



Brandon M. Scott
Mayor

PLANNING COMMISSION

Sean D. Davis, Chairman

STAFF REPORT



Chris Ryer
Director

March 17, 2022

REQUEST: FY 2023-2028 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.

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.

DOP is working to reduce the gap between need and available funding in several ways: advocating for the restoration of Highway User Revenue to the City; working with DGS, the Department of Real Estate, and the Mayor’s Office to reduce the City’s building inventory; encouraging agencies to implement an asset management program; and working to identify additional fund sources for capital projects.

Estimated Capital Needs to Achieve and Maintain a State of Good Repair¹			
Agency	Total Needed to Achieve State of Good Repair	Annual Need to Maintain State of Good Repair	FY23 Recommended Funding
DGS	\$1,100 ¹	\$58 ²	\$14
DOT	\$1,300 ³	\$158 ⁴	\$61
BCRP	\$260 ⁵	\$11 ⁶	\$24
DPW SW	\$116 ⁷	\$17 ⁸	\$5
DHCD	\$3,000 ⁹	\$54 ¹⁰	\$52
BCIT	\$135 ¹¹	\$19 ¹²	\$7
Schools	\$4,000 ¹³	\$200 ¹⁴	\$53
Total	\$10,911	\$517	\$216

Estimates are based on information provided by agencies and vary in methodology and accuracy. Amounts in millions.

Process

In October, DOP provided agencies with request limits for the general fund backed sources and instructions for submitting CIP requests. Agencies submitted requests totaling \$144 million. In December 2021, 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 2022. On March 3, 2022, DOP staff presented detailed recommendations to the Planning Commission in a public work session. On March 17, 2022, 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.

¹ [1 DGS CIP FY 23-28 Presentation \(Slide 11\)](#)
³ [3 DOT CIP FY 23-28 Presentation \(Slide 12\)](#)
⁵ [5 RP CIP FY 22-27 Presentation \(Slide 22\)](#)
⁷ [7 DPW \(SW\) CIP FY 23-28 Presentation \(Slide 5\)](#)
⁹ [9 HCD CIP FY 23-28 Presentation \(Slide 15\)](#)
¹¹ [11 DOP CIP FY 23-28 Presentation \(Slide 9\)](#)
¹³ BCPS estimates overall need at \$4B

² [2 DGS CIP FY 23-28 Presentation \(Slide 12\)](#)
⁴ [4 DOT CIP FY 23-28 Presentation \(Slide 12\)](#)
⁶ [6 RP CIP FY 22-27 Presentation \(Slide 20\)](#)
⁸ [8 DPW \(SW\) CIP FY 23-28 Presentation \(Slide 6\)](#)
¹⁰ [10 HCD CIP FY 23-28 Presentation \(Slide 43 - 47\)](#)
¹² BCIT refresh cycle is 7years (\$135M/7)
¹⁴ [14 BCPS CIP FY 23-28 Presentation \(Slide 7\)](#)

¹⁵ [BCPS CIP FY 23-28 Presentation \(Slide 7\)](#)

Community Input

This year, the Planning Commission hosted a public listening session in August, before the official kickoff of the FY23-28 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 and how agencies engage the public in project scoping and design and during construction. Residents and stakeholders also attended the agency presentations to Planning Commission in early January. The Commission received letters of support for projects and investments from bike advocates, Northwest Park stakeholders, York Road Partnership, and Falls Road/Northern Parkway stakeholders.

Evaluation Criteria

Over the past year, the Planning Department worked with the CIP Oversight Committee to revise the CIP evaluation criteria and develop a system for scoring projects. The Committee is comprised of representatives from the eight major capital budget agencies, as well as the Department of Finance, Mayor's Office of Equity and Civil Rights, and the Recovery Office. The criteria are:

- Federal or state mandate
- Equity
- Health & safety
- Asset condition
- Return on investment
- Environmental impact, and
- Effectiveness & efficiency.

