



*Catherine E. Pugh*  
Mayor

## PLANNING COMMISSION

*Wilbur E. "Bill" Cunningham, Chairman*



*Thomas J. Stosur*  
Director

### STAFF REPORT

**March 2, 2017**

**REQUEST:** FY 2018-2023 Capital Improvement Program

**RECOMMENDATION:** Approval

**STAFF:** Kristen Ahearn

#### **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**

- October 2016: Department of Planning sends to agencies CIP request packets including fund sources targets
- December 2, 2016: Requests from agencies due to the Department of Planning
- November 2016 – January 2017: Planning performs detailed review of requests
- January 12, 2017: Major agencies brief Planning Commission
- February 16, 2017: Planning Commission review of six-year CIP recommendations
- March 2, 2017: Planning Commission review/approval of six-year CIP recommendations.
- March 27, 2017: Board of Finance review/approval of six-year CIP
- May 3, 2017: Board of Estimates review/approval of six-year CIP
- June 2017: City Council approval of budget year CIP
- July 1, 2017: Fiscal year 2018 begins

#### **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, four major themes emerged during the formulation of the FY18-23 CIP: prioritizing investments in distressed neighborhoods, focusing on investments that would benefit youth, maintaining existing infrastructure, and investing in projects and programs that will help retain residents and businesses in the City. The recommendations reflect these themes as well as several ongoing funding commitments, such as \$10 million annual commitment to demolition as outlined in the City's ten-year financial plan and \$17 million per year in bond funding for the City school system's buildings. While Planning is not able to recommend funding all agency requests due to limited funding availability, these recommendations include funding for almost all of agencies' highest priority requests for the budget year.

The recommended FY18-23 CIP shows a strong commitment to investing in distressed neighborhoods. The recommendation for \$10 million for demolition is targeted towards the neighborhoods experiencing the most blight and disinvestment, and leverages significant State funding through Project CORE. The \$1 million recommendation for the Green Network Plan builds on that demolition funding to ensure that the City strategically invests in these communities by providing community parks, street trees, stormwater facilities, and other green space. Another \$1.5 million in investment is recommended for commercial corridors in distressed neighborhood, through the Penn North and East North Avenue LINCS projects. Finally, three major recreation projects in distressed neighborhoods are recommended for full funding between FY18 and FY19 – Cahill Recreation Center Renovations, Cherry Hill Recreation Center Construction, and Bocek Park Renovations.

In addition to the recreation facilities noted above, the \$17 million in bond funding for school buildings reflects a commitment to the City's youth. This includes \$4 million in FY18 towards two school replacement projects as well as \$12 million in FY18 for systemic improvements such as new roofs, windows, doors, HVAC improvements, fire suppression system upgrades, and other items needed to ensure that the buildings are safe and healthy for their students. The FY18-23 CIP also includes a commitment to fund one library renovation every two years, starting with the Forest Park Library in West Baltimore in FY18 and FY19.

The recommended FY18-23 CIP will help the City maintain its infrastructure to the greatest extent possible while adhering to a responsible level of borrowing. The recommended CIP includes significant federal funding for transportation infrastructure, such as bridges and roadway resurfacing, including the required local match that allows those projects to move forward. It also reflects the need to invest in the City's building stock, from the municipal buildings downtown that house city agencies to neighborhood-based structures, such as fire and police stations. Investing in City buildings in neighborhoods not only improves conditions for the city workers, such as first responders, but also ensures that those buildings do not become liabilities for the neighborhoods in the future.

Finally, the FY18-23 CIP demonstrates a commitment to keeping homeowners and businesses in the City. In FY18, recommended funding for the Baltimore Homeownership Incentive Program is \$3.5 million, a fifteen percent increase over the FY17 appropriation. The recommended amount increases by a quarter million dollars each year of the six-year program, to \$4.75 million in FY23. The recommendations also include funding for the Housing Repair Assistance Program, a program designed to keep homeowners in their homes by providing grants and loans for emergency repairs. Funding is also recommended for programs to attract and retain businesses in the Baltimore Development Corporation's budget, such as Commercial and Industrial Financing and the Micro Loan Program.

