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Mayor

PLANNING COMMISSION

Jon Laria, Chairman



Renata Southard
Acting Director

STAFF REPORT

REQUEST: FY2027-2032 Capital Improvement Program Recommendations

RECOMMENDATION: Approval

STAFF: Sara Paraniham and Leah Dubots

PETITIONER: City of Baltimore

BACKGROUND/HISTORY:

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.

The Planning Commission recommends a new six-year Capital Improvement Program (CIP) each year. Starting in August, the Department of Planning (DOP) works with participating city agencies to solicit project requests, prioritize projects for funding, and prepare the six-year plan.

Process: In August, DOP provided agencies with guidance for submitting Fiscal Year (FY) 27-32 CIP requests. In October, preliminary requests were submitted to DOP for initial review and feedback with final agency requests officially submitted to DOP in December. In January, agency requests were published on the CIP website and agencies presented priorities to the Planning Commission. On February 26, DOP staff presented detailed recommendations to the Planning Commission in a public work session. On March 12, the 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.

Policy Changes

For the FY27-32 CIP, DOP implemented several policy changes related to capital budget submissions.

- DOP required that any project requesting design must have an associated construction request. The intention of this requirement is to limit the number of design projects that

are funded with no construction planned in the future, ensuring the most effective use of capital funding.

- Agencies had the option to submit “Additional Priority” requests up to 50 percent more than their base budget for general funds, general obligation bonds, and highway user revenue (HUR). This change provides agencies with the opportunity to communicate priorities that cannot be fulfilled within currently available funding levels, provides insight into the total capital needs for the City, and provides decision-makers with project options to consider for funding should additional funds become available.
- DOP required agencies submitting program requests to include optimal annual funding levels, allowing for an increased understanding of the full scope required to achieve intended outcomes.
- DOP implemented a new approach to targets this year, identifying priority investments to advance the state of good repair, vacancy reduction priority geography, and equity.
- DOP implemented project justifications and asked agencies to submit up to three justifications that best describe the goals of each request. These included: addressing State or Federal mandates, furthering the city’s equity goals, addressing health and safety, improving or replacing an asset in poor condition, providing a significant return on investment, providing environmental benefits, or providing an efficient and effective solution.

During the previous CIP cycle (FY26-31), DOP implemented several policy changes that continued to be implemented in the current CIP cycle (FY27-32).

- DOP continued using the prior year’s approved capital improvement program as the starting point for this year’s process (FY27-32 is built from FY26-31). This encourages consistency with the Six Year Program and allows DOP to report on what changed and provide explanations of why changes were made (change in cost estimate, change in priority, etc.).
- DOP asked agencies to budget by project phase (design, construction, other) to provide clarity about what phase of the project funds are requested for and to begin funding all of one phase in a single fiscal year rather than spreading funding out over multiple years. This requires sequencing projects rather than having lots of projects in the pipeline at once that are partially funded. This will prevent funding from sitting in accounts waiting for funds to accumulate while the project becomes more expensive due to inflation.
- DOP continues to instill a culture of focusing the capital budget on state of good repair, while reserving limited funds for “special projects.”
- DOP asked agencies to distinguish between requests for projects and programs, and starting to request different data points for projects vs. programs
 - Projects: Cost estimates by phase, location
 - Programs: Optimal annual funding level
- In the past, agencies have requested State or Federal appropriations if there was any possibility of getting these funds so they would have the appropriations available without having to do a supplemental. For both the operating and capital budget, DOP requires

agencies to have a grant worktag in place to request State or Federal funds for the budget year.

- DOP continued to require that agencies identify cost estimates by phase, a step towards stronger project justifications and transparency.
- DOP continued to collect location information, allowing projects to be mapped in the detail report and for DOP to complete a distributional equity analysis.
- DOP continued to request that agencies only include confirmed State and Federal funds in the budget year.

Workday Clean Up: When the City initially transitioned to Workday, fund sources and amounts in certain Workday project accounts were incorrect. Staff continue to address these issues and challenges remain to connect appropriations to expenditures to determine balances by fund source. DOP continues to lead data remediation efforts with the help of Department of Finance (DOF). DOP continues to clean up prior appropriations, consolidate balances across multiple PRJs for the same project, and will be implementing funding source rules in coordination with DOF in the future.

Capital Needs: Baltimore's aging infrastructure requires hundreds of millions of dollars of investment to address decades of deferred maintenance, in addition to investments to provide modern facilities and amenities. To ensure Baltimore's capital investments systematically address aging infrastructure in the most efficient way, DOP implemented a new "State of Good Repair" target to track the implementation of projects that address deferred maintenance and improvements that will extend the useful life of the asset.

