

FB04
Department of Information Technology

Capital Budget Summary

State-owned *Capital Improvement Program*
(\$ in Millions)

| <i>Program</i> | <i>Prior Auth.</i> | <i>2016 Request</i> | <i>2017 Estimate</i> | <i>2018 Estimate</i> | <i>2019 Estimate</i> | <i>2020 Estimate</i> |
|-----------------------|-------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|-----------------------|-------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|

| | | | | | | |
|---------------------------------------|------------------|-----------------|-----------------|-----------------|----------------|----------------|
| Public Safety Communication System | \$232.297 | \$34.350 | \$28.500 | \$34.650 | \$0.000 | \$0.000 |
| Total | \$232.297 | \$34.350 | \$28.500 | \$34.650 | \$0.000 | \$0.000 |

| <i>Fund Source</i> | <i>Prior Auth.</i> | <i>2016 Request</i> | <i>2017 Estimate</i> | <i>2018 Estimate</i> | <i>2019 Estimate</i> | <i>2020 Estimate</i> |
|---------------------------|-------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|---------------------------|-------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|

| | | | | | | |
|-------------------|------------------|-----------------|-----------------|-----------------|----------------|----------------|
| GO Bonds | \$128.850 | \$29.950 | \$28.500 | \$34.650 | \$0.000 | \$0.000 |
| PAYGO GF | 27.400 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| PAYGO FF | 0.400 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Nonbudgeted Funds | 79.647 | 4.400 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | \$232.297 | \$34.350 | \$28.500 | \$34.650 | \$0.000 | \$0.000 |

FF: federal fund
GF: general fund
PAYGO: pay-as-you-go

Summary of Issues

High-speed Data Network Improvements: State agencies are connected to networkMaryland, which is a high-speed data network. Construction costs for new facilities do not include the cost of connecting the facilities with high-speed data networks. There are also older facilities that may benefit from upgrades. **The Department of Legislative Services (DLS) recommends narrative requiring a review of costs and including those costs in capital cost estimates.**

Summary of Recommended Bond Actions

1. Department of Information Technology

Adopt narrative requesting a report on network connectivity in State facilities.

Program Description

Program Description: The Department of Information Technology (DoIT) supports Maryland's Executive Branch agencies as the principal procurement unit for information technology (IT) services and in establishing a long-range technology infrastructure, encouraging cross-agency collaboration, and advocating best practices for operations and major IT project development management. DoIT identifies and provides opportunities for State agencies to become more technologically efficient, reduce costs, and maximize the State's investment in IT and telecommunications assets.

Budget Overview

DoIT capital's fiscal 2016 request includes only one project, the Public Safety Communications System project. This provides an integrated statewide public safety wireless communication system and a primary radio communication system for public safety first responders throughout the State. The system uses the Public Safety 700 megahertz spectrum licensed to the State by the Federal Communications Commission. The program is also referred to as Maryland First Responders Interoperable Radio System Team (Maryland FiRST).

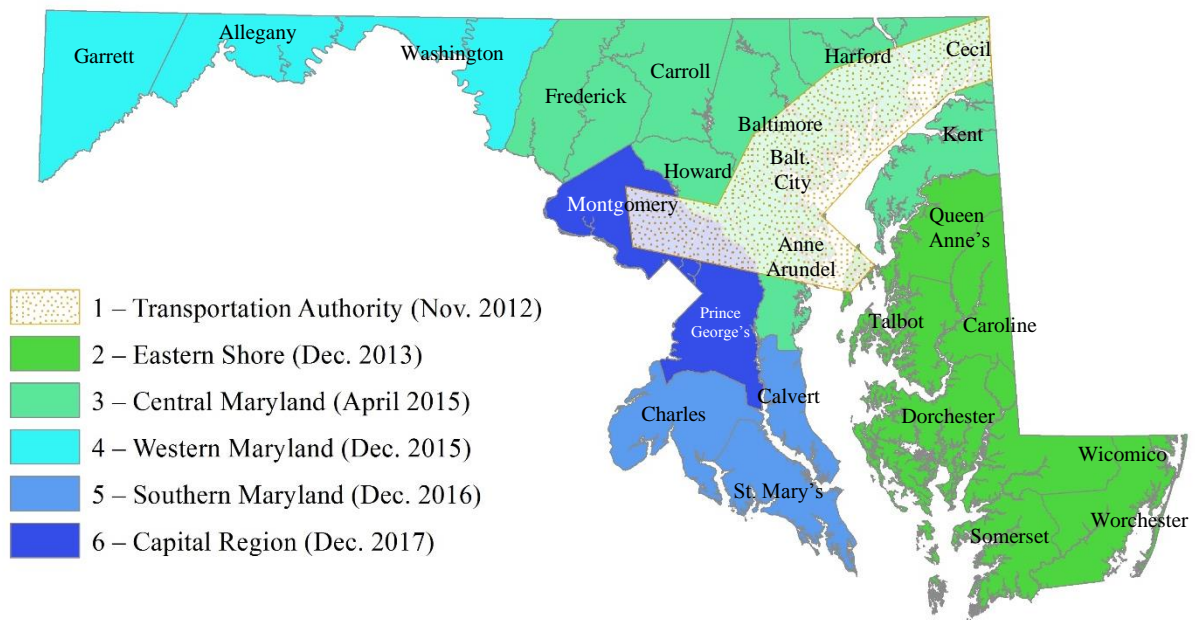
Once completed, this radio system will be the primary operating radio system for all State agencies, providing a communications platform for State agencies and allowing for seamless interoperability among State users and first responders at all levels of government. Interoperable communications is the ability for first responders to transmit voice and data communications in real-time, regardless of agency or jurisdictional boundary.

