

**DH0104**  
**Military Department – Capital**

***Capital Budget Summary***

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

<b>Projects</b>	<b>Prior Auth.</b>	<b>2017 Request</b>	<b>2018 Est.</b>	<b>2019 Est.</b>	<b>2020 Est.</b>	<b>2021 Est.</b>	<b>Beyond CIP</b>
Havre de Grace Readiness Center	\$13.025	\$6.273	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Freedom Readiness Center	1.300	2.171	18.705	4.717	2.459	0.000	0.000
Easton Readiness Center	13.800	0.000	5.598	0.000	0.000	0.000	0.000
Havre de Grace CSMS Automotive Maintenance Facility	8.000	0.000	3.474	1.000	0.000	0.000	0.000
Havre de Grace CSMS Surface Equipment Maintenance Facility	0.000	0.000	0.000	1.537	0.000	15.000	7.141
MEMA Headquarters Renovation and Expansion	0.000	0.000	0.000	0.887	6.221	5.842	0.000
<b>Total</b>	<b>\$36.125</b>	<b>\$8.444</b>	<b>\$27.777</b>	<b>\$8.141</b>	<b>\$8.680</b>	<b>\$20.842</b>	<b>\$7.141</b>

<b>Fund Source</b>	<b>Prior Auth.</b>	<b>2017 Request</b>	<b>2018 Est.</b>	<b>2019 Est.</b>	<b>2020 Est.</b>	<b>2021 Est.</b>	<b>Beyond CIP</b>
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GO Bonds	\$1.925	\$4.115	\$6.048	\$5.471	\$8.680	\$5.842	\$5.536
PAYGO FF	34.200	4.329	21.729	2.670	0.000	15.000	1.605
<b>Total</b>	<b>\$36.125</b>	<b>\$8.444</b>	<b>\$27.777</b>	<b>\$8.141</b>	<b>\$8.680</b>	<b>\$20.842</b>	<b>\$7.141</b>

CIP: Capital Improvement Program  
 CSMS: Combined Support Maintenance Shop  
 FF: federal funds

GO: general obligation  
 MEMA: Maryland Emergency Management Agency  
 PAYGO: pay-as-you-go

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## ***Summary of Updates***

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***Fiscal 2016 to 2025 Facilities Master Plan:*** The 2014 *Joint Chairmen’s Report* required the Military Department to submit an updated Facilities Master Plan (FMP). A detailed document providing an overview of the department, description of existing facilities, and an outline of future capital needs was submitted in June 2015.

## ***Summary of Recommended PAYGO Actions***

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1. Concur with Governor’s allowance.

## ***Summary of Recommended Bond Actions***

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	<b><u>Funds</u></b>
1. Havre de Grace Readiness Center  Concur with the Governor’s allowance.	
2. Easton Readiness Center  Add funding to provide the necessary State match for construction of a new Easton Readiness Center.	\$771,000 GO
3. Section 12 Military Easton Readiness Center  Reduce pre-authorization for Easton Readiness Center in line with added funds in fiscal 2017.	-\$771,000 P1
4. Section 12 Military Havre de Grace Combined Support Maintenance Shop  Approve the pre-authorization of funds in fiscal 2018 for the Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility.	
5. Section 13 Military Havre de Grace Combined Support Maintenance Shop	

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Approve the pre-authorization of fiscal 2019 funds for the Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility.

**Total Additions**

**\$771,000 GO**

**Total Reductions**

**\$771,000 P1**

## ***Performance Measures and Outputs***

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The Military Department provides overall direction, development, and maintenance of the Maryland National Guard (MDNG), which is comprised of the Maryland Army Guard and the Maryland Air Guard. MDNG may be called up by the Governor during State emergencies or may be activated by the federal Department of Defense. The Military Department also operates the Maryland Emergency Management Agency (MEMA). MEMA is responsible for statewide emergency response activities.

To fulfill its mission, the Military Department oversees the construction, operations, and maintenance of armories and other facilities. The State's share of capital construction costs for National Guard Bureau (NGB) projects varies, but the cost of new Army National Guard facilities is typically split 75% federal and 25% State. Construction and maintenance of Air National Guard facilities is 100% federal funded. Projects involving additions or alterations resulting from changed mission requirements are usually 100% federally funded. MEMA is not part of NGB; therefore, project costs are not required to be shared with the federal government.

