

RA01
Maryland State Department of Education

Capital Budget Summary

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

Projects	<i>Prior Auth.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>Beyond CIP</i>
State Library Resource Center – Renovation	\$19.025	\$16.850	\$25.850	\$27.350	\$15.550	\$0.000	\$0.000
Eastern Shore	0.000	0.000	0.000	0.450	3.700	1.900	0.000
Total	\$19.025	\$16.850	\$25.850	\$27.800	\$19.250	\$1.900	\$0.000

<i>Fund Source</i>	<i>Prior Auth.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>Beyond CIP</i>
GO Bonds	\$19.250	\$16.850	\$23.200	\$25.150	\$19.250	\$1.900	\$0.000
Nonbudgeted Funds	0.000	0.000	2.650	2.650	0.000	0.000	0.000
Total	\$19.025	\$16.850	\$25.800	\$27.800	\$19.250	\$1.900	\$0.000

CIP: *Capital Improvement Program*

GO: general obligation

Grant and Loan Capital Improvement Program
(\$ in Millions)

<i>Program</i>	<i>2014 Approp.</i>	<i>2015 Approp.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>
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Public Library Grant Program	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000						

<i>Fund Source</i>	<i>2014 Approp.</i>	<i>2015 Approp.</i>	<i>2016 Request</i>	<i>2017 Est.</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>
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GO Bonds	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000						

GO: general obligation

Summary of Recommended Bond Actions

1. Public Library Capital Grant Program

Approve the \$5 million general obligation bond fund authorization for the Public Library Grant Program.

2. State Library Resource Center

Approve the \$16.85 million general obligation bond fund authorization to provide continued construction funding for the State Library Resource Center – Renovation project.

3. Section 12 – Maryland State Department of Education – State Library Resource Center

Approve the fiscal 2017 pre-authorization of \$23.2 million for the State Library Resource Center renovation project.

4. Section 13 – Maryland State Department of Education – State Library Resource Center

Approve the fiscal 2018 pre-authorization of \$23.2 million for the State Library Resource Center renovation project.

5. Section 14– Maryland State Department of Education – State Library Resource Center

Approve the fiscal 2019 pre-authorization of \$14,550,000 for the State Library Resource Center renovation project.

