



PLANNING COMMISSION

Sean Davis, Chairman

STAFF REPORT



March 8, 2018

REQUEST: FY 2019-2024 Capital Improvement Program

RECOMMENDATION: Approval

STAFF: Kristen Ahearn / Sara Paraniham

Capital Improvement Program (CIP) Overview

By City Charter, the Planning Commission must submit a recommended six-year Capital Improvement Program (CIP) to the Board of Estimates. The recommended budget year CIP becomes the basis for the capital component of the Ordinance of Estimates, adopted by the City Council.

CIP Review Schedule

- Early October: Planning sends targets and instructional packets to agencies
- November 6, 2017: Agency questionnaires due
- December 1, 2017: Agency requests due to Planning
- January/February: Planning Staff formulates recommendations
- January 18, 2018: Select agencies present CIP priorities to Planning Commission
- February 22, 2018: Planning presents recommendations to Planning Commission
- March 8, 2018: Planning Commission votes on CIP
- March 26, 2018: Board of Finance votes on CIP
- May 3, 2018: Board of Estimates reviews CIP
- June: City Council adopts Budget

CIP Request Evaluation Criteria

Projects are reviewed according to the following criteria:

- 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, current & future area master plans and/or agency/institution's master plan

- Implements the City’s Sustainability Plan
- Agency has prioritized the project
- Addresses needs of Baltimore’s most vulnerable residents/disadvantaged neighborhoods

CIP Fund Sources

- General Obligation Bonds (GO Bonds) – With voter approval, the City borrows money for specific improvements by selling General Obligation Bonds.
- General Funds – Revenue received from various payments to the City, such as property taxes and sale of property.
- General Funds HUR Eligible – State Highway User Revenues allocated by formula.
- State Funds – Includes Program Open Space, Local Impact Aid, Table Game Revenue.
- Federal Funds – Includes CDBG, HOME, Federal Highway Funds
- Revenue Loans – Funds from future revenues such as water bills, stormwater fees, and HUR revenue (MDOT County Transportation Revenue Bonds)
- Utility Funds – Funds from current revenues such as water bills, stormwater fees, and conduit fees
- County Grants – County contribution to shared projects, mostly water-related
- Other – Sale of city property, private money, Children and Youth Fund

Planning Recommendations

In addition to the criteria noted above, several high-level goals helped to guide the CIP funding recommendations this year.

First, the recommendations recognize a need to increase funding for information technology infrastructure in the City. Many of the city’s information technology systems are out-of-date and in need of major overhauls. Some systems are no longer supported by vendors. Others are supported by an aging workforce, with younger workers no longer having the skills needed to maintain the legacy systems. In fiscal year 2019, the recommended capital budget for the Mayor’s Office of Information Technology is \$3,950,000, and would support upgrades to some basic infrastructure needs, such as increasing data storage (117-025), improving fiber connections to city buildings (117-030), and upgrading switches (117-019) and network cards (117-031). While the FY2019-2024 Capital Improvement Program includes recommendations for a sizable increase in funding in FY2019 and even further increases in FYs 2020 & 2021, staff recognizes that these infrastructure upgrades must be part of a broader strategy for addressing some of the outdated systems noted above. The Mayor’s Office of Information Technology has released a draft Digital Transformation Plan. As this plan evolves, staff and the Planning Commission will need to monitor capital transfers and future requests to ensure that the information technology projects included in the capital budget are consistent with the broader strategy for information technology in Baltimore.

A second high-level goal was to fully fund and implement key projects. Often, for large projects, agencies must request funds over several years in order to build up a reserve large enough to put

a construction project out to bid. Other times, projects are phased over several years and bid out in pieces due to limited funding available in a single year. The recommended FY2019-2024 Capital Improvement Program includes several projects for which the recommended amount should be the last increment of funding needed to either fully fund a project or complete the final phases of a project. Examples include the Cherry Hill Recreation Center (474-784), the Druid Hill Swimming Pool and Bathhouse (474-779), Westside - Historic Properties Stabilization (601-022), and the 401 E. Fayette Street Mechanical, Electrical, and Plumbing Upgrades (197-014). Although there will always be projects for which the scale necessitates funding over multiple years, where possible the recommendations prioritize funding that will allow agencies to move forward with major projects.