### **Analysis of Investments**

For the FY18 recommended CIP, the Planning Department analyzed the budget year recommendations to better understand where investments are recommended to be made. Each project was placed into one of the categories in the table based on the 2014 Housing Market Typology (HMT). The HMT is a tool to assess neighborhood strength based on variables such as vacancy rates, median sales price, owner occupancy, foreclosures, and building permits, and was developed to assess neighborhood market conditions and help the City and other entities strategically target resources and interventions to neighborhoods.

Nearly half of the recommended investments of local, non-utility fund sources are in neighborhoods defined as middle market or stressed (collectively labeled "Weaker Markets" in the table below). Two percent of recommended investments are in regional choice or middle market choice neighborhoods (collectively labeled "Stronger Markets"), and 13 percent are in the downtown area. Thirty-six percent of recommended investments are in projects where locations cannot be determined, either because locations have yet to be determined or they support staff or administration.

<b>Neighborhood Investment Type</b>	<b>Total of Local, Non-Utility Sources*</b>	<b>Percent</b>
Investment in Weaker Markets	\$51,220	49%
Investment in Stronger Markets	\$1,870	2%
Investment Downtown	\$3,700	4%
Downtown (Municipal Buildings)	\$8,975	9%
Location Not Specified	\$37,765	36%
<b>Grand Total</b>	<b>\$103,530</b>	<b>100%</b>

\*Amounts in thousands

### **2016 Loan Authorization**

In November 2016, Baltimore City voters approved loan authorizations totaling \$65 million per year for FY18 and FY19. Per the loan authorization, the FY18-23 CIP includes the following General Obligation Bond allocations for FY18 and FY19.

<b>Loan Type</b>	<b>FY 18</b>	<b>FY19</b>	<b>Total</b>
Affordable Housing Fund	\$3,000	\$3,000	\$6,000
City School System	\$17,000	\$17,000	\$34,000
Community and Economic Development	\$22,800	\$22,200	\$45,000
Parks and Public Facilities	\$22,200	\$22,800	\$45,000
<b>Total</b>	<b>\$65,000</b>	<b>\$65,000</b>	<b>\$130,000</b>

\*Amounts in thousands

### **Summary of the Recommended Capital Improvement Program**

#### **Six-Year Program**

Agency Requests: \$ 4.1 billion

Planning Recommendation: \$ 4.0 billion

#### **Budget Year**

Agency Requests: \$ 1.141 billion

Planning Recommendation: \$ 1.129 billion

**Fund Distribution for Recommended FY 2018 Capital Budget**

<b>Agency</b>	<b>Recommended Funding*</b>
Mayor's Office of Information Technology	\$1,000
Mayoralty-Related	\$5,300
Planning Department	\$310
Department of General Services	\$14,600
Police Department	\$ 4,400
Baltimore City School System	\$17,000
Pratt Library	\$34,278
Dept. of Recreation & Parks	\$22,471
Department of Transportation	\$ 92,276
Department of Public Works	\$856,808
Convention Center	\$500
Dept. of Housing & Community Dev.	\$71,243
Baltimore Development Corporation	\$9,050
<b>Total</b>	<b>\$1,129,236</b>

\*Amounts in thousands

**Recommended FY18 Funding by Fund Source**

<b>Category</b>	<b>Recommended Funding*</b>
General Obligation Bonds	\$65,000
General Funds	\$9,460
Revenue Loans	\$412,610
Utility Funds	\$70,935
Federal Funds	\$49,002
State Funds	\$262,841
General Funds HUR	\$11,940
County Grants	\$202,038
Other	\$ 45,410
<b>Total</b>	<b>\$1,129,236</b>

\*Amounts in thousands

The Department of Planning recommends approval of the FY 2018 – 2023 Capital Improvement Program.



**Thomas J. Stosur**  
**Director**