Budget Overview

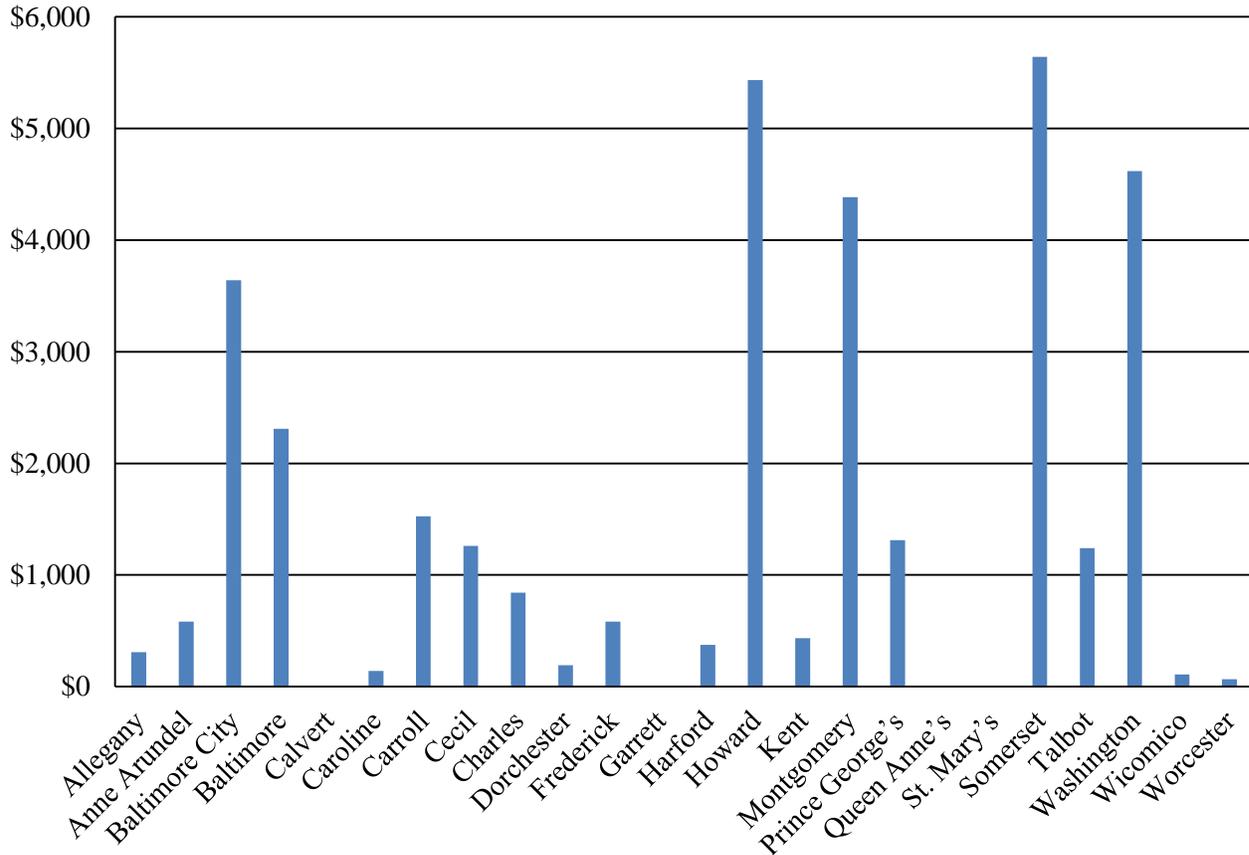
Public Library Capital Grant Program

The Public Library Capital Grant Program was established by Chapter 494 of 2006 and first received funding in fiscal 2008. The program provides funds to local libraries and library systems for capital improvements to existing libraries or construction of new facilities.

Section 23-510 of the Education Article mandates \$5 million in annual funding for a capital grant program for public library projects. The Maryland State Department of Education’s (MSDE) Division of Library Development Services (DLDS) is responsible for administering the program. To apply for a grant, local public library systems must develop a countywide library plan to file with DLDS and produce a master plan describing the capital projects approved by the applicant’s governing body. DLDS reviews applications and submits recommendations to the State Board of Education for approval. The list of approved projects is then forwarded to the Department of Budget and Management for funding. Grants from the program require a match from any combination of county, municipal, or private sources. State grants may not be less than \$20,000 and may fund 50% to 90% of a project’s cost as calculated by the wealth based cost-sharing formula enacted by the General Assembly in 2014.

The total allocation for the program since the inaugural 2008 authorization is shown in **Exhibit 1**. Of the 24 library systems, 20 have received at least one grant for a local library. Due to recent authorizations in State funding to assist in the construction of a new Crisfield Library, Somerset County has received the largest share of the total allocations, at \$5.6 million (16.1%). It is followed by Howard and Washington counties, which have received \$5.4 million and \$4.6 million, respectively. **Appendix 1** shows annual appropriations by county.

Exhibit 1
Total Library Grant Allocations
Fiscal 2008-2015
(\$ in Thousands)



Source: Department of Legislative Services

Over the eight years that the Public Library Capital Grant Program has existed, the number of projects and jurisdictions receiving allocations has fluctuated. Between the fiscal 2008 and 2012 authorizations, the number of jurisdictions receiving library grant funding declined from 16 to 6, and the total number of projects receiving funding decreased from 20 to 9 projects. Total State funding for the program, however, more than doubled. The decrease in projects is likely reflective of the fiscal constraint experienced by both the State and local governments during that time period. Since the fiscal 2011 authorization, there has been a slight increase in both the number of projects and jurisdictions receiving allocations. In fiscal 2014, the most recent peak in projects and funding, 11 jurisdictions received funding for 11 projects, with individual allocations ranging from \$21,000 to \$3.0 million. The total fiscal 2014 authorization was \$5.9 million.