The DOP has taken various steps to reduce the gap between need and available funding, including advocating for an increase in Highway User Revenue allocated to the City, partnering with the Department of General Services, the Department of Real Estate, and the Mayor's Office to develop strategies for reducing the City's building inventory, encouraging agencies to adopt an asset management program, and exploring additional funding sources for capital projects.

While working with agencies, DOP has identified other major costs that will have to be addressed outside of the scope of the current capital budget, whether through a dedicated debt source or public private partnership. These include projects such as a convention center overhaul, comprehensive courthouse improvements, and more.

ANALYSIS:

The Department of Planning (DOP) is recommending a total of \$1,065,665,423 in appropriations for the FY27 capital budget and \$4,920,452,282 over the six-year program. The recommended FY27 capital budget includes \$257,018,444 in local discretionary sources (General Obligation (GO) bonds and General Funds) and \$80,000,000 in Highway User Funds.

Recommendations by Fund Source: 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 conducts a study to evaluate the City’s debt burden and make recommendations on appropriate annual borrowing levels.

Fund sources can be grouped into five categories, as shown below. Local discretionary funds include general funds (often referred to as PAYGO) and GO bonds. Highway User Revenue is received from the State for activities in the right of way, and the portion of Highway User Revenue in the capital budget makes up Transportation’s local funding. Other sources include: enterprise funds, such as those used to fund the water, wastewater, stormwater, and conduit utilities; state funds; federal funds; private payments; and other sources.

The totals for FY27 are broken down by fund sources in the table below.

Revenue Categories	FY2027
Local Discretionary	\$ 257,018,444
General Fund Revenue - Capital	\$ 132,018,444
General Obligation Bonds - 3rd Public Infrastructure	\$ 62,500,000
General Obligation Bonds - 6th Community and Economic Development	\$ 25,000,000
General Obligation Bonds - 5th Affordable Housing	\$ 10,000,000
General Obligation Bonds - 51st School	\$ 27,500,000
Highway User Revenue	\$ 80,000,000
General Fund HUR Eligible- Capital	\$ 80,000,000
Federal and State	\$ 236,562,804
Federal Grants	\$ 113,812,804
State Grants	\$ 20,750,000
Federal Highway Administration Revenue	\$ 102,000,000
Utility Revenue	\$ 473,890,915
Utility Revenue	\$ 35,000,000
Revenue Bonds	\$ 332,950,286
Counties Grant-Capital	\$ 115,940,629
Other	\$ 18,193,260
Other Funds - Capital	\$ 3,105,400
Casino Supp-Community Grant - Capital	\$ 4,750,000
Pimlico Local Impact Grant	\$ 1,986,000
Alley & Footway Revenue	\$ 4,000,000
HABC Revenue – Capital	\$ 4,351,860
Total	\$ 1,065,665,423

General Obligation Bonds

One of the most critical fund sources for the City’s capital budget are General Obligation (GO) bonds. Based on the 2024 election, the City will be authorized to issue *up to* \$125 million per year in GO bonds for FY26 and FY27, with increases planned in future years. The Board of Finance established a policy to review the amount of GO bonds budgeted annually prior to the start of budget planning. DOP’s recommended FY27-32 CIP shows the highest possible GO bond amount, per the debt study recently completed by the Bureau of Treasury, as displayed in the chart below.

GO Bond revenue projections reflect the current GO Bond authority for the City, as approved by voters in 2024. DOP has begun the approval process for the next loan authorization referendum on the 2026 ballot. Planning Commission, Board of Finance, Board of Estimates, and the Baltimore City delegation to the Maryland General Assembly have approved the proposed loan authorization. This spring the loan authorization will be presented to the City Council for a vote and this fall the loan authorization will be on the ballot. The recommendation is to authorize the City to borrow up to \$280 million over a two-year period, \$140 million per year for the fiscal years 2028 and 2029 budgets. This represents a continued increase in GO bond authorization as recommended in the 10-year financial plan.

The recommendations are based on amounts programmed into four major buckets as shown below.