### **Army National Guard Facilities Fail to Reach Maintenance Goals**

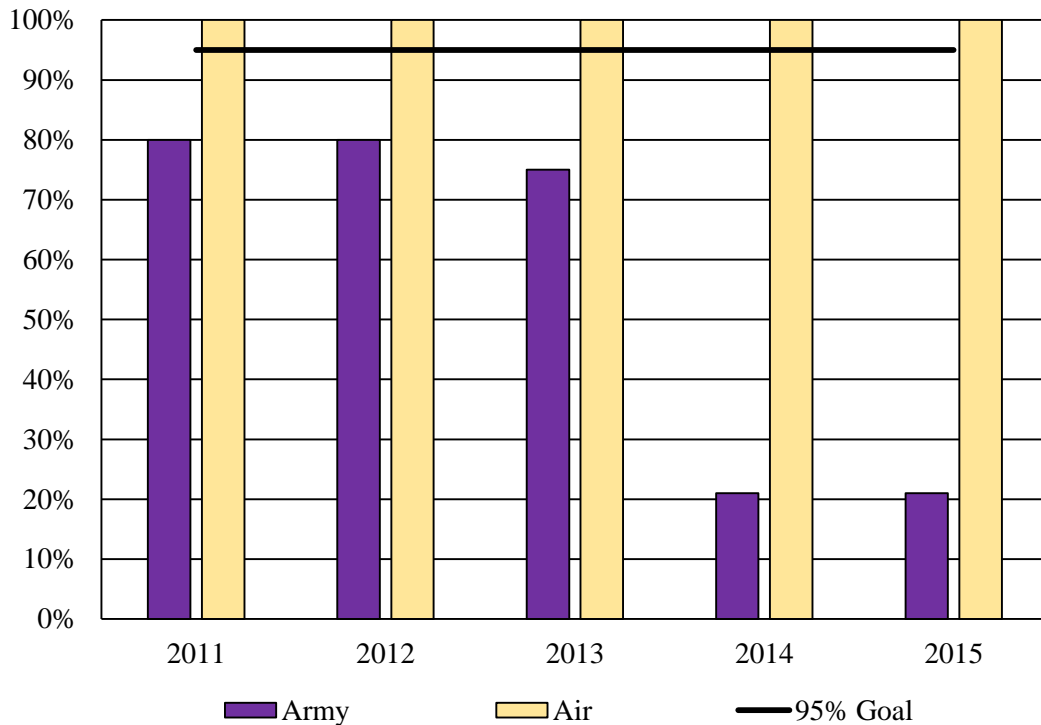
All MDNG facilities and real property support the operational and training needs of MDNG and the ability to respond to State and local emergencies. One of the responsibilities of the Military Department is to build and maintain the armories and other facilities used by MDNG. Through a cooperative agreement with NGB, maintenance funding is split between federal and State funds, depending on the facility. The department has a goal of maintaining 95% or more of Maryland's Army and Air Guard facilities in a fully functional status in compliance with NGB requirements. **Exhibit 1** shows the percentage of Army and Air Guard facilities in fully functional status from fiscal 2011 through 2015. In the past five years, Army National Guard facilities have yet to meet the 95% target, while Air National Guard facilities have exceeded the target every year. This discrepancy is the result of differences in the age and number of facilities to maintain, as well as the source of maintenance and construction funding.

Most military functions associated with air power are concentrated in large operational bases. As such, there are far fewer Air National Guard facilities to maintain. The principal Maryland Air National Guard installation is Warfield Air National Guard Base, co-located with Martin State

Airport in Middle River. Air National Guard facilities are primarily federally funded; these facilities are generally in good condition and have been rated 100% fully functional for the past five fiscal years.

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**Exhibit 1**  
**Maryland National Guard**  
**Facilities in Fully Functional Status**  
**Fiscal 2011-2015**



Note: The Maryland Army National Guard has an objective of maintaining 95% of the facilities in a fully functional status in compliance with National Guard Bureau requirements.

Source: Department of Budget and Management

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The Army National Guard has 33 readiness centers at 32 separate locations. More than half of the readiness centers have less than 70% of required space, and one-third are older than 55 years – the federal standard useful life for this type of facility. In addition, more than half of the current maintenance facilities are grossly inadequate. As facility standards have been updated in recent years to incorporate green building initiative, the functional rating of the Army National Guard facilities has fallen dramatically. In fiscal 2015, only 21% of facilities were considered fully functional by NGB standards, continuing to fall dramatically short of the goal.

