

D28A03
Maryland Stadium Authority

Executive Summary

The Maryland Stadium Authority (MSA) was established for the construction, operation, and maintenance of facilities for the Orioles professional baseball and the Ravens professional football teams. MSA's authority has been extended to include the construction and financing for the expansion of the Baltimore City Convention Center (BCCC), the Ocean City Convention Center (OCCC) expansion, participation with Montgomery County in the construction of a conference center, participation in the construction of the Hippodrome Performing Arts Center in Baltimore, and the financing and construction management of a new program of school construction and renovation in Baltimore City. MSA may manage any type of construction project for local governments and State agencies. The statute also authorizes MSA to conduct feasibility studies.

Operating Budget Data

(\$ in Thousands)

| | <u>FY 18</u> | <u>FY 19</u> | <u>FY 20</u> | <u>FY 19-20</u> | <u>% Change</u> |
|-----------------------------------|------------------|------------------|------------------|------------------|-------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> | <u>Prior Year</u> |
| General Fund | \$10,893 | \$10,820 | \$10,813 | -\$7 | -0.1% |
| Adjusted General Fund | \$10,893 | \$10,820 | \$10,813 | -\$7 | -0.1% |
| Special Fund | 40,000 | 40,000 | 40,000 | 0 | |
| Adjusted Special Fund | \$40,000 | \$40,000 | \$40,000 | \$0 | 0.0% |
| Nonbudgeted Fund | 204,630 | 332,029 | 316,096 | -15,933 | -4.8% |
| Adjusted Nonbudgeted Fund | \$204,630 | \$332,029 | \$316,096 | -\$15,933 | -4.8% |
| Reimbursable Fund | 0 | 7,152 | 11,467 | 4,315 | 60.3% |
| Adjusted Reimbursable Fund | \$0 | \$7,152 | \$11,467 | \$4,315 | 60.3% |
| Adjusted Grand Total | \$255,523 | \$390,001 | \$378,376 | -\$11,625 | -3.0% |

- Changes in nonbudgeted fund spending is primarily attributable to \$14.5 million less in cash flow needs for Baltimore City public school construction.
- Increased reimbursable fund activity is a function of modified budgeting procedures.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

| | <u>FY 18 Actual</u> | <u>FY 19 Working</u> | <u>FY 20 Allowance</u> | <u>FY 19-20 Change</u> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions | 111.85 | 111.85 | 124.00 | 12.15 |
| Contractual FTEs | <u>2.65</u> | <u>16.70</u> | <u>3.45</u> | <u>-13.25</u> |
| Total Personnel | 114.50 | 128.55 | 127.45 | -1.10 |

Vacancy Data: Regular Positions

| | | |
|---|------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 0.00 | 0.00% |
| Positions and Percentage Vacant as of 12/31/18 | n/a | n/a |

- Personnel changes reflect changing demands in Baltimore City school construction.

Key Observations

- Baltimore City school renovations continue, and MSA anticipates renovating or constructing 27 to 28 schools.
- SB 159 and HB 153, the Building Opportunity Act of 2019, propose to give MSA the authority to issue \$1.8 billion in 20-year, revenue-supported bonds.
- Legislation has been introduced in the 2019 session, SB 177 and HB 178, to authorize MSA to issue \$24.5 million of revenue bonds and structure financing terms for the expansion of the OCCC.
- MSA has completed feasibility studies that examined the renovation and expansion of the BCCC and Pimlico, the racetrack at which the Preakness Stakes is run each May.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

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Maryland Stadium Authority

Operating Budget Analysis

Program Description

The Maryland Stadium Authority (MSA) was established in 1986 as an independent unit in the Executive Department responsible for the construction, operation, and maintenance of facilities for the Orioles professional baseball and the Ravens professional football teams.

Since the Ravens football and Orioles baseball stadiums were constructed, MSA's authority has been extended to include construction and financing for other projects. Legislation enacted in 1992 assigned MSA the responsibility for the expansion of the Baltimore City Convention Center (BCCC); and in 1995, the authority was authorized to handle construction management of the Ocean City Convention Center (OCCC) expansion. Legislation in 1996 authorized MSA to participate with Montgomery County in the construction of a conference center; and in 2000, the authority was authorized to participate in the construction of the Hippodrome Performing Arts Center (Hippodrome) in Baltimore. Finally, in 2013, MSA's responsibilities were expanded to include the financing and construction management of a new program of school construction and renovation in Baltimore City.

MSA may manage any type of construction project for local governments and State agencies. The contracting agency must show that it can fund the project, and the budget committees must have 30 days to review and comment on the proposed work. Furthermore, the statute authorizes MSA to use up to \$500,000 annually of its nonbudgeted funds to conduct feasibility studies with the concurrence of the budget committees.

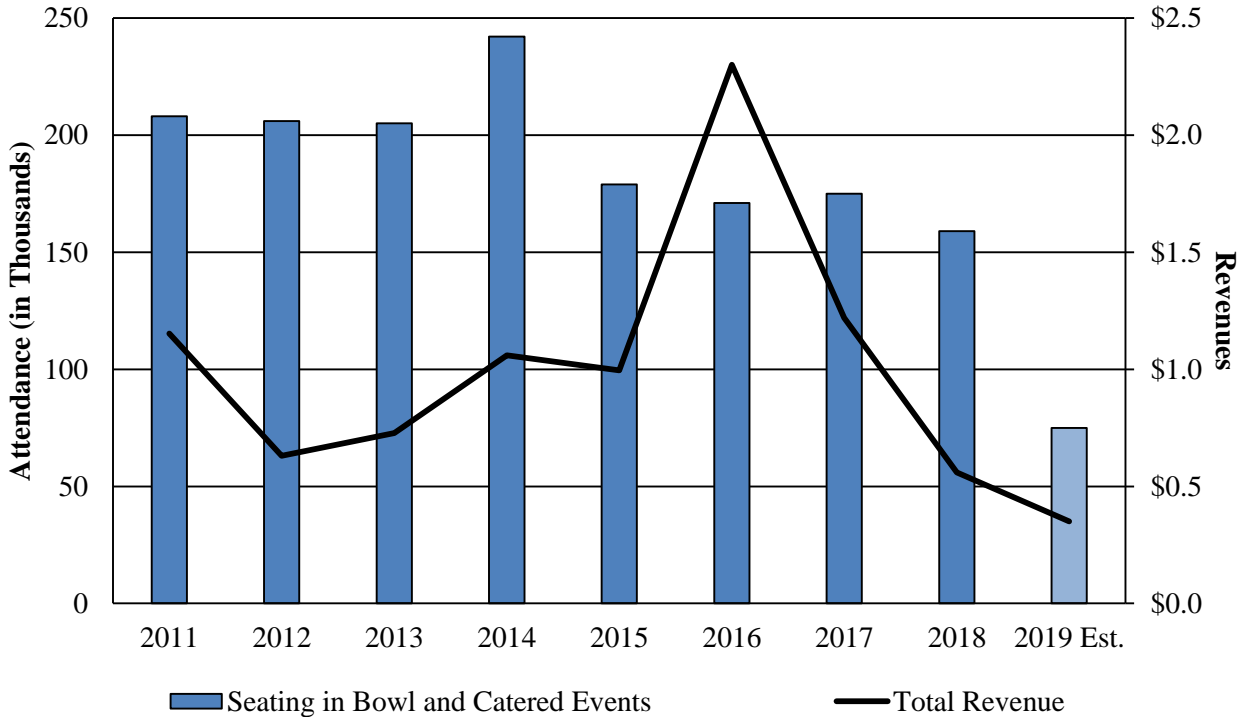
Performance Analysis: Managing for Results

1. Revenue from Events: Big 2016 Followed by Slowdown at M&T Bank Stadium

Nonprofessional league sporting events and other seating bowl¹ events are held at the Camden Yards Complex each year in order to supplement revenues. MSA also hosts various catered events at the complex each year. **Exhibit 1** shows the attendance each year and the amount of revenue generated from those events.

¹ Regular professional league events excluding Orioles and Ravens games. This includes concerts, soccer, college football, and high school football. Other events are catered events. Catered events can be corporate meetings, wedding receptions, holiday parties, proms, and trade shows. For nonprofessional events at the Ravens' football stadium, the State receives 45% of the revenues, and the Ravens receive the remainder. For catered events, MSA receives commissions that are about 20% of revenues from concessions.