Fiscal 2016 proposed projects appear in **Exhibit 2**. The fiscal 2016 Public Library Capital Grant allocation totals \$5.0 million, which also includes the use of \$32,900 in reallocated funds from prior year rescinded projects. The proposed allocation fully funds the projects recommended by MSDE. In total, eight projects are recommended for seven jurisdictions. Allocation amounts per project range from \$30,000 for renovation of a public meeting room at the Broadneck Library in Anne Arundel County to \$1.3 million to assist in the renovation of the Bowie Library in Prince George’s County.

Exhibit 2
Public Library Capital Grant Program Project List
Fiscal 2016
(\$ in Thousands)

<u>County</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>2016 Amount</u>	<u>Future Request</u>	<u>Total State Share</u>
Allegany	South Cumberland Library – Renovate 8,000 square foot (SF) library space and construct 600 SF addition	\$2,021	\$248	\$800	\$765	89.7%
Anne Arundel	Broadneck Library – Renovate 1,400 SF public meeting room	72		30		41.7%
Baltimore	Randallstown Library – Renovate 29,000 SF library space	332		170		51.2%
Harford	Havre de Grace Library – Construct new 19,846 SF library	8,443		1,000		11.8%
Montgomery	Davis Library – Renovate 16,400 SF library space including a new roof, elevators, early learning space, <i>etc.</i>	2,306		350		15.2%
Montgomery	Little Falls Library – Renovate 11,500 SF library space including new windows, elevator, quiet study room, and single-service desk	1,379		350		25.4%
Prince George’s	Bowie Library – Renovate library space to include teen zone and enhanced children’s room	2,380		1,250		52.5%

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<u>County</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>2016 Amount</u>	<u>Future Request</u>	<u>Total State Share</u>
Worcester	Berlin Library – Construct new 10,000 SF replacement library	4,680		1,083	600	36.0%
Statewide Contingency	Funds available due to heating, ventilation, and air conditioning replacement project completed under budget	-33		-33		
Total		\$21,580	\$248	\$5,000	\$1,365	

Source: Department of Budget and Management

As shown in Exhibit 2, though projects are eligible for a State match at 50% to 90% of the total project cost, the State percentage of the total project cost in a given year is often not the amount eligible for funding, as projects may have received prior authorizations from the State, and project costs may include ineligible expenses such as paint and carpeting with less than a 15-year life. Moreover, in some cases, libraries will not request funding for the entire eligible amount. Given the limited resources available for the program, some library systems may limit the size of the request to improve the odds of receiving funding. In addition, some systems may not be able to match the entire eligible State amount. Finally, the review committee may not recommend fully funding a project request to ensure geographic diversity in the allocation of funds.

State Library Resource Center – Renovation

The Enoch Pratt Free Library is a State Library Resource Center. Education Article § 23-205 specifies that the State is responsible for supporting the State Library Resource Center capital costs. The fiscal 2016 budget includes \$16.9 million in general obligation bond funds to continue construction funding for the renovation of the Enoch Pratt Free Library. Baltimore City has pledged \$5.3 million in support in subsequent fiscal years for the project.

