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**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**Tuesday, July 2, 2024
10:02 AM**

COUNCIL CHAMBERS

Council Bill #24-0483

Revenue Obligations – Stormwater Projects – Maximum Aggregate Principal Amount

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BILL SYNOPSIS

Committee: Ways and Means

Bill: 24-0483

Revenue Obligations – Stormwater Projects – Maximum Aggregate Principal Amount

Sponsor: Administration

Introduced: January 22, 2024

FOR the purpose of increasing the maximum aggregate principal amount of the revenue obligations that may be outstanding, as of June 30 of each year, under Ordinance 18-174, as amended, by the City to finance or refinance stormwater facilities and, in that connection, amending and restating sections of Ordinance 18-174; providing for a special effective date; and generally relating to the issuance and payment of revenue obligations.

Effective: Day Enacted

Agency Reports

Law	None as of writing
Department of Transportation	Favorable
Department of Finance	Favorable
Department of Planning	No Objection
Baltimore Development Corporation	Favorable
Department of Public Works	Favorable

Analysis

Current Law

Article II – General Powers, Section (50) Revenue bonds and obligations of the Baltimore City Charter authorize the Mayor and City Council to issue and manage bonds, notes, or other revenue obligations.

Article Local Government, Title 19 – Public Debt, subtitles 1 - 10 of the Annotated Code of Maryland outlines the creation of public debt and bonds for municipalities in Maryland.

Background

Ordinance 18-174 authorizes the City to issue from time to time its revenue obligations to finance stormwater facilities within the geographical limits of the City’s stormwater system. This ordinance authorizes revenue obligations within the maximum aggregate principal amount of \$202 million. However, due to new projects for the Stormwater Utility through FY2029, an additional \$118 million is requested to finance these projects. Council Bill 24-0483 seeks to increase that limit to \$320 million to accommodate additional capital needs to finance the stormwater work. The bonds under this authorization will include installing stormwater facilities to improve the City’s water quality, reducing flooding, and system rehabilitation.

Additional Information

Fiscal Note:

Information Source(s): 24-0483, Baltimore City Charter, Annotated Code of Maryland, and all agency reports received as of this writing.


Analysis by: Niya N. Garrett
Analysis Date: June 27, 2024

Direct Inquiries to (410) 396-1268

Council Bill 24-0483

Agency Report

SEE ATTACHED

F R O M	NAME & TITLE	Corren Johnson, Director	CITY of BALTIMORE M E M O	
	AGENCY NAME & ADDRESS	Dept. of Transportation (DOT) 417 E Fayette Street, Room 527		
	SUBJECT	Council Bill 24-0483		

DATE: 3/4/2024

TO: Mayor Brandon Scott
TO: Ways and Means Committee

FROM: Department of Transportation
POSITION: **Support**
SUBJECT: Council Bill 24-0483

TITLE – Revenue Obligations - Stormwater Projects - Maximum Aggregate Principal Amount

PURPOSE – For the purpose of increasing the maximum aggregate principal amount of the revenue obligations that may be outstanding, as of June 30 of each year, under Ordinance 18-174, as amended, by the City to finance or refinance stormwater facilities and, in that connection, amending and restating sections of Ordinance 18-174; providing for a special effective date; and generally relating to the issuance and payment of revenue obligations.


COMMENTS – The bill in question would raise the ceiling on stormwater bonds from \$202 million to \$320 million. This would allow the City to borrow additional capital meant to finance stormwater work. This work may include stormwater inlets, drains, underground pipes, and so on. Allowing for greater borrowing flexibility would speed up the City’s progress toward fully separated sewer and stormwater systems, thereby preventing the flow of sewage into waterways during storms. The additional funding could also support efforts to mitigate the growing threats of rising sea levels, flash flooding, storm surges, and other extreme weather conditions. The potential fiscal impact of accruing additional debt will be considered by the departments of Finance and Planning as part of the annual budget planning process, thus ensuring a return on investment.

DOT POSTION – The Department recognizes the need for additional funding for stormwater mitigation infrastructure, especially given environmental and climate resiliency implications. Therefore, the Department **supports** the advancement of Council Bill 24-0483.

Please do not hesitate to contact Liam Davis at Liam.Davis@baltimorecity.gov or at 410-545-3207 if you have any questions or concerns.

Sincerely,

Corren Johnson,
Director

FROM	NAME & TITLE	Jennell Rogers, Chief and Clerk to the Board of Finance	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS			
	SUBJECT	City Council Bill 24-0483– Revenue Obligations – Stormwater Projects – Maximum Aggregate Principal Amt.		

