



Brandon M. Scott
Mayor

PLANNING COMMISSION

Sean D. Davis, Chairman

STAFF REPORT



Chris Ryer
Director

March 11, 2021

REQUEST: FY 2022-2027 Capital Improvement Program Recommendations

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.

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), general obligation (GO) bonds, County Transportation Revenue Bonds, and rarely, short term loans paid back with general funds. 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

As in many older cities, Baltimore's aging infrastructure often leads to higher costs for the City, either through emergency repairs, maintenance needs, or energy inefficiency. In addition, many City assets and buildings were built decades ago and might not best meet current City needs.

Therefore, capital budget planning requires the City to target limited resources to upgrading and maintaining structures and infrastructure to maintain functionality of City assets. Two years ago, agencies provided estimates for how much funding would be needed to address deferred maintenance (that is, bring all capital assets to adequate condition). The table below outlines what agencies report as the overall funding needed to address deferred maintenance. All agencies have described needs that exceed the amount of funding available. Even though these needs cannot be met, this information provides an important starting point for making recommendations about how to allocate limited funding and strategize for future years.

Agency-Reported Capital Needs (Deferred Maintenance)	
Agency	Total
Information Technology	\$135,000,000
Public Works (Solid Waste)	\$179,000,000
Recreation and Parks	\$261,000,000
General Services	\$629,000,000
Transportation	\$1,500,000,000
Total	\$2,704,000,000

Process

In October 2020, agencies were provided target ranges with their likely funding levels and asked to prepare project requests. Project requests exceed the amount of funding available, in part to show what the agencies could accomplish if additional funds were made available. In December 2020, 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 2021. On February 25, 2021, DOP staff presented detailed recommendations to the Planning Commission in a public work session. On March 11, 2021, Planning Commission votes on the six-year program recommendations. After the Planning Commission votes, the six-year program is approved 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 approved by City Council.

Community Input

This year, the Planning Commission added a public listening session to its schedule in August, before the official kickoff of the FY22-27 CIP process. The listening session provided an overview of the CIP and an opportunity for attendees to provide feedback and ask questions. Questions and feedback included questions about how DOP evaluates equity responds to the trends highlighted by its equity analysis; questions about how projects are evaluated; what types of projects are included; comments about the importance of recreation and parks; and more. One hundred and sixty-two individuals registered for this session. Other public presentations included presentations to RepresentMaryland, Bikemore, Planning Academy, and the Greater Baybrook Alliance. Residents and stakeholders also attended the agency presentations to Planning Commission in early January. The Commission received letters of support for projects or general investments from the RJY Chick Webb Council, Mount Clare Community Council and York Road Partnership.

Evaluation Criteria

The Planning Commission uses the following criteria to evaluate projects.

- Necessary to protect public health and safety
- City funding will leverage other fund sources
- Capital investment will result in operating savings
- Fulfills a state or federal mandate
- Necessary to implement a priority housing or economic development project
- Promotes private-public partnerships
- Implements the City's Comprehensive Master Plan, area master plans and/or agency/institution's master plan
- Implements the City's Sustainability Plan
- Agency has prioritized project
- Promotes equity

While these are helpful frameworks for evaluating project requests, they do not necessarily capture everything that agencies use to determine priorities, or what is most important to the Planning Commission. This year, a group of CIP stakeholders within City government began meeting to reconsider the evaluation criteria and test a process to score CIP projects against an updated set of criteria. The criteria piloted through this group are:

- Equity
- Health and Safety
- Asset Condition
- Legal or Regulatory Requirement
- Return on Investment
- Environmental Impact
- Collaboration and Alignment
- Quality of Life

In the spring and summer DOP staff will conduct public outreach to gather input on these updated criteria.

Recommendations

Each year, the Planning Commission must attempt to balance the deferred infrastructure needs across the City with community development activities in targeted areas.