The Enoch Pratt Free Library, established in 1933, has never been fully renovated. As a State Library Resource Center, the library provides books, information, services, and resources that cannot be provided by individual libraries. The project will address major mechanical; electrical; structural; and heating, ventilation, and air conditioning (HVAC) issues related to aging infrastructure and an inappropriate configuration of space. The facility does not meet fire code, is not Americans with Disabilities Act (ADA) compliant, and contains asbestos. The building’s HVAC system, installed in 1950, has not been updated and is inadequate to control interior climate and humidity, posing a threat to library collections and making the top floor unusable in some seasons. Many windows are original and do not close completely. The library has moved collections into inappropriate spaces to accommodate new technology. For example, a computer lab is now located in a portion of the front

lobby, and the multi-media section is located in a former sitting room and office space. Because the library employs more staff than the building was designed for, offices have been added to hallways. Moreover, the building does not have any meeting or conference space for individual study or private meetings. The renovation project will provide updated wiring for modern technology, upgraded lighting, refinish worn interiors, and clean and restore original murals. The renovation will provide adequate office, training, and meeting space; replace mechanical, electrical, plumbing, HVAC, and elevator systems; and address fire code and ADA compliance issues.

A program for the renovation and construction of an addition to the Enoch Pratt Free Library was approved in 1996. The capital budget bills of 1997 and 1998 included language expressing legislative intent that the cost of renovating the existing facility be shared between the State and Baltimore City. While the addition was completed in 2003, the renovation was deferred due to funding constraints. Funding was provided again in fiscal 2014 to restart and complete the design of the project.

The project has encountered delays in the design process, which has impacted the construction timeline. During the 2014 session, MSDE anticipated design to be complete in December 2014, with construction anticipated to begin in February 2015. The Department of General Services (DGS) negotiated with the original architect to revise the original plans; however, issues with fee negotiations and the awarding of funding delayed the start of the redesign until June 2014. As a result of the delays, construction is now expected to begin in December 2015, nearly a year behind the original anticipated schedule. To help offset the delays, DGS plans to eliminate the traditional four-month bid/award time between design completion and construction by hiring a construction management firm. This firm will be engaged during the design period and help to transition the project directly to construction. To date, a construction management firm has not been solicited.

More complete and updated cost estimates, in addition to the noted delays in the project schedule, have resulted in a \$5.6 million increase in the total project cost. To date, the renovation project has been provided \$19.0 million in prior authorizations, including \$10.0 million in design funding and \$9.0 million in construction funding. The fiscal 2016 capital budget provides nearly \$16.9 million to continue funding the construction costs. The proposed authorization is less than what was anticipated in the 2015 *Capital Improvement Program (CIP)* because the schedule delays have reduced the amount of construction funding needed in fiscal 2016. With the fiscal 2016 authorization, nearly \$25.9 million in construction funding would be available to cover costs incurred in the last six months of the fiscal year. **MSDE and DGS should provide a status update on the project, including the likelihood that construction will commence in December 2015 and that all \$25.9 million in construction funding will be required for expenditure in fiscal 2016.**

Language was added to the fiscal 2015 authorization restricting \$12 million until a memorandum of understanding (MOU) was signed between the State Library Resource Center and the Maryland State House Trust ensuring the prominent and ongoing display of the six Lord Baltimore Portraits in the State. According to MSDE, the library has had a number of meetings with State officials which has resulted in a draft MOU; however, an official agreement has not been signed and submitted to the General Assembly. As such, the restricted fiscal 2015 funds have yet to be released. With the delays in the project schedule, the restrictive language has not negatively impacted the timeline for the project.

Summary of Other Projects in the Capital Improvement Program

The Eastern Shore Regional Library (ESRL) is scheduled to receive funding in the CIP in fiscal 2018. This project will construct a new facility for both ESRL and the Wicomico Public Library in one location. The State is responsible for the portion of the library that will be used by ESRL. Approximately \$450,000 in design funding is currently programmed for fiscal 2018. The total estimated cost of the State's share is nearly \$6.1 million.

In summer 2014, Wicomico County rescinded its fiscal 2015 grant allocation through the Public Library Capital Grant program, which would have provided funding for site acquisition for the joint libraries. The funds were rescinded to better align the grant allocation with the State's proposed schedule for design and construction of the ESRL portion of the project. Because the State CIP does not include design funds for ESRL until fiscal 2018, site acquisition for the project will not occur until fiscal 2017.