Army National Guard facilities receive a mix of federal and State funding for both maintenance and construction costs. Historically, the department believes that the average age of the facilities and reduction of maintenance funding due to cost containment have impacted facility ratings. The fiscal 2017 operating budget provides enhanced maintenance funding for Army National Guard facilities, and the fiscal 2017 capital budget funds the replacement of three readiness centers to help address the deficiencies.

## ***Budget Overview***

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The 2016 *Capital Improvement Program* (CIP) includes funding for three replacement readiness centers, construction of two new Combined Support Maintenance Shop (CSMS) facilities, and expansion of MEMA Headquarters facility. The fiscal 2017 allowance includes \$4.1 million in general obligation (GO) bonds and \$4.3 million in federal pay-as-you-go (PAYGO) funds. The MEMA Headquarters project requires 100% State funding, while the other projects are anticipated to be split 75%/25% between federal and State dollars.

### **Fiscal 2017 Projects**

#### **Havre de Grace Readiness Center**

The fiscal 2017 allowance provides \$4.1 million in GO bonds and nearly \$2.2 million in federal PAYGO funding to complete construction of a new readiness center in Havre de Grace. This reflects an increase of approximately \$1.8 million above what had been planned in the 2015 CIP, because the design/build construction contract bids were higher than anticipated. The total project cost is \$19.3 million.

The current readiness center was built in 1924 as a clubhouse and hotel for a horse racing track. The current facility is undersized for the two units housed and is in poor condition with major building systems failing. The new facility will conform to NGB standards for readiness centers. Design of the facility began in October 2015. The project is anticipated to be complete by December 2017.

#### **Freedom Readiness Center**

This project will replace two antiquated readiness centers, consolidating units in Ellicott City and Catonsville into one facility. These two units are currently at readiness centers that do not meet NGB standards and are located in areas that have experienced significant growth, impinging on access for personal and military vehicles. The new facility will contain functional space to meet all requirements for two National Guard units, including unit administrative offices, equipment storage areas, locker areas, toilet/shower facilities, classrooms, soldier training areas, an assembly hall, and other support spaces. The facility will support 265 traditional weekend National Guard soldiers and up to 12 full-time active duty military personnel. The department anticipates that the two units will drill on opposite weekends to maximize the availability of shared facilities and areas.

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The new Freedom Readiness Center will be located on a 56-acre parcel on the grounds of the Springfield Hospital property, which was deemed excess property by the Department of Health and Mental Hygiene (DHMH). The property was transferred from DHMH to the Military Department in May 2015 at no cost, saving the State approximately \$2.5 million in land acquisition funding.

GO bond funding was added for this project in fiscal 2016 to obtain a federal commitment to design and construct the new facility. This project was selected for funding in the President's fiscal 2017 Future Year's Defense Program (FYDP) budget. In order to be eligible for federal funds, the Military Department must be able to show State commitment to the project. The fiscal 2016 capital budget provided \$1.3 million in GO bonds to design the facility, with the majority of the federal funding for the project anticipated in fiscal 2017. The fiscal 2017 authorization, however, only provides \$2.2 million in federal funding to be used toward design of the facility. The difference in the fiscal 2017 planned amount and the fiscal 2017 recommendation results from the department's intention to pursue this project with the design-bid-build construction method, as opposed to the design-build method. As a result of this shift in methodology, federal design funding for the project became available, and construction funding will not be required until fiscal 2018. The Freedom Readiness Center will be the first construction project completed by the Military Department using the design-bid-build method.

The total estimated cost of the project is \$29.4 million. It is anticipated that design will begin in March 2016 and require 14 months to complete. Construction is estimated to begin in November 2017. The projected completion date is anticipated to be November 2019.

### **Easton Readiness Center**

The project will construct a new Easton Readiness Center in Talbot County. The current facility has insufficient and inadequate space. The facility was built for an all-male National Guard Company but now houses males and females. The new facility will have administrative offices, equipment storage areas, locker rooms, bathroom facilities, classrooms, training areas, an assembly hall, and support spaces constructed to readiness center standards.

Funding for this project was added in fiscal 2016 due to the availability of \$13.8 million in federal funds to begin design and construction of the facility. Funding from the State was pre-authorized for a later date, based on the anticipated cash flow of the project. The 2016 CIP has \$4.4 million in GO bonds (pre-authorized) and \$1.2 million in additional federal funding programmed for expenditure in fiscal 2018. The Department of Budget and Management, however, has indicated that State and federal funds must be simultaneously expended at the rate of 75% federal and 25% State. As such, the project cannot begin until State funding has been authorized. The target start date for design is June 2016, with an estimated completion date of June 2019.

