

RA01
Maryland State Department of Education

Capital Budget Summary

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

Projects	Prior Auth.	2017 Request	2018 Est.	2019 Est.	2020 Est.	2021 Est.	Beyond CIP
State Library Resource Center – Renovation	\$35.875	\$29.060	\$34.678	\$4.512	\$0.000	\$0.000	\$0.000
Total	\$35.875	\$29.060	\$34.678	\$4.512	\$0.000	\$0.000	\$0.000

Fund Source	Prior Auth.	2017 Request	2018 Est.	2019 Est.	2020 Est.	2021 Est.	Beyond CIP
GO Bonds	\$35.875	\$26.410	\$32.028	\$4.512	\$0.000	\$0.000	\$0.000
Nonbudgeted Funds	0.000	2.650	2.650	0.000	0.000	0.000	0.000
Total	\$38.875	\$29.060	\$34.678	\$4.512	\$0.000	\$0.000	\$0.000

CIP: *Capital Improvement Program*
GO: general obligation

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

Program	2015 Approp.	2016 Approp.	2017 Request	2018 Est.	2019 Est.	2020 Est.	2021 Est.
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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						

Fund Source	2015 Approp.	2016 Approp.	2017 Request	2018 Est.	2019 Est.	2020 Est.	2021 Est.
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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 \$26.4 million general obligation bond fund authorization to provide continued funding for the State Library Resource Center renovation project.

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

Approve the fiscal 2018 pre-authorization of \$30.5 million for the State Library Resource Center renovation project.

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

Approve the fiscal 2019 pre-authorization of \$3.5 million for the State Library Resource Center renovation project.

Budget Overview

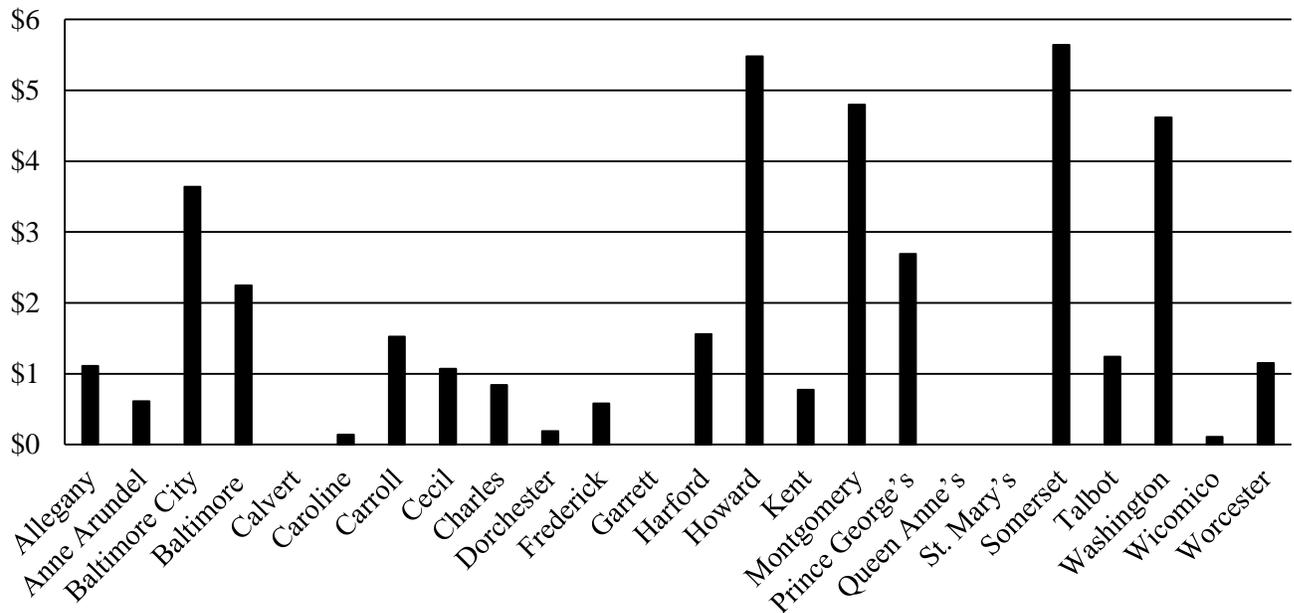
Public Library Capital Grant Program

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. Somerset County has received the largest share of the total allocations (\$5.6 million), followed by Howard (\$5.5 million), Montgomery (\$4.8 million), and Washington (\$4.6 million) counties. **Appendix 1** shows annual appropriations by county.

Exhibit 1
Total Library Grant Allocation
Fiscal 2008-2016
(\$ in Millions)



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 constraints 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.

