

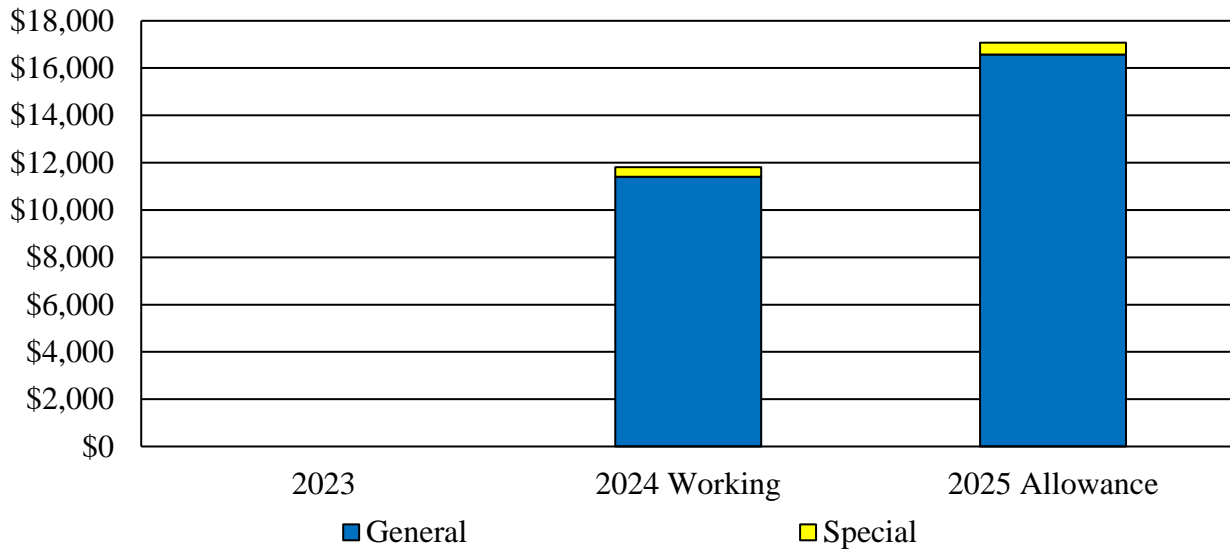
D91 West North Avenue Development Authority

Program Description

Chapters 80 and 81 of 2021 created the West North Avenue Development Authority (WNADA) to develop a comprehensive neighborhood revitalization plan for a portion of Baltimore City, from approximately the 600 block to the 3200 block of West North Avenue. Chapters 80 and 81 require WNADA to develop a comprehensive plan that considers the area's residents, housing, neighborhoods, economic development, and transportation. Chapters 80 and 81 also gave WNADA the authority to manage funds if the State appropriated them. Fiscal 2024 was the first year that WNADA was included in the State budget as a separate entity. The statute creating WNADA sunsets September 30, 2026.

Operating Budget Summary

Fiscal 2025 Budget Increases \$5.3 Million, or 44.5%, to \$17.1 Million (\$ in Thousands)



Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

- Most of the increase in WNADA's fiscal 2025 allowance, compared to fiscal 2024, is attributable to a \$4.9 million increase in general funds for the organization to issue neighborhood revitalization grants.

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Fiscal 2024

WNADA's fiscal 2024 working appropriation includes grants of \$260,000 from the Baltimore City Mayor's Office and \$150,000 from the Baltimore Department of Housing and Community Development, added via budget amendment. These funds are being used for contractual personnel costs.