**The Department of Legislative Services recommends adding an authorization of \$771,000 in GO bonds to the fiscal 2017 capital budget for the Easton Readiness Center and amending the fiscal 2018 pre-authorization for the project. This fiscal 2017 authorization will provide the appropriate 25% match to the \$2.3 million in federal funds anticipated to be spent in fiscal 2017 for design, demolition, and sitework.**

## **Out-year Projects**

### **Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility**

Funding was authorized in fiscal 2016 for the construction of a new specialized automotive maintenance facility at the Havre de Grace Readiness Center due to the potential availability of federal funds. The existing facility's original design and configuration does not meet modern standards for National Guard maintenance facilities; in particular, the facility has insufficient space, improper configuration, and aging infrastructure. The Military Department submitted this project to NGB to be considered for funding under the Critical Unfunded Requirement (CUFR) program in fiscal 2016. The CUFR program provides funds up to \$8 million to State Army National Guard units to address infrastructure needs that are urgent and can be addressed within the next fiscal year. The fiscal 2016 budget provided a federal PAYGO authorization of \$8 million in anticipation of receiving federal approval for the project. To date, approval of the project is still pending.

The \$1.8 million in federal funds for furniture, fixtures, and equipment and \$2.6 million in GO bond funding for the State match has been delayed by one fiscal year due to the uncertainty of when federal funding for the project will be authorized. State funding is pre-authorized in fiscal 2018 and 2019 in anticipation of receiving federal approval. The project is anticipated to cost \$12.5 million.

### **Havre de Grace Combined Support Maintenance Shop Surface Equipment Facility**

Funding for this project has been added to the 2016 CIP due to the availability of federal military construction funds to replace the existing Surface Equipment Maintenance facility at the Havre de Grace Readiness Center. The existing structure has multiple deficiencies and has exceeded the federal standard for useful life. It was converted from former horse racing track facilities and is not properly sized or configured to meet the standards of a modern CSMS facility. The new facility will contain functional spaces to meet all requirements for sustainment level maintenance operations and State-level maintenance management.

This project was selected in the federal fiscal 2016 to 2020 FYDP. Federal funds for design and the complimentary State design funds are programmed for fiscal 2019. The project will be completed using the design-bid-build construction method. Federal military construction (MILCON) funds are programmed for fiscal 2021. The project has a total estimated cost of \$23.7 million.

## ***Updates***

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### **1. Fiscal 2016 to 2025 Facilities Master Plan**

The Maryland Military Department operates a range of facilities across the State. These include readiness centers, maintenance facilities, airfields, offices and support buildings, and training areas; collectively, these provide the infrastructure that houses soldiers, airmen, and civilian staff; supports equipment; facilitates effective training and logistical management; provides operational space for military support to civil authority; enables effective command and control over forces, resources, and capabilities; and sustains readiness to manage joint and interagency operations in response to natural disasters and emergencies.

Operational and support facilities of the National Guard and MEMA have unique requirements. National Guard facility requirements are generally determined by federal standards for reserve component military units and supported with significant federal funding for both construction and sustainment. MEMA facility requirements are influenced by federal standards but, more importantly, are derived from the practical requirement to be able to operate effectively as a State administrative office building, interagency training facility, and expanded interagency operational headquarters during natural disasters and other emergencies.

Over the past three decades, the missions and requirements of the Military Department have changed dramatically. New missions and expanded responsibilities have placed new demands on the Military Department's forces and facilities. At the same time, the facility inventory has aged, and its condition has deteriorated. This is a result of several factors, including overuse due to changing missions and forces, a lack of a comprehensive facility sustainment strategy, inefficient single-unit facilities, and increased spatial needs for modern military equipment.

The department's capital investment strategy for the next decade, as laid out in its fiscal 2016 to 2025 FMP, aims to:

- reduce the total number of facilities;
- sustain high-quality facilities, while eliminating inefficient ones;
- improve operational efficiencies through shared use and the development of partnerships;
- improve energy efficiencies;
- restore and modernize valuable facilities; and
- leverage funding opportunities.



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According to the FMP, the department intends to divest 11 Army National Guard properties over the next decade. A total of 11 readiness centers will be replaced by fiscal 2030, with some consolidation into multi-unit facilities.

