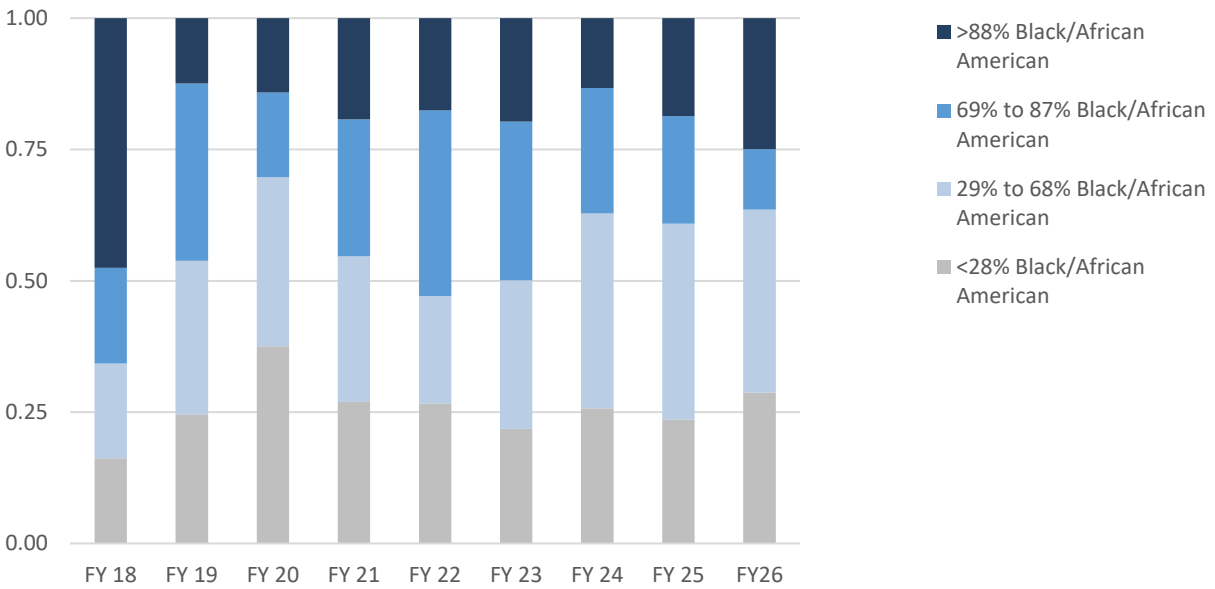
All Projects (NO DPW) Ratio of Per Capita Allocations by Percent of Residents - Black/African-American, FY18-26



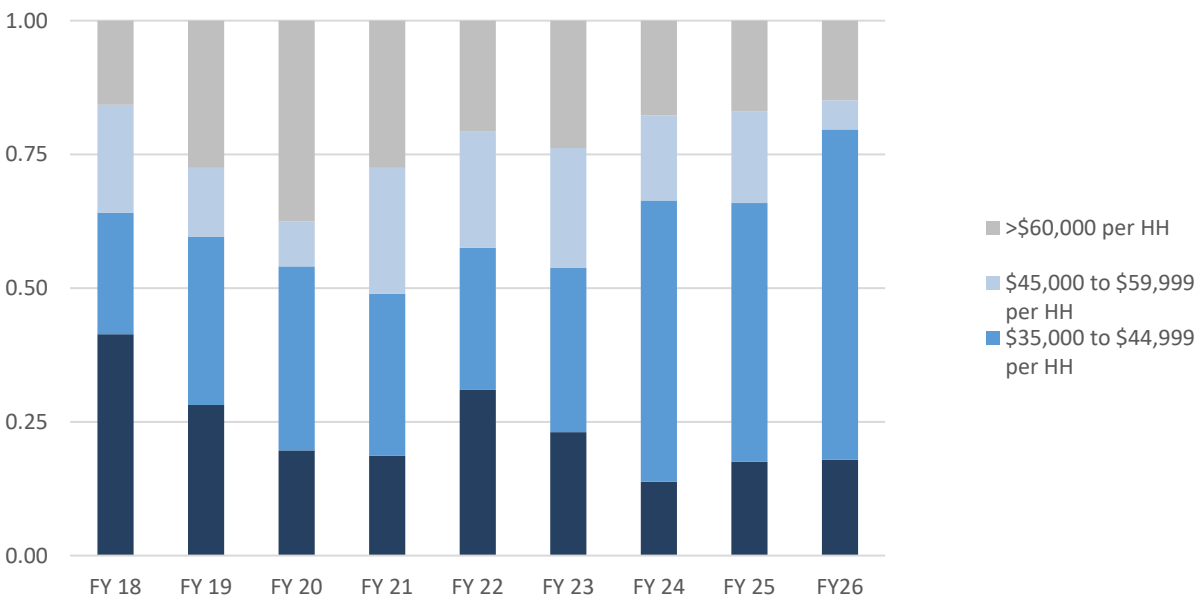
All Projects (NO DPW) Ratio of Per Capita Allocations by Median Household Income, FY18-26