GO Bond Recommended Actions

1. Approve the \$5 million general obligation bond fund authorization for the Public Library Grant Program.
2. Approve the \$16.85 million general obligation bond fund authorization to provide continued construction funding for the State Library Resource Center – Renovation project.
3. Approve the fiscal 2017 pre-authorization of \$23.2 million for the State Library Resource Center renovation project.
4. Approve the fiscal 2018 pre-authorization of \$23.2 million for the State Library Resource Center renovation project.
5. Approve the fiscal 2019 pre-authorization of \$14,550,000 for the State Library Resource Center renovation project.

Project Data

**Public Library Capital Grants
Fiscal 2008-2015**

County	<u>2008 Auth.</u>	<u>2009 Auth.</u>	<u>2010 Auth.</u>	<u>2011 Auth.</u>	<u>2012 Auth.</u>	<u>2013 Auth.</u>	<u>2014 Auth.</u>	<u>2015 Auth.</u>	<u>Total Auth.</u>
Allegany	\$63,000	\$0	\$0	\$0	\$0	\$0	\$90,000	\$157,000	\$310,000
Anne Arundel	82,800	94,452	0	0	0	50,000	70,000	286,000	583,252
Baltimore City	270,000	744,000	400,000	0	400,000	0	0	1,826,118	3,640,118
Baltimore	135,000	708,000	255,000	610,000	0	370,248	231,000	0	2,309,248
Calvert	0	0	0	0	0	0	0	0	0
Caroline	89,550	0	50,000	0	0	0	0	0	139,550
Carroll	135,000	437,000	307,000	210,000	233,000	47,000	157,000	0	1,526,000
Cecil	90,000	0	750,000	0	0	0	420,000	0	1,260,000
Charles	0	0	0	0	800,000	0	21,000	20,000	841,000
Dorchester	0	0	0	0	0	0	191,000	1	191,001
Frederick	144,000	398,000	0	0	0	0	41,000	1	583,001
Garrett	0	0	0	0	0	0	0	0	0
Harford	0	0	373,000	0	0	0	0	0	373,000
Howard	90,000	320,000	800,000	500,000	927,735	2,670,000	125,000	0	5,432,735
Kent	198,000	191,000	0	0	0	0	0	46,000	435,000
Montgomery	220,950	655,000	0	975,000	1,145,330	1,000,000	0	387,000	4,383,280
Prince George's	101,700	0	320,000	400,000	0	489,000	0	0	1,310,700
Queen Anne's	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0
Somerset	22,500	179,000	0	0	0	250,000	3,000,000	2,189,000	5,640,500

Analysis of the FY 2016 Maryland Executive Budget, 2015

<u>County</u>	<u>2008 Auth.</u>	<u>2009 Auth.</u>	<u>2010 Auth.</u>	<u>2011 Auth.</u>	<u>2012 Auth.</u>	<u>2013 Auth.</u>	<u>2014 Auth.</u>	<u>2015 Auth.</u>	<u>Total Auth.</u>
Talbot	0	0	0	1,240,000	0	0	0	0	1,240,000
Washington	270,000	184,000	800,000	675,000	890,935	0	1,597,300	200,000	4,617,235
Wicomico	45,000	0	20,000	0	0	43,882	0	0	108,882
Worcester	67,500	0	0	0	0		0	0	67,500
Total	\$2,025,000	\$3,910,452	\$4,075,000	\$4,610,000	\$4,397,000	\$4,920,130	\$5,943,300	\$5,111,120	\$34,992,002

Note: In fiscal 2015, funds were rescinded for three projects (Towson Library Roof Replacement in Baltimore County, New La Plata Library in Charles County, and New Eastside Library/Eastern Shore Regional Library in Wicomico County) shortly after the conclusion of the 2014 session. The rescinded funds were reallocated to provide additional funding to the Waverly Branch Renovation in Baltimore City (\$826,116) and the New Crisfield Library in Somerset County (\$634,000).

Source: Maryland State Department of Education