In December and January, committee members reviewed and scored projects based on these criteria. Significant additional PAYGO was made available so nearly all requested projects were funded, regardless of project scores. Other factors that influence project decisions include: alignment with plans and administration priorities, the most urgent needs, ensuring that all agencies have at least a minimum amount of funding to maintain critical services, and completing funding for projects that received partial funding in a prior year.

Recommendations

The Department of Planning (DOP) is recommending a total of \$742,383,000 in appropriations for the FY23 capital budget and \$3,723,198,000 over the six-year program. The recommended FY23 capital budget includes \$185,500,000 in general fund-backed sources (GO bonds, general funds and general funds HUR, and county transportation revenue bonds), a record high in recent years. The recommendations also include a significant increase in federal funds over last year, resulting from American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA) allocations. A summary of the totals by fund source is provided below. The additional funds related to the Infrastructure Investment and Jobs Act will be ongoing, but the other additional funds this year are mostly one time allocations.

Fund Source		Recommendation
General Fund-Backed Sources	GO Bonds	\$ 80,000,000
	General Funds (incl. HUR)	\$ 90,500,000
	MDOT Bonds	\$ 15,000,000
Utility Sources	Utility PAYGO	\$ -
	Utility Revenue Loans	\$ 314,059,000
	County Grants	\$ 47,177,000
Other	Federal Funds	\$ 131,352,000
	State Funds	\$ 14,625,000
	Other	\$ 49,670,000
Total		\$ 742,383,000

Recommendations by Agency

A summary of recommendations by agency is provided below.

Agency	General Fund Backed Sources	All Sources
Department of Public Works - Utilities	\$ -	\$361,236
Department of Transportation	\$34,700	\$119,545
Department of Housing and Community Development	\$27,061	\$77,515
Department of Recreation and Parks	\$7,432	\$62,580
Department of General Services	\$58,665	\$60,865
Department of Public Works - Solid Waste	\$23,519	\$23,519
Baltimore City Public Schools	\$19,000	\$19,000
Baltimore City Information Technology	\$6,950	\$6,950
Baltimore Development Corporation	\$4,268	\$6,768
Enoch Pratt Free Library	\$2,900	\$3,400
Mayoralty	\$1,005	\$1,005
TOTAL	\$185,500	\$742,383

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, its funding level has been set at \$7 million annually, to be funded by PAYGO. For FY23, the only item not recommended for funding is a \$50,000 request for laptops, as these cannot be funded from the capital budget.

Mayoralty

Recommendations include \$1,005,000 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.

Department of General Services

DOP is recommending \$60,865,000 for the Department of General Services (including the Convention Center). DGS' building inventory has a facilities condition index (FCI) 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. Given the historic and ongoing mismatch between available funding and capital needs, requests were reviewed to determine whether buildings should remain in the City's inventory. Druid Health Center Roof Replacement and 101 W. 24th St. are not recommended for funding because these facilities should be removed from the City inventory. \$40 million of the total recommended is for fire facilities and other public safety buildings.

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, Maree G. Farring Elementary/Middle School, and Furley Elementary 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 \$2.9 million in general fund-backed sources for the Enoch Pratt Free Library. This is the final increment of funding needed to complete a full renovation of the Forest Park Branch. It is recommended that funding for the Clifton branch be deferred to next year.

Baltimore City Recreation and Parks

The recommendations include \$62.58 million for Baltimore City Recreation and Parks (BCRP), of which \$7,432,000 is from general fund-backed sources. The Mayor recently announced a major commitment for BCRP infrastructure through the American Rescue Plan Act (ARPA), to include upgrades to pools, playgrounds, recreation centers, athletic courts, and park trails and signage. Implementing the ARPA projects will be a primary focus for the Department's capital office in the next several years.

Department of Transportation

DOP is recommending \$119.5 million for the Department of Transportation. This includes \$40 million in federal funding for bridges and major road reconstruction/rehabilitation projects, along with the required 20 percent local match. This is \$10 million more in federal formula than in previous years, in anticipation of additional Federal Highway Transportation funds from the Infrastructure Investment and Jobs Act (commonly referred to as the "Infrastructure Bill"). DOT will likely need additional local funds in future years to match other IJA awards made through competitive programs.

