

Baltimore City Innovation Fund

Guidance Document and Agency Instructions

GENERAL PRINCIPLES

In Fiscal Year 2012, the Mayor established an Innovation Fund. Agencies have the opportunity to compete for “Innovation Fund” monies. The purpose of the Fund is to provide seed money for Agency investments that will lead to improved results and/or reduced ongoing operating costs. Innovation Fund proposals are separate from normal operating budget proposals.

Qualified Applicants

Proposals will only be accepted from City agencies or quasi-City agencies. Quasi-City agencies are independent entities that act on the City’s behalf, such as the Parking Authority, Baltimore Development Corporation, and others. A full list of quasi-City agencies is listed on the City’s website under “Government.” Grantees are not eligible to apply directly for Innovation Fund money, but can partner with eligible agencies.

Investment Characteristics

Proposals must be for one-time investments only. Any follow-on funding will be available on a competitive basis in future years’ regular operating budget processes.

The Fund will make Loans, as further described below. The Fund seeks proposals that demonstrate a positive Return on Investment (ROI), through increased revenue and/or reduced operating costs. Proposals which do not demonstrate a positive ROI are not eligible for an Innovation Fund investment.

An investment that leads to reduced operating costs produces cumulative operating savings within three years of implementation that exceed the initial investment. These investments will be treated as a “loan” and must be paid back by the recipient, on the terms set forth below.

Savings realized during the first two repayment years will be split between the agency and the Innovation Fund, in equal shares. The agency shall use its share of savings to fund projects which conform to the requirements of investments made hereunder and such use shall be certified in detail to the Innovation Fund Committee prior to commencement. Savings during subsequent years shall go to the Innovation Fund, until the Innovation Fund has been repaid 100% of the investment, after which time, 100% of the savings shall go to the General Fund. Operating savings will be certified by the Bureau of the Budget and Management Research.

Example: *The City loans \$600,000 to the Housing Department to implement an online permitting system. By reducing the staff required to meet walk-in customers, ongoing operating costs would be reduced by \$250,000 annually for a total of \$750,000 in three years. Housing would keep \$125,000 of the savings in each of the first two years.*

Agencies are invited to use the Innovation Lab (located at 201 East Baltimore Street on the second floor) as a meeting space to develop ideas further. Reservations for the lab can be made by emailing Kirsten Silveira at Kirsten.Silveira@baltimorecity.gov.

Minimum Amounts

Proposals must be for \$100,000 or greater. Funding for investments of less than \$100,000 must be requested and justified within a regular operating budget proposal.

EVALUATION CRITERIA

The Innovation Fund Committee will rank proposals based on the following criteria, in order of importance:

Disruptive Innovation

The Fund seeks proposals that disrupt the status quo way of addressing a challenge or delivering a service, and offer a compelling and game-changing solution. Not all innovative ideas are new. Applicants are encouraged to apply existing, proven ideas which have been funded and applied by others (e.g., philanthropic partners, educational institutions, business practices) but not used by our agencies at all or to scale.

Sustainability

The Fund seeks proposals that create sustainable improvements lasting for many years beyond the initial investment. Projects that provide a one-time “bump” in results but then revert back to the base level of performance will not be eligible for funding. The Innovation Fund will not provide funding beyond the initial investment. If the investment is for a pilot or demonstration project, any follow-on funding will subject to a competitive process in future years’ regular operating budget cycles, and applicants should demonstrate how future funding may be obtained either from the regular operating budget or from external sources, or both.

Leverage

The Fund seeks proposals that partner the City with other investors, such as foundations, businesses, and State and federal agencies who want to join us in promoting innovative solutions to our toughest challenges. Proposals that demonstrate strong potential for such partnerships, such as proposals seeking to leverage external dollars through a “last-in investment” by the City will receive priority consideration.

Customer Service Focus

The Fund seeks proposals that focus on providing excellent customer service. Applicants should think of customers broadly. Internal customers could include other City agencies or City staff members. External customers could include citizens, businesses, vendors, or other potential users of City services.

