

D55P
Department of Veterans Affairs – Capital

Capital Budget Summary

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

<i>Projects</i>	<i>Prior Auth.</i>	<i>2017 Request</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>2021 Est.</i>	<i>Beyond CIP</i>
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Cheltenham Veterans Cemetery Burial Expansion and Improvements	\$0.000	\$1.360	\$6.260	\$6.480	\$0.000	\$0.000	\$0.000
Garrison Forest Veterans Cemetery Expansion	0.000	0.820	7.720	0.000	0.000	0.000	0.000
State Veterans Home in Baltimore County	0.000	0.000	0.000	0.000	4.317	28.411	31.073
Total	\$0.000	\$2.180	\$13.980	\$6.480	\$4.317	\$28.411	\$31.073

<i>Fund Source</i>	<i>Prior Auth.</i>	<i>2017 Request</i>	<i>2018 Est.</i>	<i>2019 Est.</i>	<i>2020 Est.</i>	<i>2021 Est.</i>	<i>Beyond CIP</i>
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GO Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$1.511	\$9.944	\$10.876
PAYGO GF	0.000	2.180	0.000	0.000	0.000	0.000	0.000
PAYGO FF	0.000	0.000	13.980	6.480	2.806	18.467	20.197
Total	\$0.000	\$2.180	\$13.980	\$6.480	\$4.317	\$28.411	\$31.073

CIP: Capital Improvement Program

FF: federal funds

GF: general funds

GO: general obligation

PAYGO: pay-as-you-go

Summary of Recommended PAYGO Actions

1. Eastern Shore Veterans Cemetery Burial Expansion
Approve deficiency appropriation for Eastern Shore Veterans Cemetery.
2. Cheltenham Veterans Cemetery Burial Expansion and Improvements
Approve funding for Cheltenham Veterans Cemetery.
3. Garrison Forest Veterans Cemetery Burial Expansion
Approve funding for Garrison Forest Veterans Cemetery.

Budget Overview

Maryland operates five veterans cemeteries throughout the State to provide interment to eligible veterans and their dependents. The cemeteries are located in Crownsville (Crownsville Veterans Cemetery), Cheltenham (Cheltenham Veterans Cemetery), Owings Mills (Garrison Forest Veterans Cemetery), Hurlock (Eastern Shore Veterans Cemetery), and Flintstone (Rocky Gap Veterans Cemetery). Through grants from the U.S. Department of Veterans Affairs (VA), the State has been able to expand and update State veterans cemeteries.

States request grant funds from VA for expansion of veterans cemeteries. All requested projects are then ranked on a number of factors, and the inclusion of State funds for design helps to increase the priority ranking and makes it more likely to be funded.

The *Capital Improvement Program* (CIP) includes funding for three projects:

- Cheltenham Veterans Cemetery totaling \$14.1 million, \$1.4 million in general funds for design and \$12.7 million in federal funds for construction and equipment;
- Garrison Forest Veterans Cemetery totaling \$8.5 million, \$0.8 million in general funds for design and \$7.7 million in federal funds for construction; and
- New State Veterans Home in Baltimore County totaling \$64 million, 35% in general obligation (GO) bonds and 65% in federal funds.

The fiscal 2017 allowance includes \$2.2 million in general funds for design for the two cemetery projects. State outlays for veterans cemeteries are reimbursed by the federal government when the grants are approved by VA. The CIP does not include funding for the veterans home project until fiscal 2020.

Deficiency Appropriation

The allowance also includes a \$26,000 general fund deficiency appropriation for design modification fees at the Eastern Shore Veterans Cemetery. This project received initial design funds in fiscal 2014 and construction funds in fiscal 2015. VA had an issue with a portion of the design of the project. VA declares that the honor guard addition must be a stand-alone facility. The redesign cost is approximately \$27,334. The Maryland Department of Veterans Affairs (MDVA) indicated that VA confirmed that the additional design costs can be included in the reimbursement when the federal construction grant is finalized.

Cheltenham Veterans Cemetery

Cheltenham Veterans Cemetery opened in 1978 and is expected to provide over 50,000 burial sites on the cemetery's 102 acres. Currently, there are a total of 22,016 gravesites of which only 1,288 remain available for interment. On average, 665 casketed burials and 160 cremains burials occur annually at Cheltenham Veterans Cemetery. Projections show there is an accumulated demand for 3,325 burials by fiscal 2019. MDVA projects that current demand for sites will exceed the existing supply by the end of fiscal 2016.

The fiscal 2017 allowance includes \$1.36 million in general funds for design. Fiscal 2017 is the first year of the project. The CIP includes an additional \$12.72 million in federal funds for construction and equipment, phased over fiscal 2018 and 2019.

The expansion will add an additional 6,500 casketed gravesites, 1,300 burial sites for cremated remains, and 2 above-ground columbarium structures as well as 3 concrete foundations to support future structures. In addition to expanding the number of gravesites, the project will replace the current administration building, which is too small and insufficient. A new maintenance complex is also being constructed as part of the project. The current maintenance building was constructed to support 372 burials per year and care of 3,718 gravesites. Cheltenham Veterans Cemetery projects that burials will increase to 905 per year, and the cemetery will care for 29,000 gravesites by 2024. The project also includes aesthetic and functional improvements to the cemetery.