The project has been divided into the following regions:

- Region 1A is the Maryland Transportation Authority;
- Region 1 is Central Maryland;
- Region 2 is the Eastern Shore;
- Region 3 is the nation's capital area and Southern Maryland; and
- Region 4 is Western Maryland.

Construction did not progress by regions. Instead, the project was divided into six construction phases. The Maryland map in **Exhibit 1** shows the construction schedule by phases, as well as the actual and estimated month of completion.

Exhibit 1
Schedule for Implementing Maryland FiRST
Years Regions Become Operational



Source: Department of Information Technology, January 2015

The new *Capital Improvement Program* does not modify the general obligation bond authorizations required to complete this project. Last year's program assumed just under \$30 million, which is what the Department of Budget and Management (DBM) is requesting this year. This funds the remainder of Phase 4 (Western Maryland) and Phase 5 (Southern Maryland).

DoIT requested another \$4 million, which brings the fiscal 2016 requested total to \$34 million. The funds support the completion of the southern region. DBM did not provide the additional funds due to the lack of capacity for additional funding. DBM notes that the Western Maryland phase, funded in fiscal 2015, as well as Phase 5, have contingencies that may be able to absorb the costs. If that is not sufficient, DBM advises it will seek fiscal 2017 appropriations. Even if this is the case, DBM does not expect that would be substantial or jeopardize completion of the project.

The fiscal 2016 request also includes \$4.4 million from the State Highway Administration (SHA). The funds offset general obligation bonds for prior construction. This is the final nonbudgeted authorization from SHA, whose support totals \$28.0 million.

Contingencies

Each phase's authorization includes a contingency. The largest contingencies are in Western and Southern Maryland. Western Maryland contingencies are large because the hilly and rocky terrain makes it difficult to determine site lines and construction costs. The authorization includes \$5.5 million for contingencies, of which \$2.2 million are for Southern Maryland. In Southern Maryland, DoIT is concerned that many of the existing sites used for towers do not have the capacity that the new equipment will need to operate the system. For example, extra shelters may need to be built if the site does not have space in existing structures. **The department should brief the committees on the difficulties encountered when estimating costs and its approach to budgeting for contingencies.**

Issues

1. High-speed Data Network Improvements

DoIT operates networkMaryland, which is a high-speed data network that connects State agencies, libraries, schools, higher education institutions, and local governments. Since the network project began in 1999, network connectivity has become a required feature for State agencies.

DoIT has noted that the capital projects cost estimate worksheets do not consider the cost of including high-speed data networks that connect to networkMaryland in State facilities. Often, the State contracts with private vendors, such as Verizon, to connect facilities with networkMaryland. DoIT expects to include network connectivity with capital project costs.

There are also facilities that do not have sufficient capacity or require maintenance to upgrade aging fiber optic cables. Retrofitting these facilities could improve operations.

To examine these issues, DLS recommends narrative.

Operating Budget Impact Statement

Executive's Operating Budget Impact Statement (\$ in Millions)

| | | <i>FY 2016</i> | <i>FY 2017</i> | <i>FY 2018</i> | <i>FY 2019</i> | <i>FY 2020</i> |
|---|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Public Safety Communication System | | | | | | |
| | Estimated Operating Cost | \$4.0 | \$5.6 | \$7.7 | \$9.6 | \$11.8 |
| | Estimated Staffing | 0 | 0 | 0 | 0 | 0 |
| Total Operating Impact | | | | | | |
| | Estimated Operating Cost | \$4.0 | \$5.6 | \$7.7 | \$9.6 | \$11.8 |
| | Estimated Staffing | 0 | 0 | 0 | 0 | 0 |

Source: Radio Control Board, December 2014

GO Bond Recommended Actions

1. Adopt the following narrative:

High-speed Data Networks in State Facilities: Since 1999, the Maryland State Chief Information Officer has been responsible for developing and operating a statewide high-speed data network. This network has evolved to become networkMaryland, which is now operated by the Department of Information Technology (DoIT). High-speed data connectivity is now a feature in State facilities. The committees are concerned that the capital budget process does not include the cost of connecting new facilities to data networks. As a result, connections are often made by private vendors at the end of construction at a greater cost to the State. There are also facilities with aging connections that may be in need of upgrades. The Department of Budget and Management (DBM), in consultation with DoIT, should develop procedures for estimating the cost of including network connectivity in State capital projects. Beginning in fiscal 2017, these costs should be included in capital project cost estimates. DoIT should review State facilities, including facilities with long-term leases, to determine the need for improved connectivity. This should include a cost benefit analysis if a need for improvements is identified. The departments should submit its report on network connectivity and the capital budget process to the budget committees by December 1, 2015.

| Information Request | Authors | Due Date |
|--|----------------|------------------|
| Report on network connectivity in State facilities | DBM DoIT | December 1, 2015 |