Although it has a sizable capital budget in comparison with other city agencies, DOT has one of the largest backlogs 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. The Maryland General Assembly is considering legislation in 2022 to restore HUR to historical levels.

Department of Public Works – Solid Waste

The recommendations include \$23.5 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 another \$2.1 million will be used for regulatory compliance projects at the landfill. Nearly \$1 million will go to an Eastside Transfer Station project. The remaining \$17.5 will be used to renovate solid waste facilities for the Bureau's frontline employees, such as the facilities at citizen convenience centers and maintenance yards.

Department of Public Works – Utilities

DOP is recommending \$361 million for the water, waste water, and stormwater utilities. The recommendations include \$74 million for the stormwater utility, \$161 million for the waste water utility, and \$127 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 \$77.5 million for Housing and Community Development. The funds will 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 Housing Repair Assistance Program. The capital program includes a line item for the City's Impact Investment Areas (part of the Community Development Framework), for projects to support the redevelopment strategies in those targeted areas. Notably, the recommendation includes \$20 million towards City Springs school construction, as well as other smaller amounts for the Perkins-Somerset-Oldtown redevelopment project. Smaller amounts are budgeted for other redevelopment projects, including Poppleton, Raynor Brown, and Penn North. These investments will complement a recently-announced major investment in community development through ARPA funds.

Baltimore Development Corporation

The recommendations include \$6.8 million for the Baltimore Development Corporation. This includes funds for specific projects, such as Northwood Commons Streetscaping, Lexington Market Renovation, and Frederick Road Streetscaping. It also includes funding for BDC's various programs, including Citywide Façade Improvements, the Innovation Fund, and Industrial

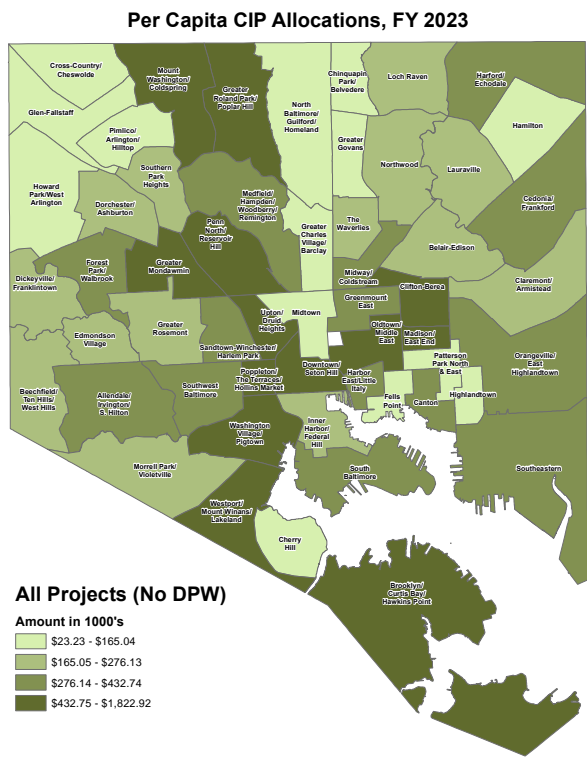
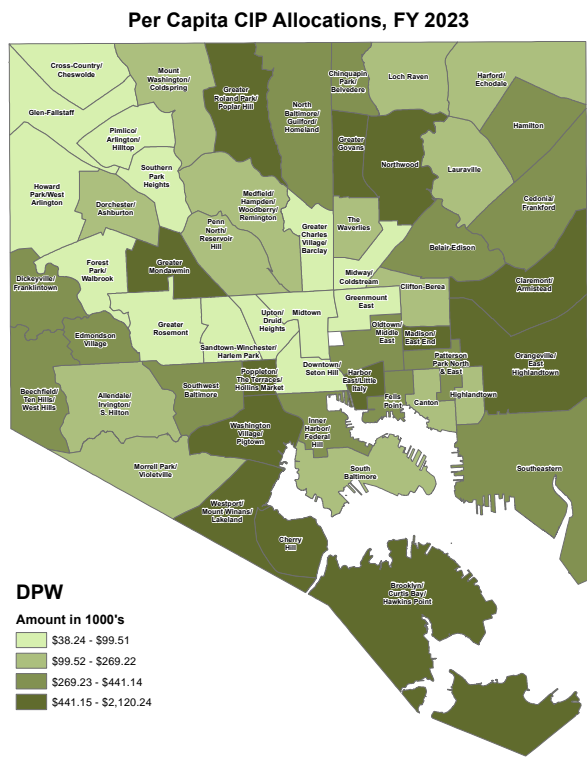
and Commercial Financing. Finally, the recommendations include a Casino Local Impact Aid contribution for the Warner Street Entertainment Corridor streetscape project.