Garrison Forest Veterans Cemetery

The original development of the Garrison Forest Veterans Cemetery in 1983 and subsequent expansions provided capacity to last no more than 30 to 35 years. The current available burial plots will reach capacity by fiscal 2018. Closure of the cemetery for interments would render MDVA noncompliant with Maryland law. This project provides approximately 4,800 additional gravesites, which meet anticipated demand for the next 10 years. Approximately 4,500 of the 4,800 gravesites will be double-depth pre-placed crypts, and the remaining 300 will be traditional single-depth interments where excavation below five feet is not possible. The project also provides for columbarium structures for future expansion. The project includes secondary roads, service roads, irrigation installations, and design landscaping for the expanded area.

The fiscal 2017 allowance includes \$820,000 in general funds for design. Fiscal 2017 is the first year for the project. The CIP includes an additional \$7.7 million in federal funds for construction, programmed for fiscal 2018.

Cemetery Burial Expansion Timeline

Both the Cheltenham and the Garrison Forest Veterans Cemeteries will reach burial capacity before the expansions are finished. Cheltenham will reach capacity in fiscal 2016 and Garrison Forest

will reach capacity in fiscal 2018. Neither of the expansions were included in the CIP before fiscal 2017. MDVA indicates that the two cemeteries will partially close to new burials, which forces veterans and their families to make other interment arrangements.

Previous expansions focused on expanding a specific acreage for in-ground burials. As expansions finished, the developed acreage did not accommodate as many in-ground burials as was anticipated. MDVA was tracking the sites based on burial numbers and not acreage. When acreage was assessed, it became clear that there was a shortage of burial space. There was also a higher number of burials than anticipated at Garrison Forest. MDVA indicates that it is now focusing on developing pre-placed crypts and requiring contractors to guarantee a specific number of grave sites, rather than a specific acreage. Additionally, MDVA indicates that it is developing a schedule for requesting a cemetery project five years in advance. **The Secretary should provide the burial capacity and projected burial needs for each of the five veterans cemeteries.**

Summary of Other Projects

New Veterans Home in Baltimore County

Narrative in the 2015 *Joint Chairmen's Report* (JCR) requires MDVA to update the committees on any changes in the progress of the development of a new veterans home to be located in Baltimore County.

MDVA, in a report submitted November 2015, confirmed that it submitted a capital budget request to design and construct a 120-bed skilled nursing facility in Baltimore County. The new home would be in close proximity to the Baltimore VA Medical Center and closer to Maryland's veteran population than the current veterans home in St. Mary's County. The estimated cost of the project is \$64 million, which includes the State contribution of \$22 million per a 65/35 split of federal and State funds, respectively. VA selected the project for a State Home Construction Grant. The State portion of the costs would be funded through GO bonds.

After deeming a Fort Howard site unsuitable due to mandates regarding coastal construction and issues with access to the site, MDVA and the Department of General Services (DGS) are considering the former property of the Rosewood Center for the location of the new facility. DGS, as of the November report, is procuring a consultant to perform a feasibility study for the Rosewood Center location. **MDVA should provide an update on the procurement of a feasibility study for the Rosewood Center location.**

Feasibility of Veterans Home in Western Maryland

The JCR also requested that MDVA review the feasibility of locating a veterans home in Western Maryland. MDVA considered veteran population size and cost when determining the feasibility of a new veterans home in Western Maryland. The department noted that the Charlotte Hall Veterans Home and the potential Baltimore County home are a significant distance from

Western Maryland. Despite the distance from any current or future home, MDVA notes that the small veteran population size (10% of all Maryland’s veterans) in Western Maryland and the State’s current budget situation make the project unfeasible. The department cites the growing percentage of debt servicing costs and the desire to control capital spending. The report discusses the possibility of a public-private partnership to cover the State’s portion of the costs, but notes that VA has a strong preference to work directly with the State, concluding that this option is not viable.

Operating Budget Impact Statement

Executive’s Operating Budget Impact Statement – State-owned Projects (\$ in Millions)

	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
Cheltenham Veterans Cemetery Burial Expansion and Improvements					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.006	\$0.010
Garrison Forest Veterans Cemetery Expansion					
Estimated Operating Cost	0.000	0.000	0.000	0.000	0.002
Total Operating Impact					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.006	\$0.012

The Garrison Forest Cemetery Expansion Project was originally intended to be completed in May 2020. The completion date was moved forward to 2018, but this change was not reflected in the Operating Budget Impact Statement in the Governor’s Budget Books. As a result, there is no operating budget impact shown until fiscal 2021 for the project. **The Secretary should provide an accurate estimate of the impact of the Garrison Forest Veterans Cemetery Expansion on the operating budget.**

PAYGO Recommended Actions

1. Eastern Shore Veterans Cemetery Burial Expansion.
Approve deficiency appropriation for Eastern Shore Veterans Cemetery.
2. Cheltenham Veterans Cemetery Burial Expansion and Improvements
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3. Garrison Forest Veterans Cemetery Burial Expansion
Approve funding for Garrison Forest Veterans Cemetery.