Exhibit 1
Camden Yards Sports Complex Nonprofessional League Events
Fiscal 2011-2019 Est.
(\$ in Millions)



Source: Maryland Stadium Authority

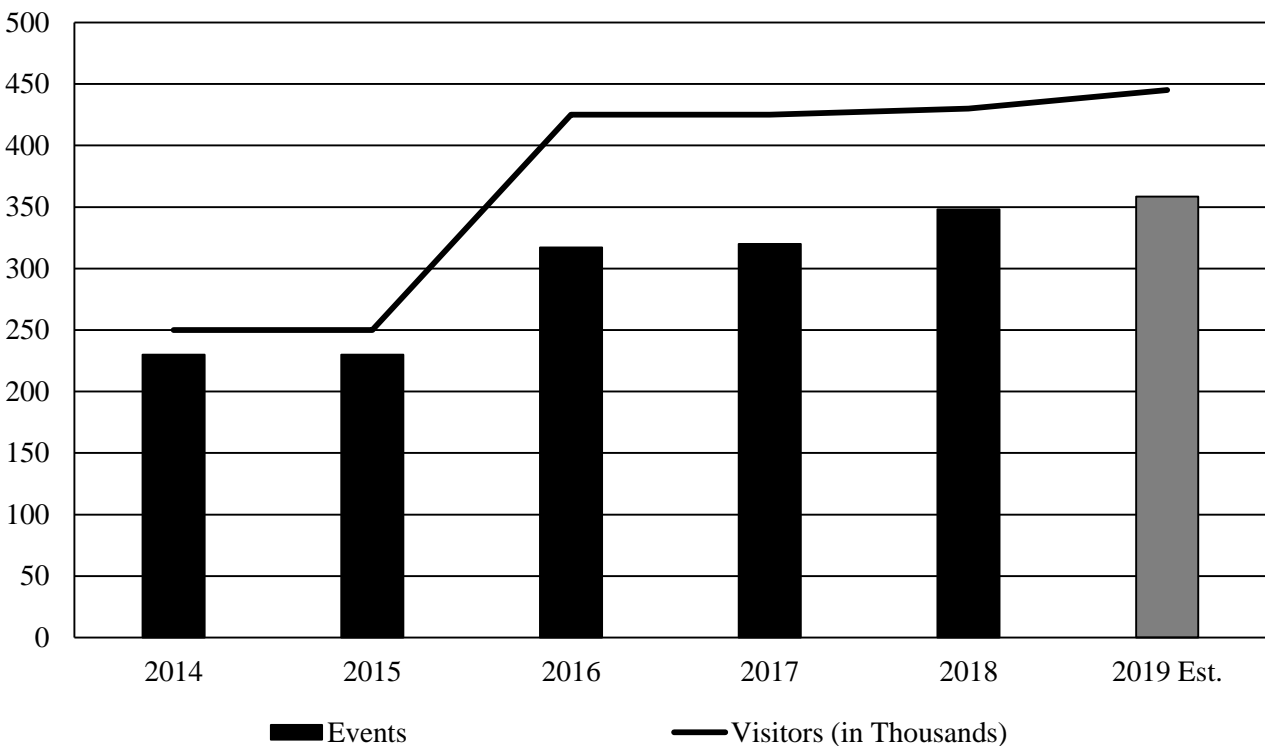
In fiscal 2016, the number of events declined. This followed another year of declining events. The authority reports that catered events, such as proms, receptions, and other similar events, are not as attracted to the facilities as in prior years. However, the authority has had greater success in attracting large scale seating bowl events. For example, the complex hosted a Beyoncé concert, a Billy Joel concert, and the Army/Navy game in fiscal 2016. Because of the high profile nature of these events, the authority generated a record high \$2.3 million in event revenue in fiscal 2016. Fiscal 2017, revenues returned to a more typical level.

The anticipated decline in fiscal 2018 and 2019 revenues is attributable to renovations at the Ravens Stadium, which reduces the number of opportunities to attract events. The renovations should be completed by fiscal 2020. The expectation is that revenues will get back to the \$1.0 million level when the renovations are completed.

2. Maryland Sports' Events Hold Steady in Fiscal 2017

MSA's Office of Sports Marketing was created in 2007 with the goal of attracting and hosting national and international sporting events. Rebranded as Maryland Sports in 2015, the office develops and promotes sports tourism in the State. The office began tracking performance data in fiscal 2014. **Exhibit 2** shows the number of sporting events held in the State and related visitors. Sporting events include competitions, activities, or hosting opportunities where there is a significant amount of out-of-state travelers or a large media presence.

Exhibit 2
Maryland Sports Events and Visitors
Fiscal 2014-2019 Est.



Source: Maryland Stadium Authority

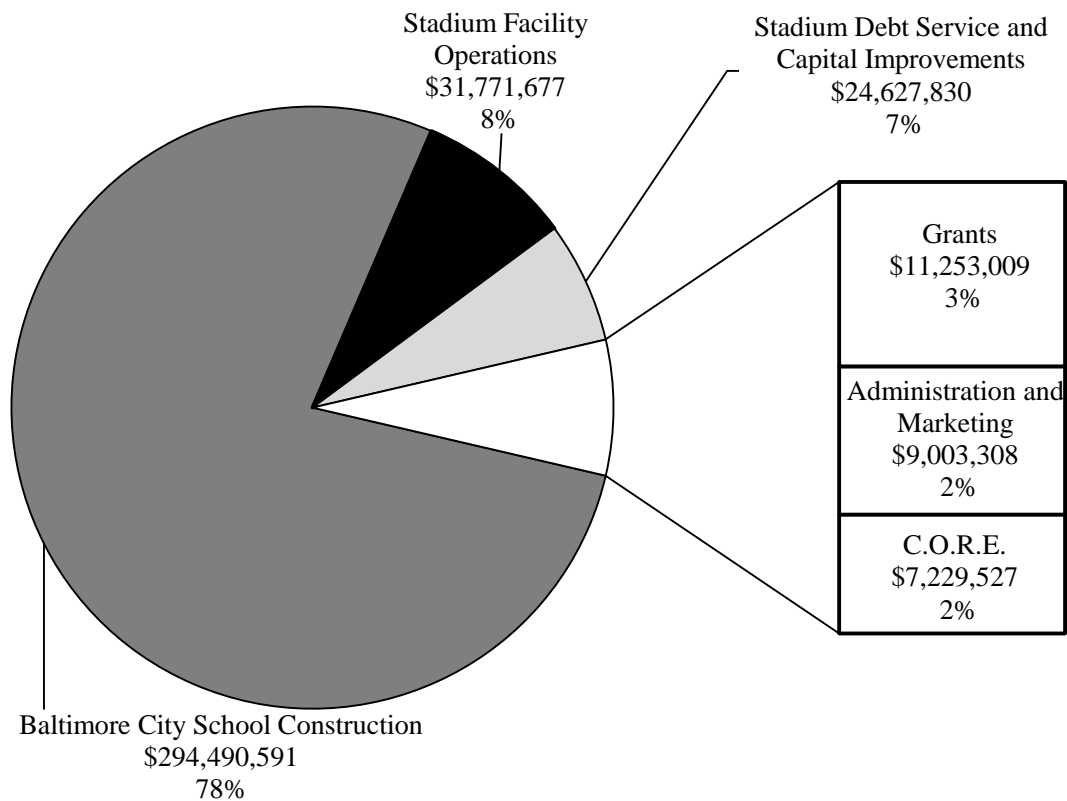
It is not entirely clear why there were steep increases in events and the number of visitors in fiscal 2016. MSA has expressed concerns that the data from earlier years may not be entirely accurate and advises that the data since fiscal 2016 is more accurate.

Fiscal 2020 Allowance

Overview of Agency Spending

Exhibit 3 shows that over three-quarters of the MSA budget supports Baltimore City school construction. Another 15% supports the Camden Yards Complex that houses the Orioles and Ravens stadiums. Grants to the convention centers and the Hippodrome are 3% of spending.

**Exhibit 3
Stadium Authority Funding by Purpose
Fiscal 2020**



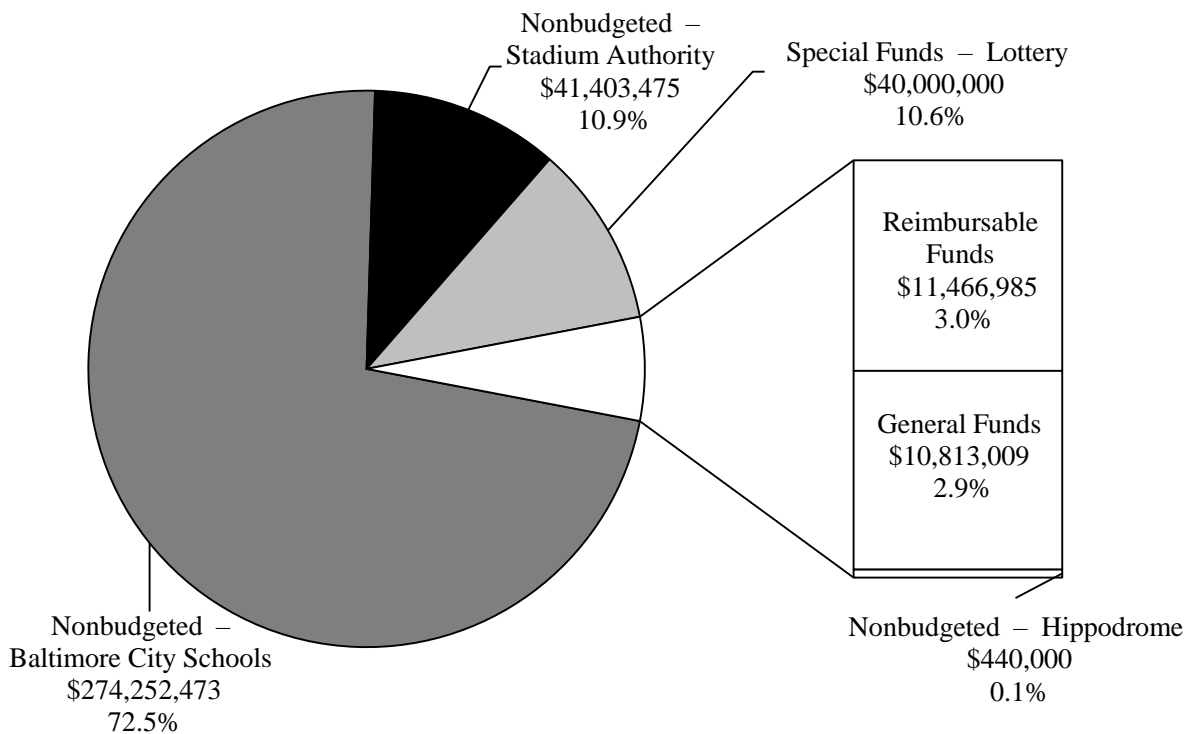
C.O.R.E.: Creating Opportunities for Renewal and Enterprise