Programmed GO Bond Allocations (\$ Millions)						
	FY27	FY28	FY29	FY30	FY31	FY32
Infrastructure	\$62.5	\$74.0	\$74.0	\$93.0	\$93.0	\$123.0
Community/ Economic Development	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0
Affordable Housing	\$10.0	\$11.0	\$11.0	\$12.0	\$12.0	\$12.0
Schools	\$27.5	\$30.0	\$30.0	\$40.0	\$40.0	\$40.0
	\$125.0	\$140.0	\$140.0	\$170.0	\$170.0	\$200.0

*Allocations are approximate and not necessarily the loan questions that would appear on the ballot

Highway User Revenue

The recommended FY27-32 CIP shows the projected amounts of Highway User Revenue (HUR) that Baltimore City will receive if 2022 House Bill (HB)1187 remains in effect. Based on HB 1187, the projected amounts are significantly higher in FY26 and FY27 before a sharp decline in FY28. The amounts programmed in FY27-32 reflect the current law and will be updated based on any legislative action taken by the Maryland General Assembly this session.

General Funds

The FY27 capital budget recommendations include \$132.0 million in General Funds. This is a significant increase over the typical \$15 million per year. One-time revenues are often used to

boost capital investments and significant funds were available to be used for the capital budget this year. This does not represent an ongoing increase in General Funds for capital projects.

Recommendations by Agency:

Department of General Services

The Department of General Services (DGS) manages the City's vertical assets on behalf of all City agencies except for Baltimore City Recreation and Parks (BCRP), Department of Public Works (DPW), and Department of Transportation (DOT), acting as the central design and construction agency for capital projects for these assets. DGS's building inventory has an average Facilities Condition Index (FCI) of 52 percent, far exceeding the construction industry benchmark of 20 percent for municipal buildings. The inventory currently carries \$1.3 billion in deferred maintenance, and DGS requires \$104 million annually to prevent further deterioration. In FY27, \$60.4 million is recommended for DGS, representing a significant funding increase for special project such as the Northeast Police District Headquarters. In future years, DGS will receive steady funding to continue advancing the City's facility improvement goals.

Highlights:

- Northeast Police District Station Replacement (\$35.3M in FY27)
- More than \$50M recommended for improvements to police stations (FY27-32)
- More than \$50M recommended for improvements to courthouses (FY27-32)
- Nearly \$70M of funding recommended for investment in the downtown campus (FY27-32)
- Nearly \$25M of funding recommended for investment in libraries (FY27-32)

Department of Transportation

The Department of Transportation (DOT) must commit \$10.5 million of its funding to match a total of \$42 million in federal funds, an increase of \$12 million (from \$30M to \$42M) through the Bipartisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA).

In 2010, Highway User Revenues (HUR) coming to the City dropped precipitously as the State struggled to balance its budget during the recession that year. The reduction in HUR dramatically reduced DOT's capital budget. Recognizing that these levels of capital investment for transportation infrastructure were not sustainable, the City began budgeting County Transportation Revenue Bonds in 2014 – debt paid for by future HUR allocations. In 2023, local leaders and elected officials across the State worked to restore the levels of HUR provided to local jurisdictions by the State. HUR to the City increased starting with FY24, ramping up through FY27. The amounts programmed in the FY27-32 CIP reflect the current law and will be updated based on any legislative action taken by the Maryland General Assembly this session.

Highlights:

- West Baltimore United (\$157.7M in FY27)
- Americans with Disabilities Act (ADA) consent decree (\$12.0M in FY27 and \$12.0M in FY28)
- Sidewalk reconstruction (\$5.6M in FY27 and \$9.7M in FY28-32)

- Road resurfacing (\$20.8M in FY27 and \$23.6M in FY28-32)
- Phase II of the Greenway Middle Branch Network (\$8.0M in FY27)

Department of Public Works – Bureau of Solid Waste

The expansion of the Quarantine Road Landfill has dominated the Bureau of Solid Waste’s (BSW) capital budget since FY 2020, when DOP began dedicating \$3 million per year from the City’s GO bonds to the needed landfill expansion to supplement the \$6 million per year budgeted in the operating budget. DPW is re-evaluating whether to proceed with the landfill expansion or to utilize alternative approaches to waste management. In FY28 and FY29, \$5.6 and \$14.0 million is included in Solid Waste’s capital budget for the Eastside Sanitation Complex. The balance of BSW’s capital budget is for regulatory compliance at the current landfill and improvements to existing sanitation facilities and yards.

Highlights:

- Westside Sanitation Yard renovation (\$9.7M in FY27)
- Eastside Sanitation Complex (\$5.6M in FY28 and \$14M in FY29)
- Long Haul Waste Diversion (\$20M in FY32)

Department of Recreation and Parks

Recommendations for the Department of Recreation and Parks (BCRP) focus on making sure projects are fully funded and implemented. BCRP anticipates that the Playbook will be available as a planning resource soon and will guide future capital investments for the agency. In future CIP cycles, projects programmed for FY28-31 will be adjusted to align with the Playbook’s recommendations.