The Department of Planning (DOP) is recommending a total of \$453,622,000 in appropriations for the FY22 capital budget. The recommended capital budget includes \$110,000,000 in general fund-backed sources (GO bonds, general funds and general funds HUR, and county transportation revenue bonds); \$269,413,000 in utility-related funds (utility funds, revenue loans, and county grants); and \$74,209,000 in other funds (including state, federal, private, and fee-based funds). A summary of the totals by fund source is provided below.

Fund Source		Recommendation
General Fund-Backed Sources	GO Bonds	\$ 95,000,000
	General Funds (incl. HUR)	\$ 15,000,000
	MDOT Bonds	\$ 15,000,000
Utility Sources	Utility PAYGO	\$ -
	Utility Revenue Loans	\$ 199,518,000
	County Grants	\$ 69,895,000
Other	Federal Funds	\$ 39,668,000
	State Funds	\$ 23,202,000
	Other	\$ 11,339,000
Total		\$ 453,622,000

Recommendations by Agency

A summary of recommendations by agency is provided below.

Agency	General Fund Back Sources	Other Sources	Total
Baltimore City Information Technology	\$ 7,000,000	\$ -	\$ 7,000,000
Mayoralty and Planning	\$ 2,795,000	\$ (761,000)	\$ 2,034,000
Department of General Services	\$ 9,950,000	\$ 200,000	\$ 10,150,000
Baltimore City Public Schools	\$ 19,000,000	\$ -	\$ 19,000,000
Enoch Pratt Free Library	\$ 1,200,000	\$ -	\$ 1,200,000
Department of Recreation and Parks	\$ 11,400,000	\$ 7,750,000	\$ 19,150,000
Department of Transportation	\$ 28,155,000	\$ 40,062,000	\$ 68,217,000
Department of Public Works - Solid Waste	\$ 4,800,000	\$ -	\$ 4,800,000
Department of Public Works - Utilities	\$ -	\$ 269,413,000	\$ 269,413,000
Department of Housing and Community Development	\$ 21,950,000	\$ 22,858,000	\$ 44,808,000
Baltimore Development Corporation	\$ 3,750,000	\$ 4,100,000	\$ 7,850,000
Total	\$ 110,000,000	\$ 343,622,000	\$ 453,622,000

Baltimore City Information Technology

The Department of Planning (DOP) is recommending \$7 million for Baltimore City Information Technology (BCIT). BCIT will be funded using only general funds (PAYGO), as the projects and systems funded typically have a life span of no more than five to seven years, making long term debt sources unsuitable. Funds will go towards network infrastructure such as cables, wiring, and switches, systems modernization and replacement, upgrades to applications and website access, and cybersecurity. \$1 million is budgeted for creating broadband access at Public Housing sites. This amount will allow BCIT to provide broadband access at select sites as a proof of concept.

Planning and Mayoralty

Recommendations include \$2.8 million for the Mayoralty budget. This includes \$1.4 million for cultural organizations, funded through the Cultural Spaces Capital Support Fund program, as well as \$100,000 for the Baltimore National Heritage Area FY22 Small Capital Grant Program, which extends the reach of these dollars to smaller heritage tourism-related organizations. It also

includes \$500,000 to continue implementation of the INSPIRE program, in particular funding improvements to primary walking routes around new 21st Century School buildings along with other community-based projects. Finally, it includes \$900,000 for improvements to homeless shelters.

Department of General Services

DOP is recommending \$10.1 million for the Department of General Services (including the Convention Center). This includes funding for building systems in large municipal buildings, such as \$1.2 million to repair the City Hall stone walls, \$1.5 million for the City Hall roof, \$1 million for 401 E. Fayette Mechanical/Electrical/Plumbing Upgrades, and \$1 million for Abel Wolman Municipal Building HVAC Renovation and Fire Protection. The FY22 budget for these large building systems is typically only a portion of the funds needed to complete the project. The recommendations also include funding for building systems at small, neighborhood-based facilities, such as fire stations, community action centers, health centers, and police stations.