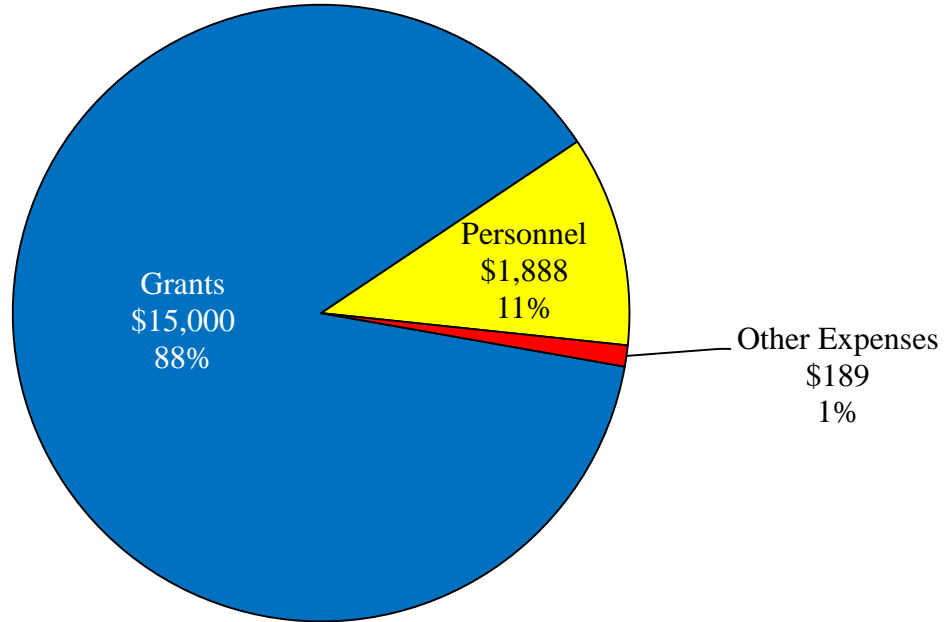
Implementation of Legislative Priorities

The fiscal 2024 appropriation included \$150,000 for a grant to the Baltimore Arts Realty Corporation (BARCO) to support a feasibility study for building a Smart Garment Facility along West North Avenue. As of January 2024, WNADA had approved the payment of the BARCO grant, but the organization needs to update its vendor profile to receive the funds. The funds do not continue in the fiscal 2025 allowance.

Fiscal 2025 Overview of Agency Spending

WNADA's total allowance for fiscal 2025 is approximately \$17.1 million. As shown in **Exhibit 1**, the vast majority (88%) of the allowance is for grants to nongovernmental entities. The fiscal 2025 allowance also includes \$1.4 million in general funds and \$500,000 in special funds for personnel costs. The special funds are in the form of a grant from the Baltimore City Mayor's Office. Aside from grants and personnel, all other costs total about \$189,000.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2025 Budget Books

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2025 allowance increases by 44.5% compared to the fiscal 2024 working appropriation. The largest dollar increase is in the area of grant funding for external organizations. The allowance increases funding for regular personnel from \$1.1 million in fiscal 2024 to \$1.9 million in fiscal 2025 and eliminates funding for contractual personnel for a net increase of about \$310,000 in funding for staff.

Exhibit 2
Proposed Budget
West North Avenue Development Authority
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Total
Fiscal 2023 Actual	\$0	\$0	\$0
Fiscal 2024 Working Appropriation	11,404	410	11,814
Fiscal 2025 Allowance	<u>16,578</u>	<u>500</u>	<u>17,078</u>
Fiscal 2024-2025 Amount Change	\$5,173	\$90	\$5,263
Fiscal 2024-2025 Percent Change	45.4%	22.0%	44.5%

Where It Goes:	Change
Personnel Expenses	
5 new positions due to contractual conversions.....	\$427
Turnover rate decreases from 15.15% to 0.01%	162
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	120
Baltimore City grant funding for personnel costs.....	72
Other Changes	
Grants for organizations working on neighborhood redevelopment and revitalization	5,000
Cost allocations.....	103
One-time legislative addition for BARCO for a feasibility study	-150
Contractual spending due to contractual conversions.....	-470
Total	\$5,263

BARCO: Baltimore Arts Realty Corporation
COLA: cost-of-living adjustment

Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	0.00	9.00	14.00	5.00
Contractual FTEs	<u>0.00</u>	<u>5.00</u>	<u>0.00</u>	<u>-5.00</u>
Total Personnel	0.00	14.00	14.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.01%
Positions and Percentage Vacant as of 12/31/23	1.00	11.11%
Vacancies Above Turnover	1.00	