Highlights:

- Lillian Jones Recreation Center construction (\$15.0M in FY28)
- Youth Sports Complex (\$20.0M in FY27)
- Madison Square Recreation Center renovation in (\$13.5M in FY30)
- Druid Hill Park Reservoir Enhancements in (\$25.6M total in FY30 and FY31)
- Over \$24M in funding is recommended as an investment in pools

Baltimore Development Corporation

The core of Baltimore Development Corporation’s (BDC) capital budget each year has been its business support programs, including Façade Improvement Grants, the Innovation Fund, and Inner Harbor Infrastructure Improvements. These regular, ongoing programmatic items total to \$4.0 million in FY27. This year, \$15.0 million is recommended in FY27 to establish the City’s economic development fund, intended to create a self-sustaining economic development fund by channeling capital into promising business ventures through equity investments.

Highlights:

- CharmTV Community Incubator (\$7.8M in FY27)
- Economic Development Fund (\$15.0M in FY27)

Department of Housing & Community Development

The Department of Housing & Community Development's (HCD) capital budget includes many of the items that allow the agency to provide important services across the City, including demolition, stabilization, housing repair and home purchasing incentives. It also includes requests for projects in Impact Investment Areas and Middle Neighborhoods. The investment in the Impact Investment Areas through the CIP is part of the Mayor's \$3 billion Vacants Initiative. HCD's program also includes the amount set aside for the Affordable Housing Trust Fund.

Highlights:

- Southeast Redevelopment (\$4.0M in FY27)
- \$14.7M recommended funding for Vacancy Reduction Priority Geographies in FY27 and \$20.0M total is recommended between FY28-31.
- \$8.0M investment in demolition and stabilization programs is recommended in FY27 with \$32.5M total recommended FY28-32.
- \$5.0M investment in the Buy Back the Block Program recommended in FY27 with \$3.75M total recommended FY28-32.

Baltimore City Information Technology

BCIT projects focus on IT infrastructure, applications, cybersecurity and public safety technology. Baltimore City Information Technology is unique among agencies participating in the capital program. Items in BCIT's capital program do not have a life span that matches the term of the City's GO bond debt. Because debt is not an appropriate source for these projects, BCIT is only funded through General Funds, not GO Bonds. While this has not been an issue, it remains a risk in years where revenues are low or demand on the operating budget is high.

Highlights:

- Computer-Aided Dispatch (CAD) replacement (\$12.4M in FY27)

CONFORMITY TO PLANS

In the current FY 2026-2031 Capital Improvement Program, the amount of GO bonds programmed for FY 2028 and FY 2029 is \$140 million per year. In anticipation of the \$3 billion vacants initiative ramping up with other funding sources, the community and economic development GO bonds were programmed to be reduced to focus on much needed public infrastructure.

The proposed loan authorization restores the 2024 community and economic development funding levels rather than following the programmed amounts. This provides flexibility to fund traditional community and economic development activities, such as demolition, acquisition, and stabilization as needed and/or to use community and economic development bonds to improve public infrastructure that supports community and economic development goals (parks, recreation centers, transportation infrastructure, libraries, health centers, etc.).

Question	FY28 Programmed	FY28 Recommended	FY29 Programmed	FY29 Recommended
A - Affordable Housing	\$11	\$11	\$11	\$11
B - Schools	\$30	\$30	\$30	\$30
C - Community & Economic Development	\$11.5	\$25	\$11.5	\$25
D - Public Infrastructure	\$87.5	\$74	\$87.5	\$74
Total	\$140	\$140	\$140	\$140

DISTRIBUTION & EQUITY

The Urban Sustainability Directors’ Network (USDN) sets forth four overarching ways to consider equity: structural, procedural, distributional, and transgenerational. The Planning Commission has been attempting to address distributional equity through its annual CIP distribution analysis and by using equity as a justification for each specific project proposal. In addition, the Department of Planning has been working to improve outreach and engagement to improve procedural equity. This fiscal year, we have been providing monthly information sessions at branch libraries around the City.

Each year, the Department of Planning prepares an updated Capital Improvement Program Distribution Analysis for the most recent fiscal year after the budget is adopted by City Council.

RECOMMENDATION

The Planning Department recommends approval of the recommendations for the FY2027-2032 Capital Improvement Program.

03/11/2026

**Renata “Ren” Southard
Acting Director**