Source: Governor’s Fiscal 2020 Budget Books

The largest revenue source in fiscal 2020 is nonbudgeted funds for Baltimore City school construction. The primary source of these funds is bond proceeds. **Exhibit 4** shows that almost 11% of the MSA budget is supported by the revenues that it generates. The authority also receives lottery

revenues to support debt service for bonds supporting stadium and Baltimore City school construction. The largest source of reimbursable funds is from the Baltimore City Department of Housing and Community Development (DHCD) for the Creating Opportunities for Renewal and Enterprise (C.O.R.E.) project. General funds support the convention centers and the Hippodrome. MSA also receives \$440,000 in nonbudgeted funds from the Hippodrome. The theatre does not generate the revenues anticipated, so MSA receives a \$2 per ticket fee to offset debt service costs.

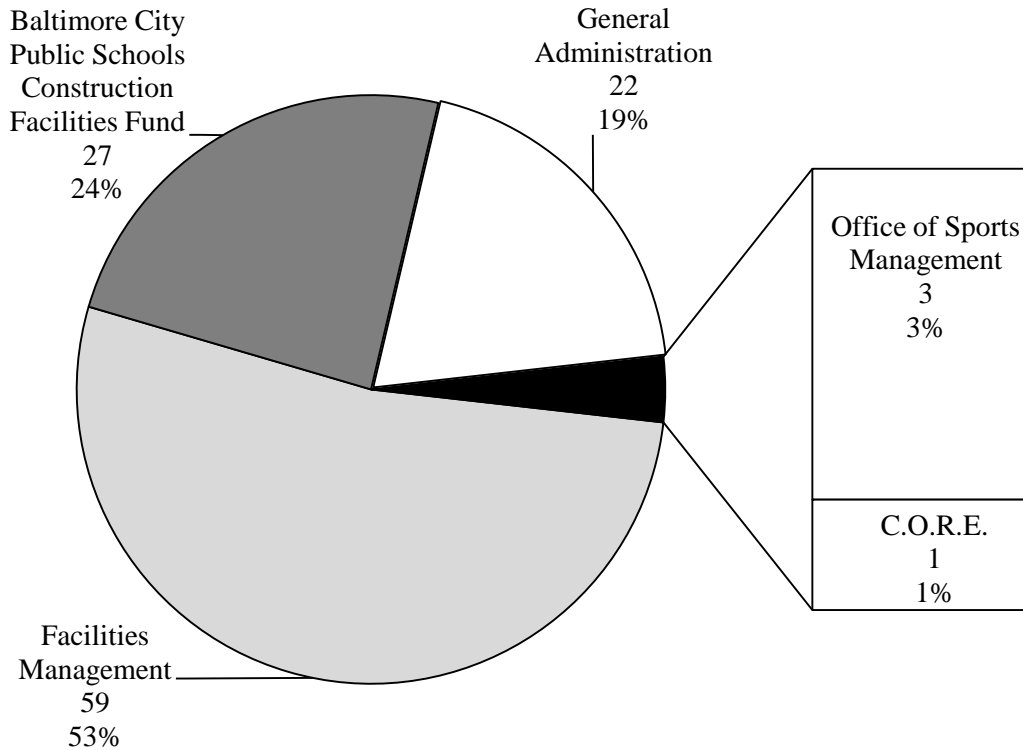
Exhibit 4
Stadium Authority Revenues
Fiscal 2020



Source: Governor’s Fiscal 2020 Budget Books

Exhibit 5 shows that more than half of MSA personnel support stadium facilities management. Another 24% are assigned to the Baltimore City school construction project. MSA’s role is to manage construction projects. A substantial amount of design and construction work is performed by vendors.

**Exhibit 5
Stadium Authority Personnel
Fiscal 2019
Full-time Equivalents**



C.O.R.E.: Creating Opportunities for Renewal and Enterprise

Source: Governor’s Fiscal 2020 Budget Books

Proposed Budget Change

MSA’s activities are supported by a combination of general, special, nonbudgeted, and, most recently, reimbursable funds. **Exhibit 6** shows that the fiscal 2020 allowance is \$378.4 million, a decrease of \$11.6 million from the 2019 working appropriation. This is attributable to the authority’s role in the Baltimore City School Revitalization Program and the timing of school construction and related bond issuances, which decrease by \$14.2 million. The MSA budget by fund source and by program is shown in **Exhibit 7**.

Exhibit 6
Proposed Budget
Maryland Stadium Authority
(\$ in Thousands)

| How Much It Grows: | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Fund</u> | <u>Nonbudgeted</u> <u>Fund</u> | <u>Reimb.</u> <u>Fund</u> | <u>Total</u> |
|-----------------------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|---------------------|
| Fiscal 2018 Actual | \$10,893 | \$40,000 | \$204,630 | \$0 | \$255,523 |
| Fiscal 2019 Working Appropriation | 10,820 | 40,000 | 332,029 | 7,152 | 390,001 |
| Fiscal 2020 Allowance | <u>10,813</u> | <u>40,000</u> | <u>316,096</u> | <u>11,467</u> | <u>378,376</u> |
| Fiscal 2019-2020 Amount Change | -\$7 | \$0 | -\$15,933 | \$4,315 | -\$11,625 |
| Fiscal 2019-2020 Percent Change | -0.1% | | -4.8% | 60.3% | -3.0% |

Where It Goes:

General Administration and Marketing

| | |
|---------------------------------|---------|
| General Administration | \$3,380 |
| Office of Sports Marketing..... | 2 |

Camden Yards Sports Complex Stadiums

| | |
|----------------------------------|--------|
| Facilities Management..... | 262 |
| Camden Yards Financing Fund..... | -1,095 |

Convention Centers and Hippodrome Performing Arts Center Operating Subsidies

| | |
|---|----|
| Montgomery County Convention Center | 2 |
| Hippodrome Performing Arts Center | -2 |
| Ocean City Convention Center..... | -7 |

Baltimore City School Revitalization

| | |
|---|---------|
| Baltimore City Public Schools Construction Facilities Fund | -14,249 |
| Baltimore City Public Schools Construction Financing Fund debt service..... | 3 |

Project C.O.R.E.

| | |
|--|----|
| Reimbursable funds from the Department of Housing and Community Development..... | 78 |
|--|----|

| | |
|--------------------|------------------|
| Total | -\$11,625 |
|--------------------|------------------|

C.O.R.E.: Creating Opportunities for Renewal and Enterprise

Note: Numbers may not sum to total due to rounding.

Exhibit 7
Maryland Stadium Authority Budget Summary by Fund
Fiscal 2017-2020
(\$ in Thousands)

| | <u>Actual</u> <u>2017</u> | <u>Actual</u> <u>2018</u> | <u>Working</u> <u>Approp.</u> <u>2019</u> | <u>Allowance</u> <u>2020</u> | <u>Change</u> <u>2019-2020</u> |
|--|------------------------------|------------------------------|---|---------------------------------|-----------------------------------|
| General Funds | | | | | |
| Baltimore City Convention Center – State operating deficit contribution | \$4,952 | \$6,611 | \$6,345 | \$6,345 | \$0 |
| Ocean City Convention Center – State operating deficit contribution | 1,322 | 1,333 | 1,527 | 1,520 | -7 |
| Montgomery County Conference Center – State portion of construction costs | 1,558 | 1,555 | 1,555 | 1,557 | 2 |
| Hippodrome Performing Arts Center – State portion of construction costs | 1,392 | 1,394 | 1,393 | 1,391 | -2 |
| Subtotal | \$9,225 | \$10,893 | \$10,820 | \$10,813 | -\$7 |
| Special Funds: State Lottery | | | | | |
| Lottery transfer to Maryland Stadium Authority Facilities Fund for debt service on Camden Yards projects | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$0 |
| Lottery transfer to the Baltimore City Public School Construction Financing Fund | 20,000 | 20,000 | 20,000 | 20,000 | 0 |
| Subtotal | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$0 |
| Nonbudgeted Funds: Maryland Stadium Authority Financing Fund | | | | | |
| General Administration | \$3,874 | \$13,168 | \$4,707 | \$4,438 | -\$269 |
| Camden Yards – debt service and other costs not funded by lottery revenues | 6,790 | 4,946 | 5,523 | 4,428 | -1,095 |
| Camden Yards Complex Facilities Management | 31,034 | 35,739 | 31,510 | 31,772 | 262 |
| Facilities management for Oriole Park improvements per Orioles lease | 125 | 125 | 200 | 200 | 0 |
| Hippodrome Performing Arts Center ticket surcharge | 439 | 428 | 440 | 440 | 0 |