DATE:

TO

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

February 1, 2024

Position: Support

The Department of Finance is herein reporting on City Council Bill 24-0483, Revenue Obligations – Stormwater Projects – Maximum Aggregate Principal Amount, the purpose of which is to increase the borrowing authority from \$202,000,000 to \$320,000,000 for the Utility allowing the City to secure funding to finance or refinance the Stormwater facilities.

Background

City Charter Article II – General Powers- Section 50 – Revenue Bonds and Obligations mandates that an ordinance of the City Council shall authorize revenue bond obligations. The current authorization established a limit of \$202,000,000 following the enactment of Ordinance 18-174 approved on 9/17/2018. This request is required to accommodate new debt issuance supporting the Stormwater Utility Capital Improvement Program. The requested increase of an additional \$118,000,000 will permit the funding of new projects for the Stormwater Utility through FY2029.

Fiscal Impact

Increases are sought occasionally, based on the projected borrowing needs of the Department of Public Works for the Stormwater Utility, to finance system improvements necessary to meet federal and state regulations and to continue modernizing and repairing the facilities for reliability.

The bonds under this authorization include installing stormwater facilities to improve the City’s water quality, reducing flooding, and system rehabilitation. All the projects shall be in the Capital Improvement Program and part of the annual capital budget process, including approvals by the Board of Finance, the Board of Estimates, and the City Council. This debt shall be an obligation of the Stormwater Utility System and will not constitute a general obligation of the City.

Conclusion

This increase is needed to support the Capital Improvement Plan, provide additional options to finance the projects and meet the state and federal regulatory requirements. The debt will be paid from the stormwater fee assessed to system users and will not impact the general funds.

For the reasons stated above, the Department of Finance supports City Council Bill 24-0483.

cc: Michael Mocksten
 Nina Themelis



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Chris Ryer, Director, Department of Planning <i>Chris Ryer</i>
DATE	June 20, 2024
SUBJECT	City Council Bill #24-0483 - Revenue Obligations - Stormwater Projects - Maximum Aggregate Principal Amount

Position: No Objection

SUMMARY OF POSITION

The Department of Planning (DoP) annually prepares a six-year Capital Improvement Program, the first year of which becomes the City's capital budget. DoP works with agencies that manage physical infrastructure. DoP wishes to underscore the importance of investing in physical infrastructure to protect the natural environment and quality of life, but recognizes the need to balance that investment with affordability.

CONCLUSION

The Department of Planning has no objection to this bill, and defers to the Department of Finance.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at eric.tiso@baltimorecity.gov or at 410-396-8358.



MEMORANDUM

DATE: March 7, 2024
TO: Ways and Means Committee
FROM: Colin Tarbert, President and CEO
POSITION: Favorable
SUBJECT: Council Bill 24-0483

A handwritten signature in black ink, appearing to read "Colin Tarbert".

INTRODUCTION

The Baltimore Development Corporation (BDC) is reporting on City Council Bill 24-0483, introduced by Council President Mosby.

PURPOSE

This bill will increase the maximum amount of the revenue obligations that may be outstanding (as previously set forth under City Ordinance 18-174), from \$202,000,000 to \$320,000,000.

BRIEF HISTORY

Baltimore City Ordinance 18-174 authorizes the City to issue its revenue obligations to finance stormwater facilities within the City's stormwater system. This proposed increase is a direct response to recent stormwater events and will allow the City to increase the number of stormwater facilities financed with the proceeds of revenue obligations.

In addition to providing an essential function for residents, businesses rely on well-maintained and well-functioning utilities to be able to operate and provide jobs and services to communities. Inadequate systems may prevent businesses from operating appropriately. When these systems fail, the result can be catastrophic, and the costs enormous. The ability to obtain funds to maintain the stormwater system in good repair is essential to ensuring that the City can continue to support the infrastructure that hundreds of thousands of residents and businesses rely on.

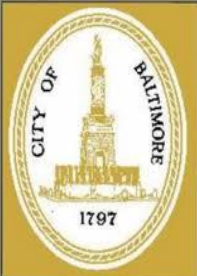
FISCAL IMPACT [to BDC]

None.

AGENCY POSITION

The Baltimore Development Corporation respectfully submits a **favorable** report on City Council Bill 24-0483. If you have any questions, please contact Kim Clark at 410-837-9305 or KClark@baltimoredevelopment.com.

cc: Nina Themelis, Mayor's Office of Government Relations
[MJF]

FROM	NAME & TITLE	Richard J. Luna, Interim Director	CITY of BALTIMORE <i>MEMO</i>	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	City Council Bill 24-0483		

February 27, 2024

TO:

Ways and Means Committee

I am herein reporting on City Council Bill 24-0483 introduced by the Council President on behalf of the Administration (Bureau of Treasury Management).

