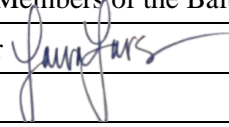




CITY OF BALTIMORE  
MAYOR BRANDON M. SCOTT

<b>TO</b>	The Honorable President and Members of the Baltimore City Council
<b>FROM</b>	Laura Larsen, Budget Director 
<b>DATE</b>	June 26 <sup>th</sup> , 2024
<b>SUBJECT</b>	24-0537 Bond Issue - Public Infrastructure Loan - \$125,000,000

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

**Position: Support**

The Department of Finance is herein reporting on City Council Bill 24-0537, Bond Issue - Public Infrastructure Loan - \$125,000,000, the purpose of authorizing the Mayor and City Council of Baltimore (pursuant to General Assembly House Resolution IV and Senate Resolution IV of 2024 approved by the members of the Maryland General Assembly representing Baltimore City) to create a debt, and to issue and sell its certificates of indebtedness as evidence thereof, and proceeds not exceeding One Hundred Twenty-Five Million Dollars (\$125,000,000)

**Background**

As proposed, City Council bill 24-0537 would authorize the Mayor and City Council to create debt not exceeding One Hundred Twenty-Five Million Dollars (\$125,000,000) for the purpose of development of the public infrastructure owned or controlled by the Mayor and City Council of Baltimore and the Enoch Pratt Free Library, and the construction and development of streets, bridges, courthouses, city office buildings, police stations, fire stations, solid waste facilities, information technology, public park and recreational and related land, property, buildings, structures or facilities. The intent of this bill is to ensure that the Debt is created as a general obligation of the City pursuant to Section 7 of Article XI of the Constitution of Maryland. If passed, the Bond Issue will be placed on the November ballot for voters rejection or approval.

**Fiscal Impact**

Council Bill 24-0537 is one of four bills seeking to approval to increase General Obligation (GO) borrowing on the November 2024 ballot. In total, these bills, propose increasing the City's annual GO borrowing from \$80.0 million to \$125.0 million, a 56% increase. The proposed borrowing level is based on analysis from the City's debt study that was completed in December 2023. The debt study found that the City can incrementally phase in additional GO Borrowing over the next 10 years and remain within acceptable debt ratio standards. If approved, the debt service payments are projected to increase by \$28.1 million over the next 5 years. Additional debt service costs will require increased General Fund support; these costs will be planned and budgeted for in future budgets. The authorization is drafted as 'up to' meaning the actual GO borrowing amounts reflected in future capital budgets can be reduced based on the City's financial outlook.

Council Bill 24-0537 seeks to authorize \$125.0 million in GO Borrowing for infrastructure projects. This is a \$53.0 million, or 74%, increase above the current authorization for these projects. These projects appear in multiple agencies across the capital budget. The majority of these projects are overseen by the Department of General Services on behalf of user agencies.

**Conclusion**

The Finance Department acknowledges the additional General Fund cost associated with increasing the annual GO Borrowing authorization. The current funding level for capital projects is not sufficient to fund complete projects and further contributes to the City's growing deferred maintenance backlog. This additional investment in capital spending is a critical step towards reducing the City's risk exposure associated with such significant levels of deferred maintenance.

**For the reasons stated above, the Department of Finance supports City Council Bill 24-0537.**

cc: Michael Mocksten  
Nina Themelis