Ratio of Per Capita DPW Allocations by Percent of Residents - Black/African-American, FY18-26



Ratio of Per Capita DPW Allocations by Median Household Income, FY18-26



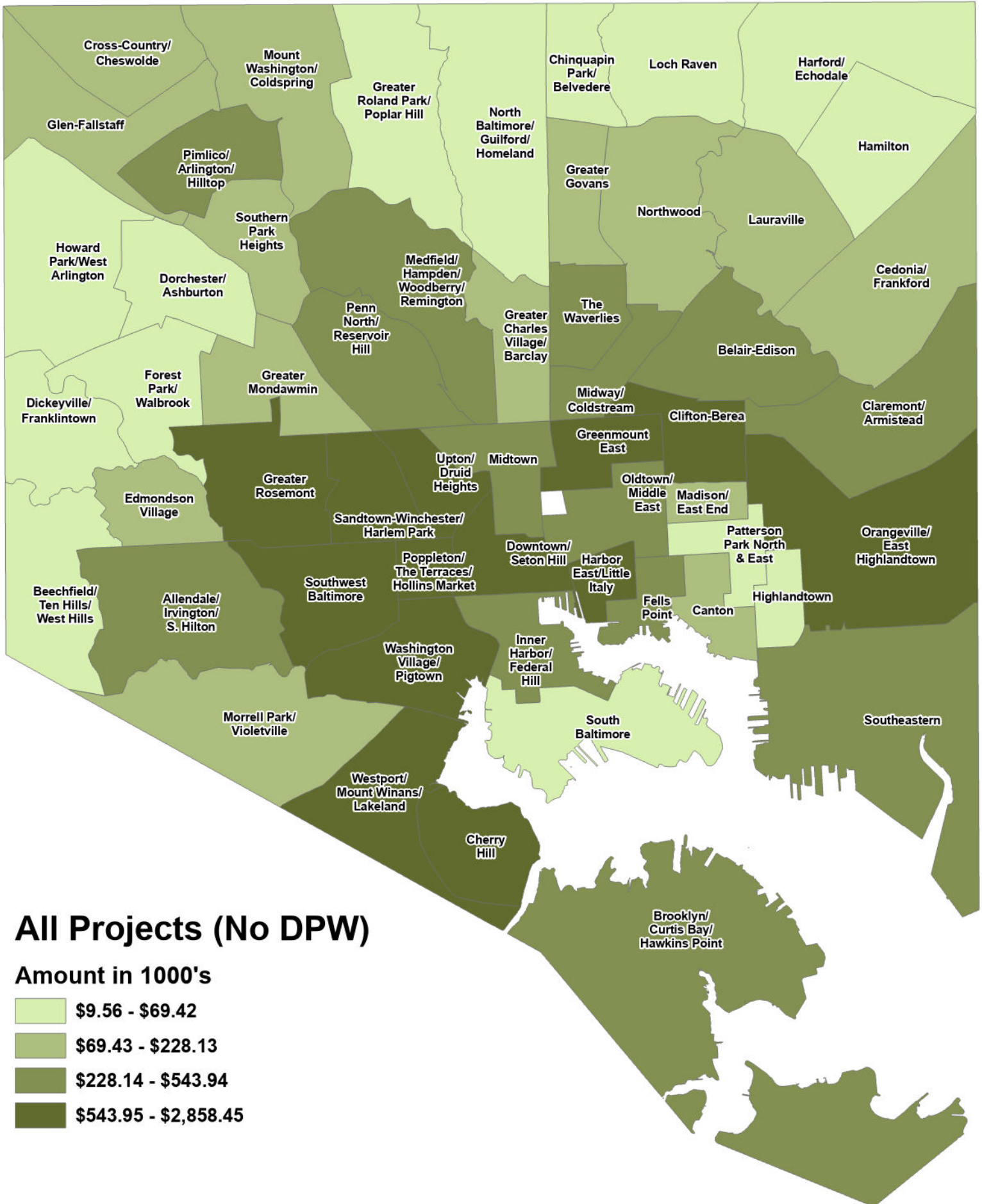
**RECOMMENDATION**

The Planning Department recommends approval of the recommendations for the FY2026-2031 Capital Improvement Program.