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| | <u>Actual 2017</u> | <u>Actual 2018</u> | <u>Working Approp. 2019</u> | <u>Allowance 2020</u> | <u>Change 2019-2020</u> |
|--|------------------------|------------------------|-------------------------------------|---------------------------|-----------------------------|
| Office of Sports Marketing | 629 | 603 | 914 | 566 | -348 |
| Project C.O.R.E. | 3,362 | 2,219 | 0 | 0 | 0 |
| Subtotal | \$46,252 | \$57,228 | \$43,293 | \$41,843 | -\$1,450 |
| Nonbudgeted Funds: Baltimore City School Construction Financing and Facilities Fund | | | | | |
| Financing Fund | \$806 | \$13,363 | \$39,997 | \$40,000 | \$3 |
| Facilities Fund | 169,206 | 134,040 | 248,739 | 234,252 | -14,487 |
| Subtotal | \$170,013 | \$147,402 | \$288,736 | \$274,252 | -\$14,483 |
| Reimbursable Funds | | | | | |
| General Administration | \$0 | \$0 | \$0 | \$3,649 | \$3,649 |
| Baltimore City School Construction Facilities | 238 | 238 | 238 | 238 | 0 |
| Project C.O.R.E. | 0 | 0 | 7,152 | 7,230 | 78 |
| Youth and Amateur Sports Program | 0 | 0 | 0 | 350 | 350 |
| Subtotal Reimbursable Funds | \$238 | \$238 | \$7,390 | \$11,467 | \$4,077 |
| Total | \$265,728 | \$255,761 | \$390,239 | \$378,376 | -\$11,863 |

C.O.R.E.: Creating Opportunities for Renewal and Enterprise

Source: Governor’s Fiscal 2019 and 2020 Budget Books

General Funds Show a Small Net Decrease

General funds comprise a small portion of MSA’s budget and are used to supplement debt service and operational costs for various economic development projects undertaken by the State.

- **BCCC:** Section 10-640 of the Economic Development Article requires MSA to contribute two-thirds of the annual operating deficit of the BCCC through December 31, 2029. Chapter 851 of 2018 extended the period for which the State is responsible for two-thirds of operating expenditures from fiscal 2019 to 2029. MSA was also responsible for the State’s share of the debt service associated with the convention center expansion that began in 1997. The bonds that were issued for the expansion were retired in fiscal 2015. The fiscal 2020 allowance includes \$6.1 million for the operating deficit and \$200,000 for the capital improvement fund. This is the same amount as in fiscal 2019.

- **OCCC:** MSA is also required under Section 10-643 of the Economic Development Article to contribute one-half of the annual operating deficits of OCCC and \$50,000 into a capital improvement reserve fund. The fiscal 2020 allowance provides \$1.5 million for these purposes, a small decrease of approximately \$7,000. Chapter 630 of 2012 extended the timeframe for which the State is responsible for one-half of the deficit until fiscal 2036. SB 177 and HB 178 of 2019 propose to increase the contribution to the capital improvement reserve fund to \$100,000.
- **Hippodrome:** The allowance includes \$1.39 million in general funds and \$440,000 in nonbudgeted funds to fund the fiscal 2019 debt service for MSA revenue bonds that were issued to fund a portion of the Hippodrome construction. To offset MSA’s obligation for the debt service, statute requires the operator of the facility to pay MSA an amount equal to \$2 per ticket sold for admission to the theater. As part of an agreement struck in 2012 to stabilize the Hippodrome finances, the theater operator has guaranteed the annual surcharge revenue of at least \$440,000.
- **Montgomery County Conference Center:** The fiscal 2019 allowance provides \$1.6 million in general funds for the debt service costs for the authority’s revenue bonds.

Special Funds Are Unchanged

Lottery proceeds support debt service payments on the Camden Yards Complex. The fiscal 2020 allowance includes \$20 million in special funds for this purpose. As has been the case in recent years, the lottery proceeds do not fully cover the costs of this debt service. MSA expects to pay \$23.9 million in total debt service in fiscal 2020. Of this amount, approximately \$748,000 is for debt service on Camden Station and \$980,000 is for energy projects. MSA will contribute nonbudgeted funds for the remaining debt service costs.

Also included in the fiscal 2020 allowance is an additional \$20 million in lottery proceeds to support MSA activities related to the Baltimore City School Revitalization Program. This is discussed further under the Issues section of this analysis.

Nonbudgeted Funds: MSA Financing Fund

The MSA Financing Fund is a nonbudgeted account from which all the MSA operational expenses are paid, including the general administration of the Camden Yards Complex, repairs, renovations, and debt service payments. The fund is primarily supported through lottery and bond proceeds but also includes additional revenues associated with rent from the Orioles, operations and maintenance reimbursement from the Ravens, lease agreements at the warehouse and Camden Station, stadium admissions taxes, and MSA project management fees. A complete cash flow statement for the financing fund is provided in **Appendix 2** of this analysis.

The Baltimore Ravens’ organization is planning improvements to M&T Bank Stadium that are designed to enhance the fan experience. This will be done during the 2018 and 2019 offseasons using two series of bonds. Series A proposes to issue \$20.5 million for stadium renovations and

improvements, including new escalators, renovated club and suite levels, and an enhanced kitchen for the concessionaire. Series B provides \$34.5 million for the warehouse and parking lots. The warehouse proceeds support replacing aging mechanical systems and elevators, renovating lobbies and restrooms, and renovating the exterior of the lobby. With respect to parking, projects include improving parking access controls, repairing and renovating pedestrian walkways, replacing aging equipment, and addressing security.

MSA is required to pay rent to the State equal to the difference between its actual revenues and budgeted resources. The rent formula is built into the sublease agreements for Camden Yards. The convention centers have always operated at a deficit, so no rent is due on those subleases. Therefore, activity at the Camden Yards Complex generates the rent payment, if any. Based on estimated revenues and expenditures, no rent payment is expected in fiscal 2019 or 2020. The most recent rent payment was \$1 million in fiscal 2015.

Nonbudgeted Funds: Baltimore City School Construction Financing and Facilities Fund

Nonbudgeted funds also support the Baltimore City School Revitalization Program. The fiscal 2020 budget reduces spending by \$14 million, based on cash flow needs. The budget proposes \$40 million for the Baltimore City School Construction Financing Fund and \$234 million for the Baltimore City School Construction Facilities Fund. The Issues section includes a discussion about how construction is progressing.

Reimbursable Funds Reflect Changing Accounting Practices

C.O.R.E. is a city/State partnership designed to demolish vacant buildings in Baltimore City and replace them with green space. MSA is partnering with DHCD and Baltimore City over a four-year period. MSA advises that no MSA funds will be used for this project.

MSA serves as the project manager and oversees the demolition of vacant buildings that are identified by Baltimore City and DHCD. The goal is to identify projects that build upon existing community strengths and assets. Some of these include proximity to 21st Century School investments, anchor institutions such as hospitals and universities, other major investments such as major rental preservation projects, and transit and transit-oriented development as well as projects that build upon residential market strength. MSA has dedicated staff and time to the program since fiscal 2016.

Funds for this project were previously budgeted as nonbudgeted funds. However, beginning in fiscal 2019, funds will be reported more accurately as reimbursable funds. MSA received \$3.4 million in fiscal 2017 and completed the first round of demolitions of 27 properties in five locations. In fiscal 2018, \$2.2 million was used to demolish 29 properties in four locations. Fiscal 2019 and 2020 spending is \$7.2 million in each year. Progress has been slower than initially anticipated. This may be partly attributable to the amount of time that it takes the city to receive ownership of a property.

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Section 11-403 of the Business Regulation Article requires that the Comptroller provide \$350,000 for the Office of Sports Marketing in MSA to provide incentive grants for youth and amateur sporting events. The Administration proposed to delete this mandate in fiscal 2017 and 2018 through the Budget Reconciliation and Financing Acts that were introduced in those years. In each case, the General Assembly kept the mandate. In fiscal 2018, the \$350,000 appropriation was eliminated in cost containment. The fiscal 2019 funds are not in the MSA budget. The Department of Budget and Management advises that it will process a budget amendment to transfer the funds in fiscal 2019. The fiscal 2020 budget introduced by the Administration includes the \$350,000 for MSA.

There also appears to be a change in reimbursement funding practices. Baltimore City school construction receives approximately \$238,000 in reimbursable funds, primarily for 2 positions. These were previously nonbudgeted funds. Administration receives \$3.6 million for positions supporting school construction. These changes reflect where money is budgeted and do not change the authority's total spending.

Issues

1. Baltimore City School Revitalization Program Construction Is Underway

The Baltimore City Public Schools (BCPS) system has the oldest school buildings in the State. A 2012 assessment of the condition of BCPS facilities by a consultant hired by the Baltimore City Board of School Commissioners estimated a cost of \$2.4 billion to address the educational adequacy, condition, and lifecycle needs of the facilities. In response to this critical need for public school facility improvements in Baltimore City, Chapter 647 of 2013 (Baltimore City Public Schools Construction and Revitalization Act) established a new partnership between the State, Baltimore City, and BCPS to fund up to \$1.1 billion in public school facility improvements through revenue bonds to be issued by MSA.