**Fiscal 2016 to 2021**

**Exhibit 2** lists the top priority Military Department projects that are eligible for inclusion in the State capital budget through fiscal 2021. These projects have an estimated total cost of \$114.6 million, of which it is anticipated that the State will be responsible for funding 25% of the project cost, with the exception of the MEMA Headquarters expansion. That project must be funded 100% by the State. Four of the projects have already received federal funding commitment through the FYDP, and four of the projects have received authorizations in the State budget.

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**Exhibit 2**  
**Military Department**  
**Facility Master Plan Project Priorities**  
**Fiscal 2016-2021**  
**(\$ in Millions)**

<b><u>MILCON</u></b>		<b><u>Fiscal Year</u></b>	<b><u>Estimated Total</u></b>
<b><u>Priority</u></b>	<b><u>Project</u></b>	<b><u>Requested</u></b>	<b><u>Project Cost</u></b>
1	Havre de Grace Readiness Center*	2016	\$18.321
2	Easton Readiness Center*	2017	18.521
3	Freedom Readiness Center*	2018	28.601
4	MEMA Headquarters Expansion	2019	12.950
5	Havre de Grace CSMS Surface Equipment Maintenance Facility*	2020	23.678
6	Havre de Grace CSMS Automotive Maintenance Facility	2021	12.496
	<b>Total</b>		<b>\$114.567</b>

CSMS: Combined Support Maintenance Shop  
MEMA: Maryland Emergency Management Agency  
MILCON: military construction

\* Notes projects with confirmed federal funding through the Federal Future Years Defense Program.

Source: Military Department

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Funding for the MEMA Headquarters expansion at Camp Fretterd in Baltimore County is programmed for fiscal 2019 through 2021 in the 2016 CIP. Unlike NGB projects, the MEMA Headquarters expansion is 100% GO bond funded, because MEMA is not related to NGB and has been denied federal support; the Federal Emergency Management Agency has deemed the headquarters expansion a State responsibility. The current facility is unable to accommodate current

and future staff. Without additional space, MEMA will not be able to perform its disaster coordination response duties adequately. The expansion will provide office and conference space; training and classroom facilities; technical support space; and improved restroom, break, and sleep facilities. The planned renovation and expansion will capitalize on the recently renovated State Emergency Operations Center.

**Fiscal 2022 to 2025**

**Exhibit 3** lists projects included in the FMP beyond fiscal 2021. Included in these projects is the replacement of four readiness centers across the State, multiple years of renovations at Camp Fretterd Military Reservation, and improvements to the Facilities Maintenance Shop at Cheltenham. The estimated total cost of these projects is \$128.5 million, of which 75% will be federally funded.

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**Exhibit 3**  
**Military Department**  
**Facility Master Plan Project Priorities**  
**Fiscal 2022-2025**  
**(\$ in Millions)**

<u>Project</u>	<u>First Fiscal Year Requested</u>	<u>Estimated Total Project Cost</u>
Cheltenham Facilities Maintenance Shop Addition/Alteration	2022	\$7.697
Baltimore City Readiness Center	2022	32.955
Camp Fretterd Military Reservation Renovation	2022	16.064
White Oak Readiness Center	2023	39.072
Frederick Readiness Center	2024	17.030
Glen Burnie Readiness Center	2025	15.690
<b>Total</b>		<b>\$128.508</b>

Note: Camp Fretterd Military Reservation Renovation funding is multiple buildings spread over multiple years.

Source: Military Department, Fiscal 2016-2025 Facilities Master Plan

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Of particular priority to the Military Department is the construction of the Baltimore City Readiness Center. This project will replace undersized and obsolete facilities in Baltimore City (Winchester Street) and Parkville with a single new facility on a new parcel in Baltimore City or its immediate vicinity. The department has not yet identified a specific site for the new facility. Both existing readiness centers cannot meet current standards due to small parcel size, encroachment, and topography. The FMP has funding for this project programmed for fiscal 2022.

***Operating Budget Impact Statement***

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**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>
<b>Havre de Grace Readiness Center</b>					
Estimated Operating Cost	\$0.000	\$1.202	\$0.034	\$0.034	\$0.034
<b>Freedom Readiness Center</b>					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$1.643	\$0.168
Estimated Staffing	0	0	0	1	1
<b>Total Operating Impact</b>					
Estimated Operating Cost	\$0.000	\$1.202	\$0.034	\$1.677	\$0.202
Estimated Staffing	0	0	0	1	1

***Summary of Other Projects in the Capital Improvement Program***

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**Projects Deferred in Fiscal 2017**

As previously discussed in the budget overview, the Military Department has funding for three projects deferred in the 2016 CIP, when compared with proposed funding plan in the 2015 CIP. **Exhibit 4** provides detail regarding those three projects.

