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FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 23-0385 – Study and Report-Baltimore City Climate Resilience Authority		

DATE:

TO

The Honorable President and  
Members of the City Council  
City Hall, Room 400

June 26, 2023

**Position: Does Not Oppose**

The Department of Finance is herein reporting on City Council Bill 23-0385, Study and Report-Baltimore City Climate Resilience Authority, the purpose of which is to have agencies complete a report detailing how the City may establish a climate resilience authority.

**Background**

Revenue authorities are usually quasi-governmental entities that are established at the State, county, or municipal level. The structure depends on their purpose, but one commonality is the ability to finance projects for the public benefit outside of the normal governmental budget and debt issuance process. This means that the debt is not considered government debt. Bonds are a common financing method for these authorities and may be structured in various ways, including pledging project revenue (e.g., parking fees from a newly constructed garage) or nonproject revenue (e.g., annual appropriations from the government). Resilience authorities, which are a type of revenue authority, focus on financing projects related to climate resilience.

Climate resilience is the implementation of policies, programs, and projects to adapt to climate change. In Maryland, climate resilience is associated with initiatives to reduce the impacts or risk of harm associated with excessive heat, rising sea levels, coastal storm surge, and flooding. Resilience projects do not generate an obvious revenue stream, making traditional forms of financing challenging. These authorities can be funded directly by a local government, as well as grants, fees for service, revenue bonds, and “resilience bonds”, which monetize future avoided costs to fund current investments.

In 2020, the Maryland General Assembly passed SB457/HB539, which authorized local jurisdictions to create Resilience Authorities to undertake and finance projects that mitigate the effects of climate change, including “flood barriers, green spaces, building elevation, and stormwater infrastructure.” In recent years, Montgomery County, Charles County, and Anne Arundel County in partnership with the City of Annapolis have established revenue authorities to fund clean energy and climate resilience projects. In January 2023, Baltimore County announced plans to develop a framework for establishing a resilience authority.

This legislation requires the Departments of Finance, Law, Planning, Public Works, and Transportation and the Office of Sustainability to develop a report on climate resilience authorities within Maryland, considerations for establishing an authority in Baltimore City, potential revenue sources, and potential climate mitigation strategies specific to Baltimore that the authority could pursue.

**Fiscal Impact**

The Department of Finance anticipates minimal fiscal impact from this legislation. Based on costs of other studies and efforts within City agencies, Finance anticipates that this report could be completed by agencies in coordination with a vendor or partner for less than \$50,000.

**Other Considerations**

The Department of Finance recommends that the City Council consider extending the timeframe for the study and report to be complete, as recommended by the Office of Sustainability, to ensure ample time to identify a vendor or partner to help complete the work, the actual completion of the report, and the public comment period. In addition, Finance recommends the City Council consider including the Mayor's Office of Infrastructure Development in this legislation considering the role of that Office in developing and coordinating major infrastructure projects and initiatives.

Based on a preliminary scan of the Fiscal 2024 operating budget, Finance estimates the City is funding a total of \$109.2 million across all funds for services related to green infrastructure and climate resilience. This includes funding for Urban Forestry, Park Maintenance, Surface Water Management, Office of Sustainability, Public Right-of-Way Landscape Management, and Public and Private Energy Performance.

**Conclusion**

Finance supports the intent of this legislation to understand funding opportunities to implement climate resilience projects considering the growing impact of climate change on Baltimore City residents. This legislation has minimal fiscal impact for the City to conduct a study and produce the report. The City Council may want to consider extending the timeline to submit the report and inclusion of the Mayor's Office of Infrastructure Development, as well.

**For the reasons stated above, the Department of Finance does not oppose City Council Bill 23-0385.**

cc: Michael Moiseyev  
Nina Themelis