The partners executed a Memorandum of Understanding (MOU) that established the specific roles and responsibilities of each party to implement the construction plan. In general, MSA will be responsible for the oversight of new and renovation projects; providing the financing; and managing the construction, contracts, and budgets related to the program. To support the program, MSA has a staff of 27 employees and a budget of \$17.2 million in fiscal 2018.

The role of the city schools, as outlined in the MOU, is to manage some of the renovation projects, control the feasibility studies, and update the Comprehensive Maintenance Plan annually. The Interagency Commission on School Construction (IAC) is responsible for the approval of maintenance plans, school utilization rates, and, more broadly, all 10-year projects.

The specific projects that will be included in the initiative contain more elementary and middle schools and fewer high schools than originally proposed. The program has taken somewhat longer to develop than anticipated due to the programwide review conducted in 2014. **Exhibit 8** shows each school that is currently included in the program, the type of project that will be undertaken to the extent known, and each project's current phase.

Exhibit 8
Baltimore City School Revitalization Plan
School Replacement and Renovation Schedule

| <u>Schools</u> | <u>Project Type</u> | <u>Program Phase</u> |
|--|-------------------------|--------------------------------------|
| Frederick Elementary/Middle | Renovation and Addition | Open |
| Ft. Worthington Elementary/Middle | Replacement | Open |
| Lyndhurst Elementary/Middle | Renovation and Addition | Open |
| John Eager Howard/Dorothy I Height ES | Renovation and Addition | Open |
| Robert Poole | Renovation and Addition | Open |
| Cherry Hill Elementary/Middle | Renovation and Addition | Open |
| Arundel Elementary | Replacement | Open |
| Forest Park High School | Renovation and Addition | Open |
| Pimlico Elementary/Middle | Renovation and Addition | Open |
| Patterson High School | Replacement | Design – Open in August 2021 |
| Arlington Elementary | Renovation and Addition | Construction – Open in August 2019 |
| John Ruhrah Elementary/Middle | Renovation and Addition | Construction – Open in December 2019 |
| Calvin M. Rodwell Elementary/Middle | Replacement | Construction – Open in December 2019 |
| Medfield Heights Elementary | Replacement | IAC Approval – Open in December 2020 |
| Cross Country Elementary/Middle | Renovation | Design – Open in August 2021 |
| Fairmont-Harford High School | Renovation and Addition | Construction – Open in August 2019 |
| Govans Elementary | Replacement | Design – Open in August 2020 |
| Walter P. Carter and Lois T. Murray Elementary/Middle | Replacement | Design – Open in August 2020 |
| Bay-Brook Elementary | Replacement | Construction – Open in December 2019 |
| Calverton Elementary/Middle | Replacement | Design – Open in August 2021 |
| Harford Heights and Sharp Leadenhall Elementary | Renovation | Design – Open in August 2021 |
| Mary E. Rodman Elementary | Renovation and Addition | Design – Open in August 2020 |
| Montebello Elementary/Middle | Renovation and Addition | IAC Approval – Open in July 2022 |
| Commodore John Rogers Elementary/Middle | Addition | IAC Approval – Open in July 2022 |
| Highlandtown #237 Elementary/Middle | Addition | IAC Approval – Open in July 2022 |
| Northwood Elementary | To Be Determined | IAC Approval – Open in December 2021 |
| Robert W. Coleman Elementary | To Be Determined | IAC Approval – Open in August 2021 |
| James Mosher Elementary | Renovation and Addition | Design – Open in August 2021 |

ES: elementary school

IAC: Interagency Commission on School Construction

Source: Maryland Stadium Authority, January 2019

Financing Plan

Chapter 647 established the means by which the revitalization program would be financed by enabling MSA to issue up to \$1.1 billion in debt with a debt service cap of \$60 million annually. There are two nonbudgeted funds administered by MSA to finance the improvements to BCPS facilities. These funds are supported by annual contributions from Baltimore City, the Baltimore City Board of School Commissioners, and the State (through lottery proceeds). The funds pay for the debt service, design and construction costs, startup costs, administration, overhead, and operations related to management, including all reasonable charges and expenses related to MSA oversight and project management responsibilities.

MSA plans three bond issuances to finance construction. The first \$320 million bond issuance was issued in April 2016. The bonds' par value and premium provide \$385 million for construction. In February 2017, MSA closed a bond sale issuing \$426 million. The sale generated a bond premium totaling \$70 million. MSA received approximately \$880 million in construction proceeds from the first two bond sales. MSA anticipates one more issuance with a par value of about \$200 million in summer 2020. That final issue should increase annual debt service to \$60 million, as anticipated in the legislation.

Exhibit 9 shows the actual and expected MSA revenues and expenditures related to the school construction program for fiscal 2017 through 2020.

Exhibit 9
Baltimore City School Revitalization Program Cash Flows
Fiscal 2017-2020 Est.
(\$ in Thousands)

| | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|------------------------|------------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Estimate</u> | <u>Estimate</u> |
| Beginning Cash Funds | \$419,056 | \$296,645 | \$558,981 | \$372,207 |
| Funding Sources | | | | |
| Bond\Lottery Proceeds | | | | |
| Bond Proceeds | \$0 | \$433,457 | \$0 | \$215,000 |
| Lottery Proceeds | 20,000 | 20,000 | 20,000 | 20,000 |
| Subtotal | \$20,000 | \$453,457 | \$20,000 | \$235,000 |
| Other Revenue | | | | |
| Baltimore City | \$25,235 | \$21,976 | \$20,000 | \$20,000 |
| Baltimore City Public Schools | 20,000 | 20,000 | 20,000 | 20,000 |
| Investment Income | 2,366 | 6,209 | 700 | 700 |
| Subtotal | \$47,601 | \$48,185 | \$40,700 | \$40,700 |
| Total Revenues | \$67,601 | \$501,642 | \$60,700 | \$275,700 |
| Total Funds Available | \$486,657 | \$798,287 | \$619,681 | \$647,907 |
| Disbursements | | | | |
| Operating Expenses | | | | |
| General Overhead | \$15,400 | \$3,898 | \$5,356 | \$4,485 |
| Bond Financing | 0 | 753 | 0 | 500 |
| Baltimore City Public School Reimbursement | 0 | 4,144 | 15,385 | 4,120 |
| Program Manager | 4,702 | 6,608 | 6,406 | 6,406 |
| Architects/Construction | 148,766 | 179,466 | 166,346 | 219,688 |
| Furniture-Fixtures-Equipment | 0 | 6,569 | 5,388 | 3,338 |
| Feasibility Studies | 338 | 997 | 458 | 83 |
| Subtotal | \$169,206 | \$202,435 | \$199,339 | \$238,620 |
| Debt Service and Financing Costs | | | | |
| Series 2016 & 2018A Bonds | \$20,806 | \$36,871 | \$48,135 | \$60,000 |
| Subtotal | \$20,806 | \$36,871 | \$48,135 | \$60,000 |
| Total Uses | \$190,012 | \$239,306 | \$247,474 | \$298,620 |
| Net Funding Available | \$122,411 | \$262,336 | -\$186,774 | -\$22,920 |
| Ending Balance | \$296,645 | \$558,981 | \$372,207 | \$349,287 |

Source: Maryland Stadium Authority; Department of Legislative Services, January 2019

Joint Chairmen’s Report Requesting Update on Baltimore City School Construction Program

The 2018 *Joint Chairmen’s Report* included a request of MSA to update the budget committees on school construction progress. The response was submitted on January 15, 2019. The report noted that:

- MSA now anticipates that the program will deliver 27 or 28 schools compared to the previous estimate of 23 to 28 schools;
- with respect to local hiring, there have been 257 Baltimore City residents hired in 9 completed construction contracts;
- of the \$637 million contracted, \$217 million (34%) are minority business enterprise contracts; and
- MSA anticipates that it will have the capacity to complete additional work at the current staffing level in fiscal 2021 and may begin downsizing in fiscal 2022.

2. Building Opportunities Act of 2019 Could Increase Stadium Authority’s Role in Public School Construction

At the request of the Administration, the Presiding Officers introduced SB 159 and HB 153, the Building Opportunity Act of 2019. The bills propose to give MSA the authority to issue \$1.8 billion in 20-year, revenue-supported bonds. Revenues supporting debt service payments would come from casino revenues in the Education Trust Fund. These bonds would be issued between fiscal 2021 and 2024 and would require Board of Public Works approval prior to issuance. At this time, the Administration projects that these bonds are within Capital Debt Affordability limits, which are that State debt service cannot exceed 8% of State revenues, and debt outstanding cannot exceed 4% of State personal income.

The funds would be used to support local public school construction projects. Local jurisdictions would be required to match State funds at the same levels as their current match for projects approved by IAC. IAC will recommend projects to be funded. MSA would be responsible for managing construction projects. If a local jurisdiction prefers to manage its own projects, it could apply for a waiver from IAC. Without knowing how many local jurisdictions would want to manage their own projects, this legislation could result in a substantial increase in work for MSA. **MSA should be prepared to brief the committees on its strategies to manage any additional workload realized from this legislation.**

3. Project and Study Updates

Statute authorizes MSA to assist State agencies and local governments in managing construction projects. The budget committees must be notified, and funding must be provided entirely by the agency or local government requesting assistance unless funding is specifically provided in the budget for the project.

