

DA07
Department of Aging

Capital Budget Summary

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

Program	2015 Approp.	2016 Approp.	2017 Request	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
----------------	-------------------------	-------------------------	-------------------------	--------------------------	--------------------------	--------------------------	--------------------------

Senior Center Capital Grant Program	\$0.000	\$1.012	\$1.680	\$1.600	\$1.600	\$1.600	\$1.600
Total	\$0.000	\$1.012	\$1.680	\$1.600	\$1.600	\$1.600	\$1.600

Fund Source	2015 Approp.	2016 Approp.	2017 Request	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
--------------------	-------------------------	-------------------------	-------------------------	--------------------------	--------------------------	--------------------------	--------------------------

GO Bonds	\$0.000	\$1.012	\$1.680	\$1.600	\$1.600	\$1.600	\$1.600
Total	\$0.000	\$1.012	\$1.680	\$1.600	\$1.600	\$1.600	\$1.600

GO: general obligation

Summary of Recommended Bond Actions

	<u>Funds</u>
1. Senior Centers Capital Grant Program	\$200,000 GO
Reduce funding for the Harford Road Senior Center to \$300,000 to reflect 50% of total project costs.	
Total Reductions	\$200,000 GO

Program Description

Program Description: The Senior Center Capital Grant Program provides financial assistance to local governments for the acquisition, design, construction, renovation, and equipping of senior centers. These centers provide programs and services to support seniors with health screening, congregate meals, continuing education, recreational programs, and information and assistance programs. The State may provide a grant of up to 50% of the project cost, not to exceed \$800,000, and local governments are required to match State funds on a dollar-for-dollar basis.

There are 112 senior centers in Maryland serving the elderly population by offering health, social, nutrition, education, and recreational services – the core program offerings in senior centers. Programs beyond these core services are determined by the needs and preferences of the population in the centers.

Approval of two projects totaling \$1,080,000 in general obligation (GO) bonds is included in the fiscal 2017 allowance, in addition to \$600,000 for another project that was completed, although the funds were canceled.

Lifetime Limit on Project Funding

Section 10-504 of the Human Services Article limits funding for the lifetime of each senior center to \$800,000, or 50%, of total costs. The two projects included in the allowance will reach the lifetime limit on funding due to funds that were approved over 20 years ago.

When the Senior Center Capital Grant Program was established, the lifetime funding limit was \$300,000. In 1998, the lifetime limit was increased to \$600,000, as some senior centers reached the previous limit. The limit was increased again in 2007 to the current level. Of the 112 senior centers in the State, 2 have reached the current lifetime limit, the North Laurel and Fallston Senior Centers. As noted, the 2 projects included in the fiscal 2017 allowance would reach the limit, if approved.

If the limit were relaxed to increase the amount of funding from \$800,000 or to decrease the time limit to 10 or 20 years rather than the lifetime of the facility, then demand for the program would likely increase. SB 805 and HB 262 increase funding for the Senior Center Operating Fund. These bills could serve as a vehicle for amending the statutory provision that caps the Capital Grant program.

Budget Overview

The fiscal 2017 allowance totals \$1.680 million in GO bonds for the Senior Center Capital Grant Program, leveraging \$6.7 million in local matching funds. The Harford Road Senior Center in Baltimore City is programmed for renovations (\$0.5 million in GO bonds) to address safety concerns and a need for interior and exterior upgrades. The Elkridge 50+ Center in Howard County is programmed for an expansion and renovations (\$0.58 million in GO bonds) to address insufficient space and issues with the structural design of the existing building. The allowance includes an additional \$0.6 million in GO bonds for the Somerset County Senior Center, which was completed in 2014, but the funds were canceled.

Harford Road Senior Center

Authorization Uses (\$ in Millions)

Fund Uses	Prior Approp.	FY 2017 Request	Future Estimated	Estimated Total
Acquisition	\$0.435	\$0.000	\$0.000	\$0.435
Construction	0.000	0.600	0.000	0.600
Total	\$0.435	\$0.600	\$0.000	\$1.035

Authorization Sources (\$ in Millions)

Fund Source				
State: 48.31%	\$0.000	\$0.500	\$0.000	\$0.500
Matching Fund: 51.69%	0.435	0.100	0.000	0.535
Total	\$0.435	\$0.600	\$0.000	\$1.035

Planned renovations of the Harford Road Senior Center include a new roof, a new fire alarm system, upgrades to the electrical systems, new flooring, new windows, and improved accessibility to the building. The Maryland Department of Aging (MDOA) indicates that deteriorating conditions have lowered interest in programs at the senior center. There are nearly 10,000 seniors living in the closest three zip codes to the senior center.