- WNADA’s fiscal 2024 working appropriation has 14 positions – 9 regular positions and 5 contractual full-time equivalent (FTE) positions. However, the agency reports that it currently has only 3 contractual FTEs. The fiscal 2025 allowance includes 14 regular positions and no contractual FTEs. While 3 of the new regular positions are contractual conversions that are already filled, the remaining 2 are currently unfilled.
- As of December 31, 2023, WNADA had 1 vacant position that is expected to be filled before the end of February. Due to the low vacancy rate, the turnover rate for existing positions has been adjusted from 15.15% in fiscal 2024 to 0.01% in fiscal 2025.

Key Observations

1. Comprehensive Plan

Chapters 80 and 81 required WNADA to develop a comprehensive neighborhood revitalization strategy for the target area. Chapter 136 of 2023 amended Chapters 80 and 81 to add members to the Authority, change the deadline and content of a report, and exempt WNADA from certain provisions of state procurement law. As amended, the 19-member authority is made up of appointees selected by the President of the Senate, the Speaker of the House, the Governor, the Mayor of Baltimore City, and the chair of WNADA, along with members from various agencies and stakeholder organizations, with the president of Coppin State University (CSU) or the president's designee serving as chair. State funding was not initially provided for the agency. At that time, CSU advised that it could provide staff for the authority with existing resources, with additional support potentially provided by Baltimore City and volunteers. However, external organizations were not able to provide the level of staffing support as originally anticipated.

Chapters 80 and 81, as amended by Chapter 136, required WNADA to submit the comprehensive neighborhood revitalization plan, including any procurement activities undertaken by the Authority, by December 15, 2023, but the agency reports that staffing issues prevented it from meeting that deadline. WNADA reports that the agency is currently almost fully staffed and, as of the time of this writing, is expected to submit its comprehensive plan by the end of January 2024. Additionally, committee narrative in the *2023 Joint Chairmen's Report (JCR)* required WNADA to submit a grants manual explaining its grants review process by December 2023. WNADA reports that it has tentative written procedures of a grant process that it is currently following but will need to refine those steps from lessons learned from the first round of grants to develop a grants manual. **WNADA should provide an update on the timeline for submitting a comprehensive neighborhood revitalization plan and grants manual. The Department of Legislative Services (DLS) recommends restricting funds pending receipt of the comprehensive revitalization plan and grants manual.**

Beginning with fiscal 2024, when funds were first appropriated to WNADA as a separate State agency for operating expenses and grant making, WNADA has taken on more of a traditional economic development agency role. Rather than just developing a strategic plan, WNADA is distributing appropriated grant funds directly to organizations to initiate and fund development projects in the target area. WNADA reports that carrying out a neighborhood revitalization plan will take much longer than the five years the 2026 sunset date allows for, as comprehensive plans typically take 10 to 20 years to implement.

2. Applications Solicited for First Round of Grants

WNADA's budget for fiscal 2024 included \$10 million for grants to be awarded to nongovernmental entities. From those funds, WNADA provided a grant of \$250,000 to Druid Hill

D91 – West North Avenue Development Authority

Public Partnership to subsidize construction of 12 market-rate housing units within a historic building in the Reservoir Hill neighborhood of West Baltimore.

To distribute the remainder of fiscal 2024 grant funding, in December 2023, WNADA issued its first request for qualifications (RFQ) from businesses, nonprofit organizations, and transportation planners/engineers. WNADA intends to issue grants to projects that will support economic, commercial, transportation, and green space development, as well as increasing the population density in the target area, where 61% of homes are currently vacant. WNADA has identified six geographic areas of focus for fiscal 2024 and will prioritize issuing grants to projects within those areas. WNADA received 68 responses that were eligible for scoring through the RFQ process, with awards expected to be made in March.