The statute also authorizes MSA to conduct feasibility studies. Feasibility studies are an early step in the process of evaluating the costs, financing options, economic impact, and market conditions of potential infrastructure projects. In many instances, the projects entail State and local cooperation to finance, implement, and offer opportunities for private-sector contributions through public-private partnerships (P3). The budget committees must give approval for the studies, and costs must total to no more than \$500,000 annually of MSA's nonbudgeted funds.

OCCC Expansion

OCCC currently provides approximately 60,000 square feet (sq. ft.) of exhibit space, 19,000 sq. ft. of ballroom space, and 23 meeting rooms. The ballroom and a performing arts center replaced an exhibit hall and were added in calendar 2012 and 2015, respectively, as part of a two-phase expansion and renovation that the State participated in funding in cooperation with the town of Ocean City. In 2016, at the request of Ocean City, MSA procured a feasibility analysis to examine the market and economic impact of expanding the existing facility with an additional 30,000 sq. ft. feet of exhibit space. That analysis estimated that incremental annual tax revenues due to the expansion range from \$736,000 to \$1.0 million at the county level and \$2.6 million to \$3.5 million at the State level.

The 2017 capital budget included \$500,000 for the proposed expansion project, and additional funds were preauthorized for 2018 (\$1.3 million) and 2019 (\$18.6 million) to signal the State's commitment. However, the 2018 capital budget did not include the \$1.3 million, and the 2019 capital budget bill as introduced removes all funding for the project. Instead, legislation has been introduced (SB 177 and HB 178 of 2019) that authorizes MSA to issue \$24.5 million of revenue bonds and structure financing terms for the expansion project. The estimated debt service on the MSA bonds is approximately \$1.8 million annually beginning in fiscal 2022, when the first principal payment is made. The debt is retired in fiscal 2039. MSA assumes that a capitalized interest fund supports fiscal 2020 and 2021 debt service payments. These payments would require annual general fund appropriations.

For its part, Ocean City must contribute \$15.0 million for capital construction costs for the project. Ocean City advises that it issued \$13.8 million in bonds in January 2018 for this purpose to facilitate getting the project started earlier than when the State funding was programmed to be available.

The legislation also increases annual appropriations into the capital improvement reserve fund. Under current law, the State and Ocean City each contribute \$50,000 annually. This is increased to \$100,000 annually for each.

BCCC Expansion

In November 2016, MSA entered into a MOU with the Baltimore City Mayor and City Council as well as DHCD to study the feasibility of renovating and expanding BCCC. The study was prepared by MSA's (1) market, economic, and business consultant; (2) a program development, design, and engineering consultant; and (3) a construction manager. The study includes an assessment of the current BCCC site investigations and engineering studies, site capacity analysis, and high-level constructability analysis.

Status of BCCC

The center was opened in 1979, and an expansion was completed in 1997. The State contributed to the opening by authorizing \$35 million in general obligation (GO) bonds and to the expansion by authorizing \$101 million in GO bonds and MSA bonds. Baltimore City agreed to provide \$15 million for the opening and \$50 million for the renovation. The MSA bonds were retired in fiscal 2015. BCCC's total functional space is 407,200 sq. ft., including:

- 300,000 sq. ft. of exhibit space;
- 36,700 sq. ft. of ballroom space; and
- 70,500 sq. ft. of meeting space.

From fiscal 2012 to 2016, BCCC averaged 130 events and 494,973 attendees annually. The occupancy rate in the same period was 67%. MSA advises that industry standards are that the maximum practical occupancy rate is about 70%, so the facility has been close to maximum capacity. MSA reports that the most commonly cited reason for not booking an event at the center is a lack of availability, suggesting that business opportunities are being lost and that an expansion of the facility could generate additional business.

Study Examines Expanding Three Facilities and Offers Four Scenarios

Specific facility proposals reviewed in the study are:

- renovating and expanding BCCC;
- constructing a new arena on the BCCC site to replace the Royal Farms arena; and
- replacing and expanding the hotel on South Charles and West Conway streets.

Data concerning the expansion of the convention center is shown in **Exhibit 10**.

Exhibit 10
Proposed Baltimore City Convention Center Expansion
(In Square Feet)
July 2018

| <u>Space</u> | <u>Current Size</u> | <u>Proposed Size</u> | <u>Increase</u> | <u>Comment</u> |
|--------------|---------------------|------------------------|------------------------|-----------------------------|
| Exhibit | 300,000 | 500,000 | 200,000 | 400,000 of contiguous space |
| Ballroom | 36,700 | 86,700-96,700 | 50,000-60,000 | n/a |
| Meeting | 70,500 | 125,000-130,000 | 54,500-59,500 | n/a |
| Total | 407,200 | 711,700-726,700 | 304,500-319,500 | |

Source: Maryland Stadium Authority

The study examined replacing the Royal Farms arena with an arena on the BCCC site. As reviewed, minimum fixed seating capacity would be 15,000 that could accommodate 17,000 for concerts. The plan envisions 8 to 10 luxury suites and a permanent ice plant to support a regulation ice surface. The current arena has a capacity of 14,000.

Expanding the convention center to the level proposed requires demolishing the Baltimore Sheraton Hotel on South Charles and West Conway Streets. This results in a loss of 337 rooms at the convention center site. To maintain and expand hotel space at the site, the plan examines construction of a new hotel with 500 rooms with at least 19,000 sq. ft. of ballroom space and 12,000 sq. ft. of meeting space.

The report examines four scenarios, specifically:

- Option 1: expanding and renovating the convention center.
- Option 2: expanding and renovating the convention center and building a new hotel.
- Option 3: expanding and renovating the convention center and building a new arena.
- Option 4: expanding and renovating the convention center, building a new hotel, and building a new arena.

The report recommends Option 2, to expand and renovate the convention center and build a new hotel. Building a new hotel maintains a high number of hotel rooms near the convention center, which is attractive to planners. The report also cited concerns about operational complications if there

is a convention center and arena on the same site. **Exhibit 11** shows the current convention center site, and **Exhibit 12** shows the site for Option 2.

Exhibit 11
Baltimore City Convention Center – Current Facility
July 2018



Source: Maryland Stadium Authority

Exhibit 12
Baltimore City Convention Center – Expansion with New Hotel
July 2018



Source: Maryland Stadium Authority

Estimated Economic Impact

The economic impact of expanding the project can be divided into three phases: a construction phase during which the facility is closed and does not generate any revenues; a rebound period in which the convention center opens and moves toward full capacity; and a stabilization period during which the facility realizes its market share. MSA advises that it does not have an estimate of how long it would take to renovate the center. From the end of construction to stabilization is three to five years. **Exhibit 13** shows that, after renovation and stabilization, BCCC is expected to increase economic activity and jobs by 27% to 38%.

Exhibit 13
Estimated Economic Impact of Expanding the Baltimore City Convention Center:
Comparing the Three-year Average (Fiscal 2015- 2017) to the Stabilized Year
(\$ in Millions)

| <u>Category</u> | <u>Three-year Average</u> | <u>Incremental New Low Estimate</u> | <u>Low Estimate % Increase</u> | <u>Incremental New High Estimate</u> | <u>High Estimate % Increase</u> |
|---|---------------------------|-------------------------------------|--------------------------------|--------------------------------------|---------------------------------|
| Baltimore City Economic Activity | | | | | |
| Direct Spending | \$362.7 | \$100.2 | 28% | \$140.2 | 39% |
| Indirect and Induced | 166.9 | 45.6 | 27% | 64.1 | 38% |
| Total Output | \$529.6 | \$145.8 | 28% | \$204.3 | 39% |
| Total Jobs | 4,500 | 1,300 | 29% | 1,800 | 40% |
| Total State Economic Activity | | | | | |
| Direct Spending | \$379.5 | \$104.4 | 28% | \$146.3 | 39% |
| Indirect and Induced | 285.8 | 78.1 | 27% | 109.5 | 38% |
| Total Output | \$665.3 | \$182.5 | 27% | \$255.8 | 38% |
| Total Jobs | 6,000 | 1,600 | 27% | 2,300 | 38% |

Note: The stabilization year is three to five years after the completion of construction.

Source: Maryland Stadium Authority

It is unclear from the economic impact analysis to what extent the substitution effect influences spending. If the convention center brings businesses from out-of-state, this brings new money into the State, and direct, indirect, and induced spending adds to State gross domestic product. However, if patrons of the convention center are State residents, attending a convention center event could alter spending habits. For example, an individual or family may forgo a visit to an Orioles game, Hippodrome performance, or Ocean City trip so that they can attend an event at the convention center. In economics, this is referred to as the substitution effect. While an expanded convention center could generate a substantial amount of economic activity for the city and State, it is unclear to what extent this is new activity brought into the State or economic activity substituted from other activities.

The report also notes that convention centers compete with one another for clients. Centers regularly make improvements to enhance their marketability. This means that standing still can result in a slow loss of market share. One justification for this project is that it improves the marketability of BCCC.

Other Convention Centers

The report includes a competitive facility analysis that compares BCCC to these seven convention centers in the eastern United States:

- Boston Convention and Exhibit Center;
- Charlotte Convention Center;
- David L. Lawrence Convention Center in Pittsburgh;
- Gaylord Resort and Convention Center at National Harbor;
- Music City Center in Nashville;
- Pennsylvania Convention Center in Philadelphia; and
- Walter E. Washington Convention Center in Washington, DC

Assuming no change at any of these other centers, the study found that the expansion would:

- move BCCC up the rankings for total exhibit space from sixth to fourth;
- move BCCC ballroom space from sixth to third; and
- move BCCC meeting space from seventh to fourth.