The Department of General Services estimates that it would need to invest \$70 million annually to keep its existing buildings in a state of good repair. The FY22 recommendation is a mere 14 percent of that target. The City could get closer to a goal of adequate investment either by increasing the amount of funding for maintaining public buildings and reducing the number of buildings in its portfolio. With no dramatic increases to the budget likely (given fiscal constraints related to COVID, Kirwan legislation, and other City priorities), the City should strategically dispose of City real estate. This goal is increasingly achievable, as the City has demonstrated that telework can reduce the need for physical office space.

Baltimore City Public Schools

DOP is recommending \$19 million for the School System, which will leverage \$28-30 million State funding. This funding will provide local match for major renovations at Armistead Gardens Elementary/Middle School and Maree G. Farring Elementary/Middle School, as well as systemic improvements such as roof replacements, fire suppression system upgrades, and HVAC improvements at several other schools. The capital budget funding is in addition to the 21st Century Schools building program, through which the City has partnered with the City Schools and the State to completely renovate or replace 26 schools in Baltimore City.

Enoch Pratt Free Library

The recommendations include \$1.2 million in general fund-backed sources for the Enoch Pratt Free Library, with \$200,000 towards a full renovation of the Clifton Branch and \$1 million for systemic improvements (such as roof replacements and HVAC upgrades) at five other branches.

Baltimore City Recreation and Parks

The recommendations include \$19.1 million for Baltimore City Recreation and Parks. Nearly three quarters of the funds are budgeted for projects that had previously received funding, either to fund construction management, complete funding for a project that had only been partially budgeted in a prior year, or make progress towards completing funding for a project with a prior commitment. Examples include the Riverside Athletic Field Renovation, Druid Hill Park Reptile House, Federal Hill Slope Stabilization, Mt. Pleasant Ice Arena Improvements, and Reedbird Parks Improvements. The remaining quarter of funds will go towards new projects such as Traci

Atkins Park Improvements, Carroll Park and Cottage Avenue Playgrounds, as well as routine needs such as Tree Baltimore and Pool Improvements (with FY22 funds for Towanda and Coldstream pools). The recommendations show some projects starting later than requested, in order to ensure that projects with existing commitments could be fully funded. The Department has several large capital projects underway that should be fully funded before any new large projects are started.

Department of Transportation

DOP is recommending \$68.2 million for the Department of Transportation. This includes a significant amount of federal funding for bridges and major road reconstruction/rehabilitation projects, along with the required 20 percent local match. It also includes funds for pedestrian, bike, and transit infrastructure. Notably, \$3 million is budgeted for sidewalk reconstruction, \$2.1 million for curb repair, slab repair, and ADA ramp upgrades, and \$1 million for traffic safety improvements related to the Department's Toward Zero initiative. \$11 million is budgeted for resurfacing in the City's four sectors and for urgent resurfacing needs.

Although it has a sizable capital budget in comparison with other city agencies, DOT has the largest backlog of capital projects. Historically, DOT has depended heavily on Highway User Revenue from the State for its capital program. Total HUR coming from the State to the City peaked at \$220 million in 2007. This funding is used by the City for both operating and capital. During the height of the Great Recession in 2010, it fell to \$128 million. If the City were receiving historical HUR levels, capital allocations of HUR would come close to meeting the amount DOT has identified to maintain a state of good repair for its infrastructure.

Department of Public Works – Solid Waste

The recommendations include \$4.8 million in general fund-backed sources for the Bureau of Solid Waste. \$3 million will go to build up funds for an expansion of the Quarantine Road Landfill and \$1 million will go to renovate solid waste facilities for the Bureau's employees, such as the facilities at citizen convenience centers and maintenance yards. The remaining \$800,000 will allow the Bureau of Solid Waste to do environmental investigations and other site assessment work to determine whether the Eastern Sanitation Yard at 6101 Bowley's Lane is suitable for improvements such as a new transfer station, composting facility, or other waste reduction facility. This work will allow the Bureau to make more concrete and detailed waste reduction plans in the future.