DA07 – Department of Aging

Many of the renovations are meant to address serious safety concerns. The building currently has no fire alarm system or properly working exit signs. There are exposed electrical wires in rooms and damaged electrical outlets. Glue for piping in the attic has deteriorated to a point that sewer gases are entering the attic. The heating, ventilation, and air conditioning system and roof need to be replaced in order to increase energy efficiency and improve air conditioning in the summer.

MDOA includes the cost of acquisition of the building in its calculation of matching funds. The acquisition costs totaled \$435,000; however, they were incurred many years ago. The total project cost of \$1.035 million includes the cost of acquisition. Without including the cost of acquisition, the allowance of \$500,000 is 83.33% of the total project costs. **DLS recommends reducing the allowance to \$300,000 or 50.0% of the total cost of the project.**

If \$500,000 in funding included in the allowance is approved, then the Harford Road Senior Center will reach its lifetime \$800,000 limit. This is due to approval of funding in the mid-1990s.

Elkridge 50+ Center

**Authorization Uses
(\$ in Millions)**

Fund Uses	Prior Approp.	FY 2017 Request	Future Estimated	Estimated Total
Construction	\$0.000	\$7.220	\$0.000	\$7.220
Total	\$0.000	\$7.220	\$0.000	\$7.220

**Authorization Sources
(\$ in Millions)**

Fund Source				
State: 8.03%	\$0.000	\$0.580	\$0.000	\$0.580
Matching Fund: 91.97%	0.000	6.640	0.000	6.640
Total	\$0.000	\$7.220	\$0.000	\$7.220

The Elkridge 50+ Center is housed within a 17,000 square foot facility, of which 2,929 square feet is dedicated to the senior center. The remainder of the facility houses the Elkridge Branch Library. After the expansion, the new facility will total 45,000 square feet, of which 10,000 square feet will be dedicated to the senior center.

The facility was originally designed as a library with a small space for the senior center included later. Lack of space limits the senior center's ability to hold concurrent programming.

DA07 – Department of Aging

The expansion will create a fitness center, office space for a Maryland Access Point information specialist, a multipurpose room, two classrooms, a lounge, and an outdoor terrace. The project is expected to be completed in one phase. Design began in July 2015. Construction is expected to be complete in December 2017.

The total project cost is \$7.220 million with \$580,000, or 8.03% in State funds. If \$580,000 in funding included in the allowance is approved, then the Elkridge 50+ Center will reach its lifetime \$800,000 limit. This is due to approval of funding in 1997.

Somerset County Senior Center

The Somerset County Senior Center was renovated in fiscal 2013. In fiscal 2007, \$600,000 in GO bonds was appropriated to renovate the Waxter Senior Center. The project was canceled, and the appropriation was to be used for the Somerset County Senior Center. Upon completion of the project, it was determined that MDOA approved cancellation of the \$600,000 appropriation, in line with the Comptroller's seven-year limit on appropriations. The allowance includes \$600,000 in GO bonds to recover the previously appropriated funds. The department indicates that it will apply its oldest appropriations first in order to avoid expiration of funds in the future.

GO Bond Recommended Actions

1. Reduce funding for the Harford Road Senior Center to \$300,000 to reflect 50% of total project costs.

DA0701A Senior Centers Capital Grant Program \$ 1,480,000

Allowance
1,680,000

Change
-200,000

Authorization
1,480,000

Explanation: The allowance includes the costs of acquisition of the building in the total project costs for the Harford Road Senior Center project. Including the costs of acquisition keeps the State funding below 50% of total project costs, as required by statute. Without including the cost of acquisition, which occurred many years ago, State funding is greater than 50%. This action reduces funding to reflect 50% of the total project costs.

Total General Obligation Bonds Reduction **\$200,000**