Meeting planners prefer that amenities are near the convention center. With respect to hotel space, this gives BCCC a competitive advantage over some of the other convention centers. MSA reports that BCCC has the third most hotel rooms within a half mile of the convention center. Only Philadelphia and the Washington, DC convention center have more hotel rooms nearby.

Among the eight centers, lodging tax rates range from 14.00% in Pittsburgh to 16.25% in Philadelphia. Baltimore's rate is the second highest at 15.50% followed by Nashville and Charlotte at 15.25%.

Questions to Resolve

- ***Which option should the State and city pursue?*** The report recommends BCCC expansion and hotel, but there are three other options.
- ***What is the cost?*** The report did not provide cost estimates. The report also does not provide information about reduced economic activity during the construction period and the period between the opening of the facility and stabilization. During this period, BCCC generates less spending, jobs, and tax revenues than is currently realized.
- ***Since MSA suggests that BCCC will lose market share if the State and city do not fund improvements for the convention center, what is the most cost effective solution to stay competitive?*** The study estimates that expanding the facility increases Statewide economic activity and jobs by 27% to 38%. The cost of the project is the capital cost of the project and lost economic activity from the time construction begins until the stabilization year. Could more incremental changes that are less disruptive be more cost effective in the long term?
- ***What is the impact of having the convention center closed for construction?*** It possible that some business will leave BCCC and not return. Organizations that have regularly booked with BCCC may find their new accommodations attractive and continue to book at another facility. BCCC may no longer be on the minds of meeting planners.
- ***How complicated is it to reach a deal with the Sheraton Hotel to demolish the current hotel and transfer the land to the State?***
- ***Who pays for the new hotel and how much interest is there in the industry to build a new hotel?***
- ***Who will be partnering with the State and how will costs be divided?***
- ***Are there any agreements or expectations? If so, what are they?***
- ***Is this the best use of the State's finite capital resources?*** The State limits its debt issuances. Currently, there is some capacity, but this assumes that revenues will continue to increase at a healthy rate. If there is a recession in the near term, debt levels could be breached. A decade ago, the State made substantial reductions to the capital program in response to coming close to State debt ratios. In that context, funding this project could crowd out other projects.

Pimlico Race Course and the Preakness Stakes

In March 2016, the Maryland Racing Commission (MRC) requested a study to examine the ability of the Pimlico Race Course (Pimlico) to continue as the permanent home of the Preakness Stakes. Phase I of the study, administered by MSA, was completed in February 2017. Key findings

were that Pimlico’s physical condition presents significant challenges that threaten its continued existence and the success of the Preakness Stakes. However, despite its physical condition, there do not appear to be situational factors, such as location, accessibility, or the surrounding neighborhood, that would negatively affect Pimlico’s ability to remain the long-term home of the Preakness. The Phase I study proposed an extensive renovation of the existing facility, estimated to cost between \$248 million and \$321 million.

In February 2018, MSA entered into an MOU with the Department of Labor, Licensing, and Regulation and MRC to manage Phase 2 of the Pimlico Race Course Study. The study was intended to identify an optimal Preakness Stakes venue and evaluate and incorporate potential nonracing development on the Pimlico site that would support its year-round use. MSA collaborated with the Maryland Jockey Club and The Stronach Group (owners of Pimlico) to develop a detailed development strategy considered to be ideal for hosting the Preakness Stakes. Public feedback was gathered electronically, and an open meeting was held at Pimlico in June 2018. The final report was released in December 2018.

The study makes a number of recommendations related to the racing facility, year-round uses of the facility, and the nonracing land use. Recommendations related to the racing facility include:

- demolition and removal of all existing structures on the site including the tracks, infield, grandstand, clubhouse, equestrian barns, and associated infrastructure;
- 35-degree clockwise rotation of the tracks to accommodate nonracing land use around the perimeter of the site;
- construction of new tracks and infield, adjusting the distance of the dirt track from 1 mile to 15/16 mile, and maintaining a 7/8 mile turf track;
- construction of a multi-use clubhouse with track view dining, clubs, lounges, suites, rooftop and balcony spaces, administrative offices, racing history center/museum, café, off-track betting, and required service and support;
- construction of a plaza, referred to as the Palio, modeled after the Palio di Siena horse races held in the Piazza del Campo in Siena, Italy; and
- site and infrastructure improvements, including roadways and on and off-site utilities, vehicle and pedestrian tunnels, pedestrian bridges at track crossings, and hardscaped plazas.

Pimlico’s racing calendar is limited, currently 12 days per year. Since the facility has many days without racing, the study also examined the feasibility of year-round use of the facility. It concluded that the infield could be used for athletic, leisure, and entertainment events. The clubhouse could be designed as a multi-use facility that might have a racing history museum, café, off-track betting, conference center, and eSports.

The study also examined some nonracing uses of the 110-acre property. These uses were grouped into four different districts. In the northeast, the Gateway District could have commercial and mixed-use development, which may include a hotel and structured parking. District One in the northwest would have residential and commercial mixed use, which may include additional equestrian/racing facilities, civic improvements, and structured parking. The Palio would be in this district. In the southwest, District Two would include neighborhood commercial use, which may include a grocery store or retail properties. District Three in the south and Southeast could support mixed residential, which may include a combination of senior living, townhouses, row houses or multifamily apartments.

Cost and Economic Impact

The estimated minimum cost of redevelopment is \$424 million, which does not include any development beyond the demolishing and rebuilding of the racing facilities. The study considered two less expensive options that would involve upgrading the existing facilities but concluded that a full-scale rebuild “was deemed the land-use scenario that best serves” to keep the Preakness and encourage investment in the nonracing development of the site and surrounding community.

The study estimates that the post-redevelopment economic impact of the Preakness Stakes to be \$58.9 million in direct, indirect, and induced spending that supports 620 full-and part-time jobs and approximately \$5 million in local and State tax revenue.

The study estimates construction of the racing facilities to last approximately three years, with the final Preakness Stakes at the existing course in 2021, returning to the new Pimlico course in 2024.

Alternative Use Programs for the Baltimore City Circuit Court

The Baltimore City Circuit Court complex was built between 1900 (Mitchell Courthouse) and 1932 (Courthouse East), and there is a general consensus that these facilities are inadequate to meet the circuit court’s needs and that a complete rehabilitation or replacement is necessary. While some operating costs for the State’s circuit courts are funded by the State, the construction and upkeep of circuit courthouses has always been the sole responsibility of local jurisdictions, and, to that end, Baltimore City has been studying replacement options since at least 2003.

In April 2011, at the request of the city and with the approval of the General Assembly, MSA released a feasibility study on the replacement of the complex. This study focused on the rehabilitation and continued use of the complex’s current buildings and the addition of a third courthouse for criminal matters on an adjacent site with an estimated cost of \$570 million to \$602 million. At that time, the cost was prohibitive, and the project did not proceed.

The city renewed its efforts in October 2016 by entering into another agreement with MSA to solicit Requests for Information (RFI) on the renovation or relocation of the circuit court. MSA reported the results of the solicitation in February 2018. The seven responses to the RFI fell into two categories: (1) renovation and expansion of the complex (\$500 million to \$800 million); and (2) relocation of the circuit court to the former location of Metro West on W. Saratoga Street (\$375 million to \$425 million).

Most respondents also suggested that the city consider a P3 to fund construction. MSA recommended that relocation to the Metro West site is likely to be the most efficient and cost effective option for the circuit court.

MSA will prepare a market analysis redevelopment of the current site if the circuit court was relocated. The study will also examine the costs and benefits associated with moving the circuit court to the Metro West site. MSA advises that the study is currently being reviewed by the Chief Judge and should be released in spring 2019 when all reviews are complete.

Hagerstown Minor League Ballpark

In July 2018, the budget committees approved an MSA study at the request of the Mayor of Hagerstown. The study will examine the market and potential sites for a new baseball park for the Hagerstown Suns. MSA expects that the study will be released in April or May 2019.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Current and Prior Year Budgets
Maryland Stadium Authority
(\$ in Thousands)

| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Fund</u> | <u>Federal</u> <u>Fund</u> | <u>Reimb.</u> <u>Fund</u> | <u>Total</u> |
|--|---|---|---|--|---------------------|
| Fiscal 2018 | | | | | |
| Legislative Appropriation | \$11,219 | \$40,000 | \$0 | \$8,224 | \$59,443 |
| Deficiency/Withdrawn Appropriation | 0 | 0 | 0 | 0 | 0 |
| Cost Containment | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 0 | 0 | 0 | 0 | 0 |
| Reversions and Cancellations | -326 | 0 | 0 | -8,224 | -8,550 |
| Actual Expenditures | \$10,893 | \$40,000 | \$0 | \$0 | \$50,893 |
| Fiscal 2019 | | | | | |
| Legislative Appropriation | \$10,820 | \$40,000 | \$0 | \$7,152 | \$57,972 |
| Budget Amendments | 0 | 0 | 0 | 0 | 0 |
| Working Appropriation | \$10,820 | \$40,000 | \$0 | \$7,152 | \$57,972 |

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

Fiscal 2018

Actual expenditures in fiscal 2018 totaled \$50.9 million, which is \$8.6 million less than the legislative appropriation. Reductions are attributable to cancellations and reversions, specifically:

- \$7,874,148 in reimbursable funds for the project Creating Opportunities for Renewal and Enterprise. Fiscal 2018 expenditures, which totaled \$2.2 million, were moved to nonbudgeted funds;
- \$350,000 in reimbursable funds for the Office of Sports Marketing to provide incentive grants for youth and amateur sporting events. The Administration eliminated these funds through cost containment;
- \$244,555 in general funds for the Ocean City Convention Center as costs were less than anticipated; and
- \$81,269 in general funds for the Baltimore City Convention Center as costs were less than anticipated.