Department of Public Works – Utilities

DOP is recommending \$269.5 million for the water, waste water, and stormwater utilities. The recommendations include \$1.5 million for the stormwater utility, \$96 million for the waste water utility, and \$171 million for the water utility. Stormwater utility projects are designed to meet the requirements of the Baltimore's Municipal Separate Sewer System (MS4) Permit, which is currently under review by the Maryland Department of the Environment. Waste water projects help the City to meet the requirements of its consent decree with the federal government to reduce sanitary sewer overflows, and ensure the system operates reliably. Water projects ensure the City's water system is secure and reliable, and continue the Department's initiative to proactively replace 15 miles of water mains per year.

Department of Housing & Community Development

DOP is recommending \$44.8 million for Housing and Community Development. The funds will provide support for infrastructure at major redevelopment projects, including: the Southeast Baltimore CHOICE Redevelopment, 800 Block of Edmonson Avenue, Park Heights Redevelopment Area, Coldstream Homestead Montebello (CHM) Redevelopment, Poppleton Project, and Uplands Redevelopment. The funds will also support demolition and stabilization efforts and related activities, including acquisition and relocation. The recommendation includes funds for various programs, including the Baltimore Homeownership Incentive Program, the HOME Program, the Baltimore Shines – Low Income Solar Program, the Healthy Neighborhoods Program, the Housing Repair Assistance Program. Finally, the capital program includes new line items for the City’s Impact Investment Areas (part of the Community Development Framework), for projects to support the redevelopment strategies in those targeted areas.

Baltimore Development Corporation

The recommendations include \$7.9 million for the Baltimore Development Corporation. This includes funds for specific projects, such as Northwood Commons Streetscaping, the Black Arts & Entertainment District, Lexington Market Renovation, and Inner Harbor Infrastructure. It also includes funding for BDC’s various programs, including Citywide Façade Improvements, the MICRO Loan Program, the Innovation Fund, and Industrial and Commercial Financing. Finally, the recommendations include Casino Local Impact Aid contributions to the new Baltimore Animal Care Facility and design and engineering documents for the Warner Street Entertainment Corridor streetscape project.

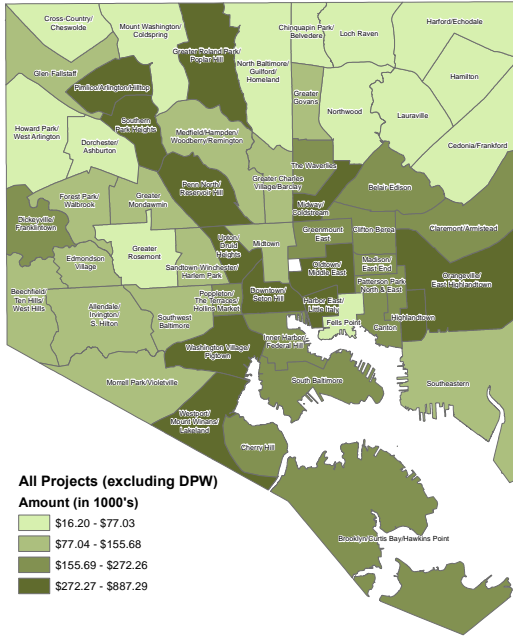
Consistency with Loan Authorization

The recommended FY22-27 Capital Improvement Program includes \$80 million per year in GO bonds, consistent with the 2020 loan authorization, which has been approved by voters. This includes \$5 million for affordable housing, \$19 million for schools, \$20 million for community and economic development, and \$36 million for public infrastructure.

Equity and Distribution of Funds

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.