DLS recommends restricting funds pending receipt of the comprehensive revitalization plan and grants manual.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$2,500,000 of this appropriation made for the purpose of Grants to Non-Governmental Entities may not be expended until the West North Avenue Development Authority submits a report to the budget committees with the completed comprehensive neighborhood revitalization plan and grants manual. The comprehensive plan and grants manual shall be submitted by October 1, 2024, and the budget committees shall have 45 days from the date of the receipt to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the comprehensive plan and grants manual are not submitted to the budget committees.

Explanation: Chapters 80 and 81 of 2021 as amended by Chapter 136 of 2023 required West North Avenue Development Authority (WNADA) to submit a comprehensive neighborhood revitalization plan, including any procurement activities undertaken by the Authority, by December 15, 2023. This plan has not yet been submitted. The 2023 Joint Chairmen’s Report requested WNADA submit a grants manual. This manual was due on December 29, 2023, but has not yet been submitted. This language restricts \$2.5 million pending the submission of a comprehensive neighborhood revitalization plan, as required by legislation establishing WNADA, and a grants manual to provide a simple and transparent review process.

Information Request	Author	Due Date
Comprehensive neighborhood revitalization plan and grants manual	WNADA	October 1, 2024

	<u>Amount Change</u>
2. Reduce funding for grants to nongovernmental entities. The fiscal 2025 allowance includes a \$5 million increase in funding for grants to nongovernmental entities. West North Avenue Development Authority has not yet completed its first full fiscal year as a State agency or its first round of grant awards, and it has not yet submitted a grants manual to provide a transparent process for awarding grant funding. Additionally, fiscal 2025 is a challenging budget year for the State.	-\$2,500,000 GF

Total General Fund Net Change **-\$2,500,000**

Updates

- ***Managing for Results:*** In the 2023 JCR, WNADA was asked to submit Managing for Results (MFR) criteria along with a fiscal 2025 budget and to participate in the MFR process. The fiscal 2025 MFR submission includes measures for WNADA tracking criteria regarding the number and amount of funding provided for key priorities including: rebuilding vacant or blighted homes, providing downpayment assistance for families, supporting commercial and retail developers, funding transportation and pedestrian projects and green spaces, and supporting minority- and women-owned businesses. However, only estimates are provided given that the agency has not yet completed a full year of operation.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that WNADA prepare two reports. Electronic copies of submitted JCR responses can be found on the DLS Library website.

- ***MFR:*** WNADA submitted MFR metrics with its fiscal 2025 budget submission. Further information about the MFR submission is included in the Update section of this analysis.
- ***Grants Manual:*** WNADA was asked to prepare a grants manual, as described above in Key Observation 1, by December 29, 2023. The grants manual has not yet been submitted.

**Appendix 2
Object/Fund Difference Report
West North Avenue Development Authority**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	0.00	9.00	14.00	5.00	55.6%
02 Contractual	0.00	5.00	0.00	-5.00	-100.0%
Total Positions	0.00	14.00	14.00	0.00	0%
Objects					
01 Salaries and Wages	\$0	\$1,107,908	\$1,888,434	\$780,526	70.5%
02 Technical and Special Fees	0	470,000	0	-470,000	-100.0%
03 Communication	0	5,400	5,400	0	0%
04 Travel	0	35,000	35,000	0	0%
08 Contractual Services	0	7,600	110,328	102,728	1351.7%
09 Supplies and Materials	0	14,860	14,860	0	0%
10 Equipment – Replacement	0	5,570	5,570	0	0%
11 Equipment – Additional	0	13,000	13,000	0	0%
12 Grants, Subsidies, and Contributions	0	10,150,000	15,000,000	4,850,000	47.8%
13 Fixed Charges	0	5,000	5,000	0	0%
Total Objects	\$0	\$11,814,338	\$17,077,592	\$5,263,254	44.5%
Funds					
01 General Fund	\$0	\$11,404,338	\$16,577,592	\$5,173,254	45.4%
03 Special Fund	0	410,000	500,000	90,000	22.0%
Total Funds	\$0	\$11,814,338	\$17,077,592	\$5,263,254	44.5%

Note: The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.