Consistency with Loan Authorization

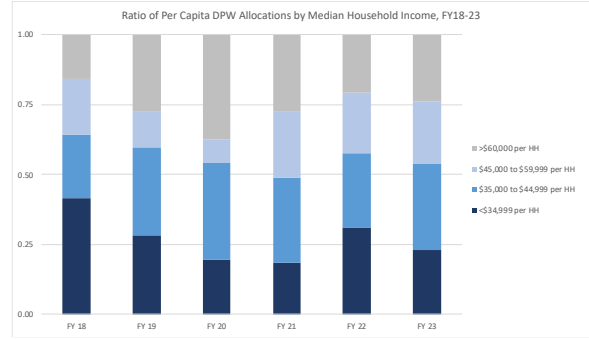
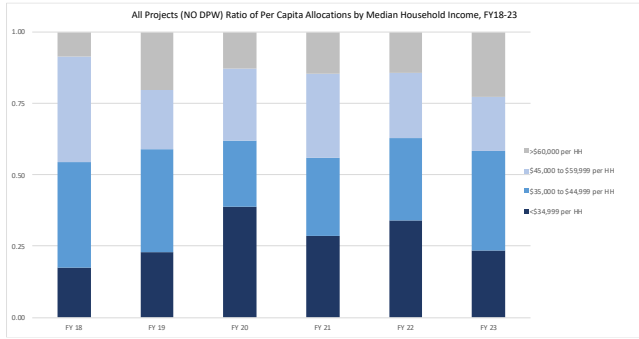
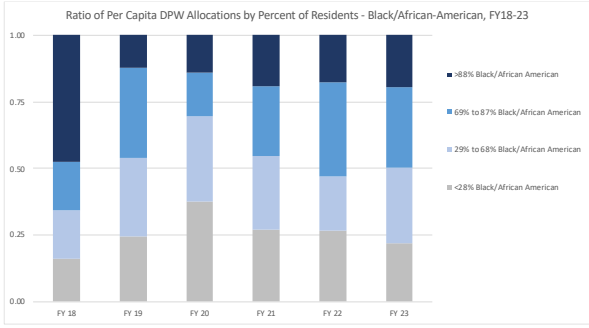
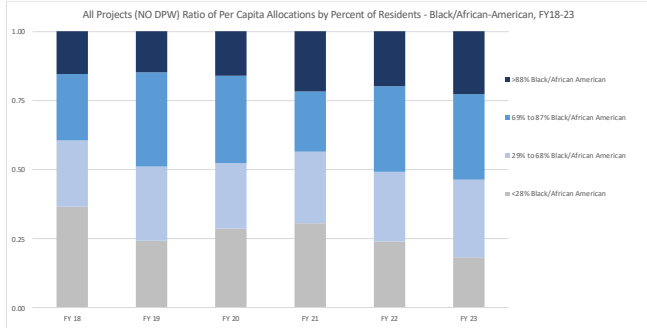
The recommended FY23-28 Capital Improvement Program includes \$80 million per year in GO bonds, consistent with the 2020 loan authorization, which has been approved by voters. This includes \$7 million for affordable housing, \$19 million for schools, \$18 million for community and economic development, 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.



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 FY23-28 Capital Improvement Program.



Chris Ryer
Director