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PLANNING COMMISSION

Wilbur E. "Bill" Cunningham, Chairman



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STAFF REPORT

November 19, 2015

REQUEST: 2016 Loan Authorization Program for FY 2018 and 2019 General Obligation Bond Issues

RECOMMENDATION: Approval

STAFF: Sara Paranilam

PETITIONER: City of Baltimore

BACKGROUND/HISTORY

General Obligation Bonds (GO Bonds) are a critical component of the City's capital improvement program and provide needed funds for housing and neighborhood revitalization, schools, economic development, improvements to City parks and recreation centers, and other government facilities as well as for key City institutions and cultural attractions.

The 2016 Loan Authorization Program will enable the City to issue \$130 million in General Obligation Bonds, \$65 million for fiscal year 2018 and \$65 million for fiscal year 2019. General Obligation Bonds are borrowed funds that must be approved by the Planning Commission, Board of Finance, Board of Estimates, City Delegation to the Maryland General Assembly, the City Council and the voters of Baltimore. This loan package will go to referendum in November 2016 and must be approved by a majority of the voters before funds can be appropriated and expended.

Bond funds are presented for defined program purposes and the funds cannot be shifted from one program purpose to another. This fund source is secured by the full faith and credit of the City and, therefore, comprises a portion of the City's annual debt.

Bonds are issued by the Bureau of Treasury Management when the CIP projects expend their appropriation. Currently Baltimore City has an Aa2 Bond rating from Moody's and AA from Standard and Poor.

CONFORMITY TO PLANS

In 2013, the Board of Finance adopted a debt policy authorizing the City to issue new debt for capital projects up to a level of \$65,000,000 per year. The proposed FY 2018 and FY 2019 Bond Program conforms to the City Debt Policy and the GO Bond targets set by the Department of Finance of \$65,000,000 in FY 2018 and \$65,000,000 in FY 2019.

ANALYSIS

Planning Staff recommends the following allocation of funds for the 2016 Loan Authorization Program:

Parks and Public Facilities

\$45,000,000 (over 2 years)

The last major wave of investment in Baltimore's public facilities was in the 1970s. Many of these facilities are physically decayed and now in need of major renovations or replacements. In addition, the best practices for providing various public services have changed dramatically during this time. This loan will be used to renovate/replace existing public facilities or build new facilities as needed. These facilities include municipal office buildings, courthouses, fire stations, multi-purpose centers, libraries, parks, recreation centers, aquatic facilities, and playgrounds.

Examples of potential projects:

- Courthouse Improvements
- Abel Wolman Building Renovations
- Branch Library Renovations
- Fire Academy Renovation
- Police Station Renovations
- Community Action Center Renovations
- Bowleys Lane NE Collection Yard
- Recreation Facility Expansion & Modernization
- Aquatics Facility Modernization
- Athletic Field, Playground and Court Renovations
- Baltimore Streetcar Museum
- War Memorial
- McKim Free School
- Surplus Schools

Community and Economic Development

\$45,000,000 (over 2 years)

Baltimore is committed to supporting and promoting efforts to revitalize and stabilize neighborhoods and support investment that retains and attracts jobs in the City and increases tax revenues. Community and Economic Development funds will be used to attract and retain residents, jobs, and other investment. This loan will be used to eliminate blight through strategic whole block demolition; leverage federal investment to build affordable housing; provide financing and incentives for private investment; and improve the appearance of commercial and industrial areas.

Examples of potential projects:

- Broadband Infrastructure
- INSPIRE – Neighborhood Improvements around 21st Century Schools
- Growing Green

- Citywide Acquisition and Relocation
- Whole Block Demolition and Greening Programs
- Stabilization of City Owned Properties
- Façade Improvements
- Business Retention, Expansion and Attraction Financing
- LINC's – Commercial Corridor Improvements
- Lexington Market
- Inner Harbor
- Cultural and Entertainment Capital Support
 - American Visionary Arts Museum \$125,000
 - B&O Railroad Museum \$100,000
 - Baltimore Heritage Area \$200,000
 - Baltimore Museum of Art \$150,000
 - Creative Alliance \$200,000
 - Maryland Science Center \$100,000
 - Modell Lyric \$125,000
 - National Aquarium \$250,000
 - National Great Blacks in Wax \$200,000
 - Port Discovery \$150,000
 - Reginald F. Lewis Museum \$75,000
 - Star Spangled Flag House \$50,000
 - The Maryland Zoo in Baltimore \$200,000
 - Walters Art Museum \$150,000

Schools

\$34,000,000 (over 2 years)

Baltimore City Public Schools, the City of Baltimore, the State of Maryland, and the Maryland Stadium Authority are partnering to implement a nearly billion dollar initiative to renovate or replace 23-28 school buildings through a combination of other funding sources. This loan authorization will complement that investment by making critical improvements, such as fire alarms, HVAC systems, and other urgent needs that cannot be delayed until a school is replaced or renovated in the future. This loan authorization will also allow renovation and replacement of additional schools to take place, leveraging traditional State capital support through the MD Public Schools Construction Program. In addition, this loan authorization will allow for renovation or demolition of former school buildings that are declared surplus through the 21st Century Schools Initiative.

Examples of potential projects:

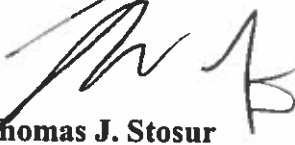
- Graceland Park-O'Donnell Heights Replacement
- Holabird EM/MS #229 Replacement
- Armistead Gardens
- Systemic Improvements for roofs, windows, doors, HVAC, life safety

Affordable Housing

\$6,000,000 (over 2 years)

Create a program to support the production and preservation of affordable housing units. This loan authorization will provide \$3 million per year for two years to fund the program. The Affordable Housing Fund of Baltimore City would be used to provide gap financing for development costs related to the rehabilitation and new construction of rental and homeownership development projects. Without the availability of this gap financing source many State funded low income housing tax credit projects would not be viable.

The Planning Department recommends approval of the 2016 Loan Authorization Program for the FY 2018 & FY 2019 Bond Issues.



Thomas J. Stosur
Director