PLANNING COMMISSION

Stephanie Rawlings-Blake
Mayor

Wilbur E. "Bill" Cunningham, Chairman

Thomas J. Stosur
Director

STAFF REPORT

November 7, 2013

REQUEST: 2014 Loan Authorization Program for FY 2016 and 2017 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 2014 Loan Authorization Program will enable the City to issue $130 million in General Obligation Bonds, $65 million for fiscal year 2016 and $65 million for fiscal year 2017. 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 2014 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 2016 and FY 2017 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 2016 and $65,000,000 in FY 2017.

ANALYSIS

Planning Staff recommends the following allocation of funds for the 2014 Loan Authorization Program:

Parks and Public Facilities **$47,000,000 (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 East Roof & Window Replacement
- Abel Wolman Building Renovations
- Convention Center upgrades
- Central Library Renovation
- Branch Library Renovation
- Fire & Police Station Renovations/Replacements
- Recreation Facility Expansion & Modernization
- Aquatics Facility Modernization
- Athletic Field, Playground and Court Renovations

Community and Economic Development **$47,000,000 (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 support major redevelopment efforts from Brooklyn to Poppleton, from Somerset Homes to the Inner Harbor; 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:

- Citywide Acquisition and Relocation
- Poppleton Redevelopment—Phase II Acquisition and Demolition
- Somerset Homes Redevelopment Activities
- Whole Block Demolition and Greening Programs
- Shopping Center Revitalization Initiative
- Business Retention, Expansion and Attraction Financing
- Commercial District and Main Street Improvements

- Select smaller Cultural and Entertainment Capital Support
    - Bromo Arts Tower Façade Restoration $500,000
    - Shot Tower Stairway Safety Upgrades $100,000
    - Carroll Mansion ADA Upgrades $250,000
    - Peale Museum Restoration $250,000
    - Lyric Foundation, Inc. $100,000
    - The Maryland Zoo in Baltimore $200,000
    - Center Stage Associates, Inc. $100,000
    - Chesapeake Shakespeare Company $200,000
    - Baltimore Heritage Area $200,000
    - Maryland Science Center $300,000
    - American Visionary Arts Museum $50,000
    - Creative Alliance $100,000
    - B&O Railroad Museum $200,000

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 $1 billion initiative to renovate or replace 30-35 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.

Examples of potential projects:

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

National Aquarium **$800,000 (over 2 years)**

Baltimore Museum of Art **$400,000 (over 2 years)**

Walters Art Museum **$400,000 (over 2 years)**

Port Discovery **$400,000 (over 2 years)**

The Planning Department recommends approval of the 2014 Loan Authorization Program for the FY 2016 & FY 2017 Bond Issues.

Thomas J. Stosur
Director