Third, recommendations should reflect a priority for neighborhood investments, including new community development initiatives to support distressed neighborhoods. In particular, the new Neighborhood Building and Market Support program (588-044) will support neighborhood revitalization and market-building efforts by providing flexible capital funds to redevelopment projects in neighborhoods. These funds will help groups such as community development corporations match other funds available for this purpose, such as the State's Baltimore Regional Neighborhoods Initiative (BRNI). The priority on neighborhood investments is also reflected in the Baltimore Development Corporation recommendations, which attempt to balance regional economic development projects with projects in neighborhoods, such as the commercial revitalization projects along Belair Road (601-007), Greenmount Avenue (601-010), East North Avenue (601-073), and Pennsylvania and North Avenue (601-079).

A focus on equity led staff to prioritize projects in neighborhoods in this year's Capital Improvement Program. Over the summer, an intern helped staff conduct an equity analysis of the past five years of capital budgets to determine how the funds were allocated through an equity lens, with a focus on equity as it relates to race, income, and youth. The analysis has been refined and continues to be refined, but shows a disparity in how funds are allocated across these lines. In particular, further analysis of investments in Downtown is needed. As a next step, staff will identify ways to continue to refine this analysis and ensure that it is repeatable as an informational tool for capital budgeting moving forward. This may include looking at best practices from other cities or other areas of government, and potentially working with an outside partner or advisory committee. In addition, recognizing that the capital budget originates with city agencies, staff is working to develop an equity toolkit for agencies as they develop future capital budget requests. The equity toolkit will be developed with agencies over the summer in order to provide a guide for how to use an equity lens when preparing and analyzing a capital budget.

Finally, the recommendations aim to ensure that the Department of Transportation has sufficient funding to meet its federal matching requirements. The Department is eligible annually for approximately \$30 million in federal highway funding for projects on federally-eligible roads, but must provide a 20 percent match on projects that use those funds.

2018 Loan Authorization

In November 2018, Baltimore City voters will be asked to approve loan authorizations totaling \$80 million per year for FY20 and FY21. Per the loan authorization, the FY19-24 CIP includes the following General Obligation Bond allocations for FY20 and FY21.

Loan Type	FY 20	FY21	Total
Affordable Housing Fund	\$5,000	\$5,000	\$10,000
City School System	\$19,000	\$19,000	\$38,000
Community and Economic Development	\$23,500	\$23,500	\$47,000
Parks and Public Facilities	\$32,500	\$32,500	\$65,000
Total	\$80,000	\$80,000	\$160,000

*Amounts in thousands

Summary of the Recommended Capital Improvement Program

Six-Year Program

Agency Requests: \$ 1.975 billion

Planning Recommendation: \$ 1.882 billion

Budget Year

Agency Requests: \$ 610 million

Planning Recommendation: \$ 618 million

Recommended FY 2019 Capital Budget by Agency

Mayor's Office of Information Technology	3,950
Mayoralty-Related	3,830
Department of Finance	1,214
Planning Department	360
Department of General Services	21,810
City Schools	19,000
Dept. of Recreation & Parks	22,627
Transportation	77,744
Department of Public Works	408,257
Dept. of Housing & Community Dev.	48,897
Baltimore Development Corporation	10,180
Downtown Partnership of Baltimore	200
Total	618,069

Recommended FY19 Capital Budget by Fund Source

City Bond Funds	65,000
City General Funds	15,250
Revenue Loans	237,875
Utility Funds	43,135
Federal Funds	66,284
State Funds	72,549
General Funds (HUR Eligible)	10,000
County Grants	62,133
Other	45,843
Totals	618,069

The Department of Planning recommends approval of the FY 2019 – 2024 Capital Improvement Program.



Thomas J. Stosur
Director