**Exhibit 4**  
**Projects Deferred**  
**Fiscal 2017**  
**(\$ in Millions)**

<u>Project</u>	<u>Description</u>	<u>Reason for Deferral</u>
Freedom Readiness Center	Construct a new facility in Central Maryland to support two National Guard units	Change in bid methodology
Easton Readiness Center	Construct a new facility to replace the current, insufficient facility	Anticipated construction schedule and cash flow
Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility	Construct a new automotive maintenance facility to replace current, obsolete facility	Delays in award of federal funds for the project

Source: Department of Budget and Management, 2016 *Capital Improvement Program*

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**Projects Added to the *Capital Improvement Program***

**Exhibit 5** notes the one project added to the Military Department’s 2016 CIP. As previously discussed in the Budget Overview section of this analysis, funding for the Havre de Grace CSMS Surface Equipment Maintenance Facility has been added to the 2016 CIP because of the availability of federal MILCON funding beginning in fiscal 2019.

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**Exhibit 5**  
**Projects Added to the *Capital Improvement Program***  
**Fiscal 2017**  
**(\$ in Millions)**

<u>Project</u>	<u>Description</u>	<u>Reason for Addition</u>
Havre de Grace Combined Support Maintenance Shop Surface Equipment Maintenance Facility	Construct a replacement facility for surface equipment maintenance	Designated for federal military construction funding

Source: Department of Budget and Management, 2016 *Capital Improvement Program*

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## ***Pre-authorizations and De-authorizations***

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**Exhibit 6** notes the three pre-authorizations included in the fiscal 2017 capital budget for the Military Department. Pre-authorized funding is provided for the GO bond portion of the Easton Readiness Center and the Havre de Grace CSMS Automotive Maintenance Facility.

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**Exhibit 6**  
**Pre-authorizations**  
**Fiscal 2018-2020**  
**(\$ in Millions)**

<b><u>Project</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Reason</u></b>
Easton Readiness Center	\$4.403	\$0.000	\$0.000	Construction funding based on anticipated cash flow needs
Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility	1.645	1.000	0.000	Construction funding based on anticipated cash flow needs

Source: Department of Budget and Management, 2016 *Capital Improvement Program*

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## ***PAYGO Recommended Actions***

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1. Concur with Governor's allowance to authorize \$2,171,000 for the Freedom Readiness Center and \$2,158,000 for the Havre de Grace Readiness Center.

***GO Bond Recommended Actions***

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1. Approve the authorization of \$4,115,000 in general obligation bonds to construct and equip the new Havre de Grace Readiness Center.
  
2. Add funding to provide the necessary State match for construction of a new Easton Readiness Center.

DH0104C	Easton Readiness Center.....	\$ 771,000
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
0	771,000	771,000

**Explanation:** Federal funding was provided in fiscal 2016 to construct a new Easton Readiness Center; however, the project cannot begin until the funds to support the necessary 25% State match are made available. This action adds the general obligation bond funding necessary to support the State’s portion of estimated design, demolition, and sitework expenses in fiscal 2017.

3. Reduce pre-authorization for Easton Readiness Center in line with added funds in fiscal 2017.
- |        |  |      |
|--------|--|------|
| ZF4400 | Section 12 Military Easton Readiness Center..... | \$ 0 |
|--------|--|------|

DH01.04 MILITARY DEPARTMENT

- (A) Easton Readiness Center. Provide funds to complete construction of a new Maryland Army National Guard Readiness Center in Easton (Talbot County).....
 

4,403,000
<u>3,632,000</u>

**Explanation:** Funds are added to the fiscal 2017 capital budget for the Easton Readiness Center, providing the 25% State match that is needed to begin the project. As such, the fiscal 2018 pre-authorization is reduced by an equivalent amount.

4. Approve the pre-authorization of \$1,645,000 in general obligation bonds in fiscal 2018 for the Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility.

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5. Approve the pre-authorization of \$1,000,000 in general obligation bonds in fiscal 2019 for the Havre de Grace Combined Support Maintenance Shop Automotive Maintenance Facility.

<b>Total Additions</b>	<b>\$771,000 GO</b>
<b>Total Pre-authorization (2017) Reduction</b>	<b>\$771,000 P1</b>