Fiscal 2019

To date, there have been no changes to the fiscal 2019 legislative appropriation.

Appendix 2
Maryland Stadium Authority Financing Fund for
Camden Yards Complex Activities
Fiscal 2018-2020 Est.
(\$ in Thousands)

| | Actual | Est. | Est. |
|--|--------------------|--------------------|--------------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Beginning Balance | \$13,470 | \$9,728 | \$9,673 |
| Bond Proceeds | 0 | 56,564 | 0 |
| Lottery Proceeds | 20,000 | 20,000 | 20,000 |
| Subtotal Lottery/Bond | \$20,000 | \$76,564 | \$20,000 |
| Other Revenues | | | |
| Miscellaneous Income | \$3,054 | \$1,200 | \$1,200 |
| Catering Events | 454 | 350 | 500 |
| Admission Tax | 9,669 | 10,000 | 10,300 |
| Baseball Rent | 8,023 | 7,500 | 7,500 |
| Baseball Suite Amortization | 567 | 550 | 540 |
| Football Operations | 12,404 | 11,487 | 11,831 |
| Warehouse Lease | 3,815 | 3,740 | 3,852 |
| Construction Management Fee | 141 | 60 | 60 |
| Baltimore City | 1,000 | 1,000 | 1,000 |
| Subtotal Other Revenues | \$39,126 | \$35,887 | \$36,784 |
| Total Funds Available | \$72,596 | \$122,179 | \$66,457 |
| Uses | | | |
| Camden Yards Operations | 33,446 | 31,235 | 32,032 |
| Subtotal MSA/Camden Operating | \$38,056 | \$35,942 | \$36,557 |
| Equipment Leases | | | |
| Capital Improvement Funds for Oriole Park ¹ | \$400 | \$400 | \$400 |
| Baseball Suite Renovate | | | |
| Subtotal MSA/Camden Operating and Capital | \$38,456 | \$36,342 | \$36,957 |
| Debt Service and Financing | \$24,413 | \$76,164 | \$23,911 |
| School Construction | \$0 | \$0 | \$0 |
| Total Uses | \$62,868 | \$112,506 | \$60,867 |
| Ending Balance | \$9,728 | \$9,673 | \$5,590 |

MSA: Maryland Stadium Authority

¹ These are revenues deposited into the account and originate from the parity settlement intended to equalize State support provided to the Ravens and Orioles teams. The figures do not include interest or funds from the Hippodrome Performing Arts Center ticket surcharge.

Source: Maryland Stadium Authority

Appendix 3
Object/Fund Difference Report
Maryland Stadium Authority

| <u>Object/Fund</u> | <u>FY 18</u> <u>Actual</u> | <u>FY 19</u> <u>Working</u> <u>Appropriation</u> | <u>FY 20</u> <u>Allowance</u> | <u>FY 19 - FY 20</u> <u>Amount Change</u> | <u>Percent</u> <u>Change</u> |
|---|-------------------------------|--|----------------------------------|--|---------------------------------|
| Positions | | | | | |
| 01 Regular | 111.85 | 111.85 | 124.00 | 12.15 | 10.9% |
| 02 Contractual | 2.65 | 16.70 | 3.45 | -13.25 | -79.3% |
| Total Positions | 114.50 | 128.55 | 127.45 | -1.10 | -0.9% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 12,790,893 | \$ 14,143,535 | \$ 14,577,612 | \$ 434,077 | 3.1% |
| 02 Technical and Special Fees | 553,551 | 573,075 | 600,868 | 27,793 | 4.8% |
| 03 Communication | 110,396 | 76,822 | 79,830 | 3,008 | 3.9% |
| 04 Travel | 139,879 | 143,767 | 203,846 | 60,079 | 41.8% |
| 06 Fuel and Utilities | 5,464,404 | 6,121,316 | 5,988,622 | -132,694 | -2.2% |
| 07 Motor Vehicles | 193,555 | 54,320 | 72,530 | 18,210 | 33.5% |
| 08 Contractual Services | 154,068,147 | 266,694,121 | 250,813,422 | -15,880,699 | -6.0% |
| 09 Supplies and Materials | 985,743 | 796,200 | 1,321,687 | 525,487 | 66.0% |
| 10 Equipment – Replacement | -23,145 | 500,000 | 0 | -500,000 | -100.0% |
| 11 Equipment – Additional | 88,726 | 115,000 | 110,000 | -5,000 | -4.3% |
| 12 Grants, Subsidies, and Contributions | 19,278,043 | 32,885,052 | 37,740,565 | 4,855,513 | 14.8% |
| 13 Fixed Charges | 61,872,947 | 67,897,640 | 66,866,960 | -1,030,680 | -1.5% |
| Total Objects | \$ 255,523,139 | \$ 390,000,848 | \$ 378,375,942 | -\$ 11,624,906 | -3.0% |
| Funds | | | | | |
| 01 General Fund | \$ 10,892,962 | \$ 10,819,971 | \$ 10,813,009 | -\$ 6,962 | -0.1% |
| 03 Special Fund | 40,000,000 | 40,000,000 | 40,000,000 | 0 | 0% |
| 07 Nonbudgeted Fund | 204,630,177 | 332,029,249 | 316,095,948 | -15,933,301 | -4.8% |
| 09 Reimbursable Fund | 0 | 7,151,628 | 11,466,985 | 4,315,357 | 60.3% |
| Total Funds | \$ 255,523,139 | \$ 390,000,848 | \$ 378,375,942 | -\$ 11,624,906 | -3.0% |

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 4
Fiscal Summary
Maryland Stadium Authority**

| <u>Program/Unit</u> | <u>FY 18 Actual</u> | <u>FY 19 Wrk Approp</u> | <u>FY 20 Allowance</u> | <u>Change</u> | <u>FY 19 - FY 20 % Change</u> |
|--|-------------------------|-----------------------------|----------------------------|-----------------------|-----------------------------------|
| 02 Maryland Stadium Facilities Fund | \$ 20,000,000 | \$ 20,000,000 | \$ 20,000,000 | \$ 0 | 0% |
| 41 General Administration | 13,168,025 | 4,706,744 | 8,087,177 | 3,380,433 | 71.8% |
| 42 Camden Yards Financing Funds | 4,946,205 | 5,522,886 | 4,427,830 | -1,095,056 | -19.8% |
| 44 Facilities Management | 35,738,630 | 31,510,015 | 31,771,677 | 261,662 | 0.8% |
| 48 Baltimore Orioles Improvement Fund | 125,000 | 200,000 | 200,000 | 0 | 0% |
| 55 Baltimore Convention Center | 6,611,409 | 6,344,537 | 6,344,537 | 0 | 0% |
| 58 Ocean City Convention Center | 1,332,535 | 1,527,176 | 1,520,029 | -7,147 | -0.5% |
| 59 Montgomery County Conference Center | 1,555,250 | 1,555,000 | 1,557,000 | 2,000 | 0.1% |
| 60 Hippodrome Performing Arts Center | 1,821,778 | 1,833,258 | 1,831,443 | -1,815 | -0.1% |
| 63 Office of Sports Marketing | 603,349 | 913,798 | 916,131 | 2,333 | 0.3% |
| 66 Baltimore City PSC Financing Fund | 33,362,607 | 59,996,667 | 60,000,000 | 3,333 | 0% |
| 67 Baltimore City PSC Facilities Fund | 134,039,520 | 248,739,139 | 234,490,591 | -14,248,548 | -5.7% |
| 68 Baltimore City C.O.R.E. | 2,218,831 | 7,151,628 | 7,229,527 | 77,899 | 1.1% |
| Total Expenditures | \$ 255,523,139 | \$ 390,000,848 | \$ 378,375,942 | -\$ 11,624,906 | -3.0% |
| General Fund | \$ 10,892,962 | \$ 10,819,971 | \$ 10,813,009 | -\$ 6,962 | -0.1% |
| Special Fund | 40,000,000 | 40,000,000 | 40,000,000 | 0 | 0% |
| Nonbudgeted Fund | 204,630,177 | 332,029,249 | 316,095,948 | -15,933,301 | -4.8% |
| Total Appropriations | \$ 255,523,139 | \$ 382,849,220 | \$ 366,908,957 | -\$ 15,940,263 | -4.2% |
| Reimbursable Fund | \$ 0 | \$ 7,151,628 | \$ 11,466,985 | \$ 4,315,357 | 60.3% |
| Total Funds | \$ 255,523,139 | \$ 390,000,848 | \$ 378,375,942 | -\$ 11,624,906 | -3.0% |

C.O.R.E.: Creating Opportunities for Renewal and Enterprise
PSC: Public Service Commission

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.