*Chris Ryer*

**Chris Ryer**  
**Director**

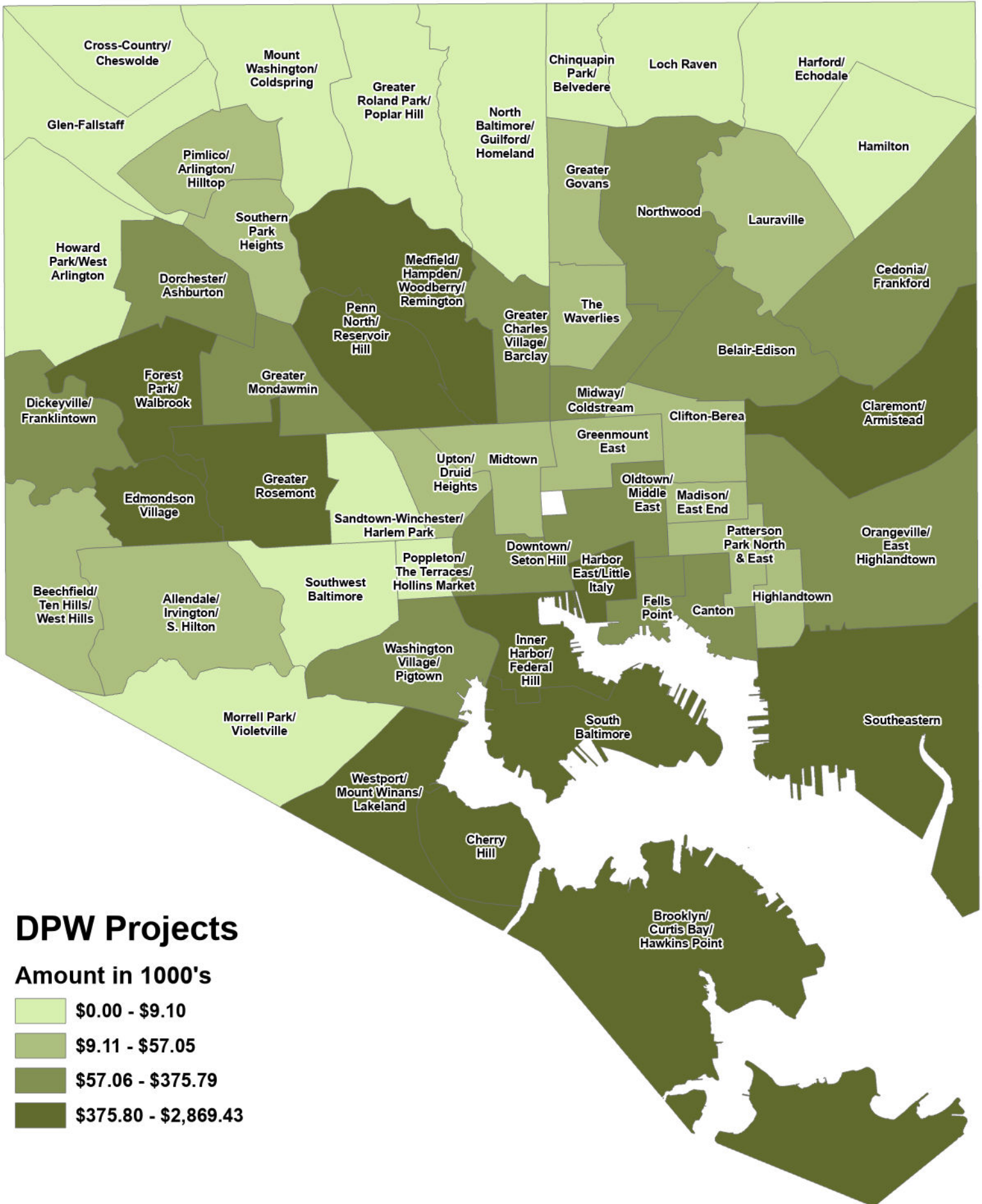
# Per Capita CIP Allocations, FY 2026



Per capita is reported as per 1,000 people.

Source: Baltimore City Planning, March 2025

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Per capita is reported as per 1,000 people.

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