
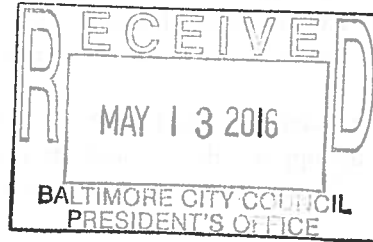


FROM	Name & Title	Steve Sharkey, Director	CITY OF BALTIMORE MEMO	
	Agency Name & Address	Department of General Services 800 Abel Wolman Municipal Building		
	Subject	Report on City Council Bill 16-0643 – Bond Issue - Recreation, Parks and Public Facilities Loan - \$45,000,000		

TO: The Honorable President and Members
of the Baltimore City Council
Attn: Karen Randle, Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

DATE: May 13, 2016



Re: City Council Bill 16-0643 – Bond Issue - Recreation, Parks and Public Facilities Loan - \$45,000,000

Dear President and City Council Members:

The Department of General Services has reviewed City Council Bill 16-0643 – Bond Issue - Recreation, Parks and Public Facilities Loan - \$45,000,000 as introduced by the City Council President on behalf of the Administration and supports favorable passage of the legislation.

The bill's purpose is to authorize the Mayor and City Council of Baltimore (pursuant to Resolution IV of 2016 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 \$45,000,000. The legislation allows for the use of the bonded debt for the development of buildings owned or controlled by the Mayor and City Council of Baltimore, the Enoch Pratt Free Library, public park and recreational land, property, buildings, structures or facilities and for the renovation, alteration, construction, reconstruction, installation, improvement and repair of existing buildings, structures or facilities, to be or now being used for or in connection with the operations, functions and activities of the Mayor and City Council of Baltimore and the Enoch Pratt Free Library, public parks and recreation and related land, buildings, structures or facilities; the payment of any and all costs and expenses incurred for or in connection with doing any or all of the things herein mentioned, including but not limited to, the costs and expenses of securing administrative, appraisal, economic analysis, engineering, planning, designing, architectural, surveying and other professional services.

The Department of General Services maintains many of the buildings owned or controlled by the Mayor and City Council of Baltimore which often includes renovation, alteration, construction, reconstruction, installation, improvement and repair. The Department is committed to providing healthy work environments and safe reliable vehicles for City employees by delivering red carpet customer service to City agencies who serve Baltimore's citizens and stakeholders. To accomplish this, DGS provides cost-effective, high quality, reliable and sustainable services by managing facilities and fleet operations while maintaining exemplary administrative attention supporting Baltimore City agencies in the advancement of their respective goals.


In recent years, capital spending levels for most of Baltimore's basic infrastructure has been driven not by an assessment of underlying needs, but primarily by a determination of the level of debt that can be

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afforded. In turn, once the level of available resources to be generated from debt financing has been identified, projects have then been prioritized within such parameters to the best extent possible — whether or not such funds are truly sufficient to renew and replace core assets.¹

In its capital cost analysis using VFA as a tool, DGS demonstrated that the minimum investment needed to protect the City's assets exceeds \$55M per year. The \$55M funding level is based on investing back, an industry standard, 3-5% of the Total Current Replacement Value of the entire City portfolio. These 165 buildings are from various City agencies but do not include the Department of Public Works, Bureau of Water/Wastewater nor Recreation and Parks. This analysis uses a Facilities Condition Index to compare the current cost of replacement to the required upgrades over time.

After careful review, in order to protect the City's assets, keep the facilities from becoming a financial liability, and provide an opportunity to free up future operating dollars, the Department of General Services urges the City Council to support City Council Bill 16-0643.



STEVE SHARKEY
DIRECTOR

SS:rpt

¹ Public Financial Management. "City of Baltimore, Ten-Year Financial Plan, Background Report." (2013): 61. Web. 13 Apr. 2016.