Collaboration

Preference will be given to proposals that show collaboration between two or more City agencies.

SECTION 3: APPLICATION PROCESS

The application process for the Innovation Fund is two-fold. First, agencies requesting Innovation Fund monies will need to submit a proposal with a detailed description of their innovative project idea. A standard template will be provided by

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BBMR. This proposal will be reviewed by the Innovation Fund Coordinator who will determine if the project proposed is innovative, sustainable, collaborative, and customer-focused. The proposal consists of:

- **General Information:** The agency will need to list the agency name, service name, contact information, and the dollar amount of the request.
- **Proposal:** The agency should describe the proposal in detail. The proposal should provide a clear case, with supporting evidence, for achieving measurable performance results and/or cost savings. A strong proposal will address the criteria described in Section 3 above.
- **Plan:** Describe the key personnel involved in the project, the timeframe for implementation, partnerships with other agencies or outside entities, how risks will be managed, and how the results will be evaluated. If this project is enhancing an existing project, identify the changes expected in the appropriate performance measures. If this project is new, identify the performance measures it will allow the agency to track and performance measures that demonstrate a need to add this project.
- **Track Measures of Success:** The agency should list the quantitative measures that will be used to measure success. Projects should be measured either in terms of improved results and/or dollars saved. The Innovation Fund Committee will be reviewing numerous proposals and will be looking for stretching (but realistic) targets, and a good overall “bang for the buck.” Agencies should consider how the proposed investment will impact current performance measured used during the budget process.
- **Connection to OutcomeStat:** The agency should review the indicators used to measure progress in the City’s seven Priority Outcome areas – Better Schools, Safer Streets, Stronger Neighborhoods, A Growing Economy, Innovative Government, A Cleaner City and A Healthier City. A good proposal will link project goals to the Mayor’s Priority Outcomes and discuss potential impact on indicators.
- **Develop Budget:** The agency must estimate all planned expenditures of Innovation Fund dollars by object, with a specific description for each line item. These expenditures must include both one-time upfront costs and any “life cycle” costs that might be required after the initial investment, such as ongoing maintenance, upgrades, or shutdown costs. The agency is also required to provide information on any other sources of funding for the project and how those will be used. In addition, for savings projects, the application requires a forecast of the amount and timing of the expected savings and the expected ROI. Agencies should consider consulting with their budget analysts to forecast savings and revenue potential.

Note: *Agencies that receive Innovation Fund monies will be expected to report on their progress to the Innovation Fund Committee quarterly until the loan is repaid. Once the fund is paid, agencies will be expected to report on their progress on an annual basis. The Committee will provide instructions on the format and content of these reports.*

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INNOVATION FUND COMMITTEE

Proposals will be evaluated by an Innovation Fund Committee. The Committee will consist of 5-7 members who are on the subcommittee of the Mayor's IDEA Team. The Committee will meet on a quarterly basis to review applications. The current Innovation Fund committee is:

- Andrew Kleine, Budget Director
- Matt Garbark, Special Assistant to the Chief of Staff
- Kirsten Silveira, Government Innovation Analyst
- Emma Tessier, Budget Management Analyst
- Jason Hardeback, CEO at The Foundry, Broadband Coordinator for the City of Baltimore
- Pete Little, Director of the Parking Authority

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Baltimore City OutcomeStat Indicators



Better Schools

- A Safe & Healthy Start
- Kindergarten Readiness
- Academic Achievement
- College and Career Readiness



A Growing Economy

- City Resident Employment
- Jobs in Baltimore
- Visitors to Baltimore



Safer Streets

- Shootings
- Property Crime
- Citizen Perception of Safety



Innovative Government

- Lean Government
- Innovation Fund



Stronger Neighborhoods

- Blight Elimination
- Neighborhood Investment
- Sustainable Transportation
- Recreation visits



A Cleaner City

- Recycling Rate
- Citizen Perception of Cleanliness
- Cleanliness of Waterways
- Energy Usage



A Healthier City

- Heroin-Related Deaths
- Citizen Mental Health
- Childhood Asthma