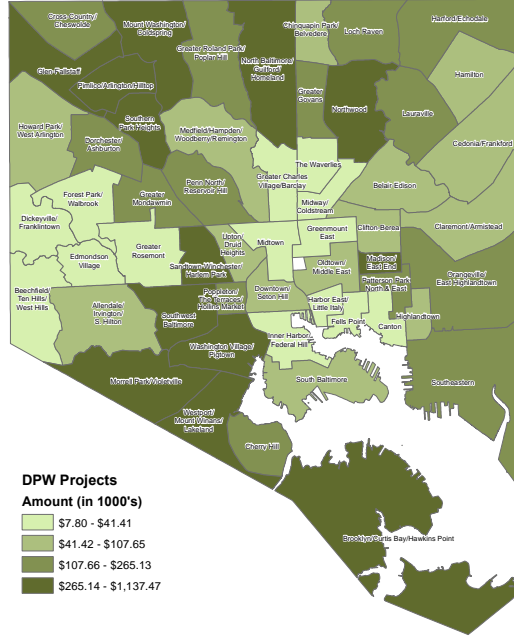
Per Capita CIP Allocations, FY 2022



Per capita is reported as per 1,000 people.

Source: Baltimore Planning

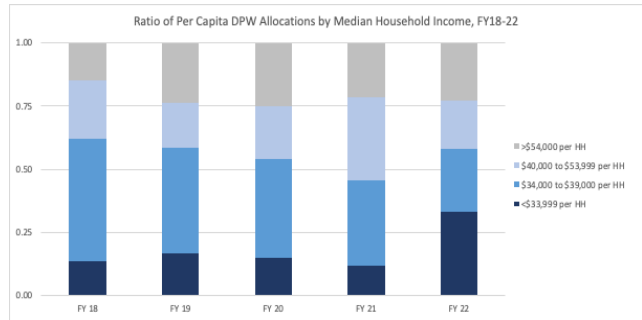
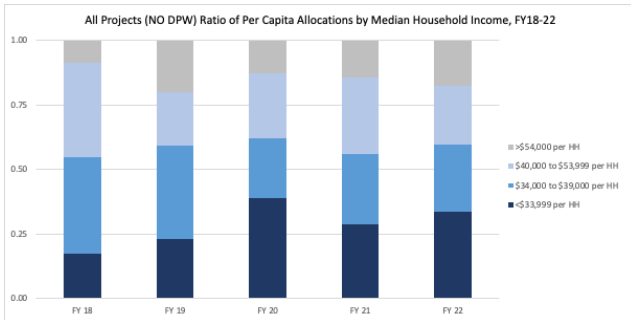
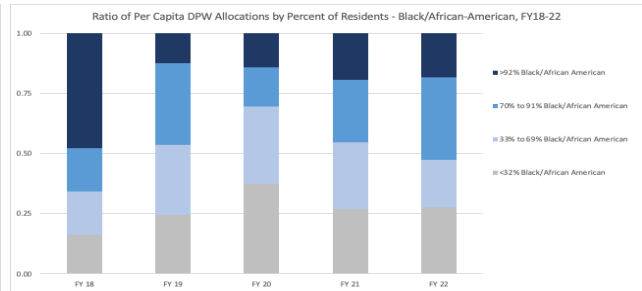
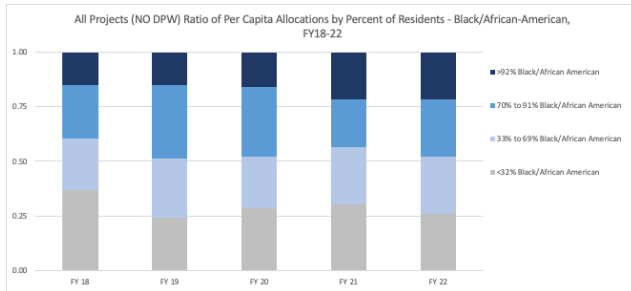
Per Capita CIP Allocations, FY 2022



Per capita is reported as per 1,000 people.

Source: Baltimore Planning

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.



The Department of Planning recommends approval of the FY22-27 Capital Improvement Program.



Chris Ryer
Director