The purpose of the Bill is to increase the maximum aggregate principal amount of revenue obligations that may be outstanding, as of June 30 of every year, under Ordinance 18-174, as amended by the City to finance or refinance stormwater facilities; to amend and restate sections of Ordinance 18-174; provide for a special effective date; and generally relating to the issuance and payment of revenue obligations.

Ordinance 18-174 authorized the City to issue revenue obligations to finance stormwater facilities within the geographical limits of the City’s stormwater system. The maximum aggregate principal amount of revenue obligations allowed under the Ordinance is \$202,000,000. Increases are sought from time to time, based on the projected borrowing needs of the Stormwater Utility to finance stormwater system improvements necessary to meet the City’s regulatory responsibilities under the Municipal Separate Storm Sewer System permit (MS4 permit) and to continue modernizing and repairing facilities for reliability. The projects funded by these authorizations are included in the City’s Capital Improvement Program and are incorporated into the annual Ordinance of Estimates. The debt incurred is a revenue obligation of the Stormwater Utility and is not a general obligation or pledge of the City’s full faith and credit.

City Council Bill 24-0483 would provide the first increase to the Stormwater Utility’s maximum revenue obligations of \$320,000,000. This increase is necessary to have sufficient authorization to satisfy anticipated borrowing needs. Section 2 of Ordinance 18-174 would be amended to clarify that revenue obligations are authorized for the financing or refinancing of the cost of financed facilities and for repaying the City for amounts of financed facilities in anticipation of issuance of revenue bonds. It also states that the aggregate principal amount of revenue obligations that are outstanding may not exceed \$320,000,000 as of June 30 of every year.

The Honorable President and Members
of the Baltimore City Council
February 27, 2024
Page 2

The Department of Public Works supports passage of City Council Bill 24-0483.

A handwritten signature in blue ink, appearing to read 'RJL', with a stylized flourish at the end.

Richard J. Luna
Interim Director

RJL:MMC

**CITY OF BALTIMORE
COUNCIL BILL 24-0483
(First Reader)**

Introduced by: The Council President
At the request of: The Administration (Department of Law)
Introduced and read first time: January 22, 2024
Assigned to: Ways and Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Department of Planning, Department of Public Works, Baltimore Development Corporation, Department of Transportation

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Revenue Obligations – Stormwater Projects –**
3 **Maximum Aggregate Principal Amount**

4 FOR the purpose of increasing the maximum aggregate principal amount of the revenue
5 obligations that may be outstanding, as of June 30 of each year, under Ordinance 18-174, as
6 amended, by the City to finance or refinance stormwater facilities and, in that connection,
7 amending and restating sections of Ordinance 18-174; providing for a special effective date;
8 and generally relating to the issuance and payment of revenue obligations.

9 BY repealing and re-ordaining, with amendments
10 Ordinance 18-174
11 Section 2(a)

12 BY authority of
13 Article II - General Powers
14 Section (50)
15 Baltimore City Charter
16 (2000 Edition)
17 and
18 Article - Local Government
19 Title 19
20 Annotated Code of Maryland
21 (2013 Edition)

22 **Recitals**

23 Ordinance 18-174 authorizes the City to issue from time to time its revenue obligations to
24 finance stormwater facilities within the geographical limits of the City's stormwater system.
25 The maximum aggregate principal amount of revenue obligations authorized to be
26 outstanding, as of June 30 of each year, under Ordinance 18-174, is \$202,000,000.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 24-0483

1 Certain recent events have occurred that affect aggregate principal amount of revenue
2 obligations that may be required to finance stormwater facilities, including (without
3 limitation) an increase in the number of stormwater facilities that the City may desire to
4 finance with the proceeds of revenue obligations.

5 Accordingly, the City desires to increase to \$320,000,000 the aggregate principal amount of
6 the revenue obligations that may be outstanding, as of June 30 of each year, under Ordinance
7 18-174, as amended.

8 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That
9 Section 2(a) of Ordinance 18-174, is repealed, re-ordained, and amended to read as follows:

10 SECTION 2. AND BE IT FURTHER ORDAINED, That:

11 (a) The issuance, sale and delivery of revenue obligations is hereby authorized for the
12 public purpose of financing or refinancing the cost of the Financed Facilities and
13 repaying the City for amounts expended on Financed Facilities in anticipation of the
14 issuance of the revenue obligations, provided that as of June 30 of each year the
15 aggregate principal amount of revenue obligations outstanding may not exceed
16 \$320,000,000.

17 **SECTION 2. AND BE IT FURTHER ORDAINED,** That Ordinance 18-174, as amended by this
18 Ordinance, continues in full force and effect.

19 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
20 enacted.