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Fiscal 2017 proposed projects appear in **Exhibit 2**. The fiscal 2017 Public Library Capital Grant allocation totals \$5 million. In total, 11 projects are recommended for nine jurisdictions. Allocation amounts per project range from \$117,000 for Anne Arundel County to renovate a space for the Odenton Library to be an Innovation Laboratory, to \$1 million for Frederick County for the construction of a new Walkersville Library.

Exhibit 2
Public Library Capital Grant Program Project List
Fiscal 2017
(\$ in Thousands)

<u>County</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>2017 Amount</u>	<u>Future Request</u>	<u>Total State Share</u>
Allegany	South Cumberland Library – Renovate 8,200 square foot (SF) library space	\$1,870	\$957	\$720		89.7%
Anne Arundel	Odenton Library – Renovate 1,400 SF library space into an Innovation Laboratory	234		117		50.0%
Frederick	Walkersville Library – Construct new 15,400 SF library	6,687		1,000		15.0%
Harford	Aberdeen Library – Replace 25,000 SF roof and 37 windows	388		194		50.0%
Kent	Chestertown Library – Renovate 3,100 SF children’s area and replace HVAC system	383	46	145		49.9%
Montgomery	Bethesda Library – Renovate 27,280 SF library, including new roof, new HVAC system, bathrooms, staff work space, <i>etc.</i>	1,223		500		40.9%
Montgomery	Quince Orchard Library – Renovate 17,991 SF library, including security system, restrooms, meeting rooms, <i>etc.</i>	1,223		500		40.9%

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<u>County</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>2017 Amount</u>	<u>Future Request</u>	<u>Total State Share</u>
Montgomery	White Oak Library – Renovate 16,205 SF library, including new conference rooms, restrooms, upgraded HVAC system, etc.	1,223		500		40.9%
Washington	Hancock Library – Construct new 7,500 SF library	5,659	1,634	300		34.2%
Wicomico	Salisbury Library – Renovate library space, including HVAC unit replacements, flooring repair, and restroom improvements.	381		320		84.0%
Worcester	Berlin Library -- Construct new 11,189 SF library	5,607	1,083	704	\$916	48.2%
Total		\$24,878	\$3,720	\$5,000	\$916	

HVAC: heating, ventilation, and air conditioning

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.

It is worth noting that as of December 2015, the program had \$8.9 million in unexpended funds. Of these unexpended funds, \$1.2 million is from fiscal 2013 and \$1.0 million is from fiscal 2014, making them three and four years old, respectively. **MSDE should comment on why these funds have not yet been expended.**

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 2017 budget includes \$26.41 million in general obligation bond funds to continue construction funding for the renovation of the Enoch Pratt Free Library. Baltimore City has pledged \$2.65 million in matching funds for the project in fiscal 2017, with an estimated \$2.65 million to be provided for fiscal 2018.

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 laboratory 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. 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 was expected to begin in December 2015, nearly a year behind the original anticipated schedule. To help offset the delays, DGS planned to eliminate the traditional four-month bid/award time between design completion and construction by hiring a construction management firm. Gilbane Building Company (Gilbane) was selected in fall 2015. It has been overseeing pre-construction activities such as testing of paint, wood refinishing, and potential hazardous materials since December 2015. DGS went before the Board of Public Works in March 2016 to award Gilbane the balance of construction funds. The contract is for a guaranteed maximum price which, if approved, would allow for subcontractors work to begin in April 2016.

Updated cost estimates have resulted in a \$500,000 decrease in the total project cost. To date, the renovation project has been provided \$35.9 million in prior authorizations, including \$10.0 million in design funding and \$25.9 million in construction funding. The fiscal 2017 capital budget provides nearly \$29.1 million to continue funding the construction costs, including the matching funds from Baltimore City. The proposed authorization is \$3.2 million more than what was anticipated in the 2015 *Capital Improvement Program* (CIP). The 2016 CIP also anticipates increased costs for the project in fiscal 2018 (approximately \$7.3 million more) but substantially decreased costs in fiscal 2019 (approximately \$11.0 million less), all of which reflect updated cash flow needs of the project based on spring 2016 construction commencement.

Summary of Other Projects in the Capital Improvement Program

As shown in **Exhibit 3**, there is one related project removed from the CIP.

Exhibit 3
Projects Removed from CIP
Fiscal 2017

Project	Description	Reason for Deferral
Eastern Shore Regional Library	Funding deferred from fiscal 2018–2020	Funding deferred due to other budget priorities

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

Pre-authorizations

Exhibit 4 details the pre-authorizations included in the CIP.

Exhibit 4
Pre-authorizations
(\$ in Millions)

Pre-authorizations				
Project	FY 18	FY 19	FY 20	Reason
State Library Resource Center – Renovation	30.528	3.512	0.000	Pre-authorization is needed to award construction contract for the project.

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

GO Bond Recommended Actions

1. Approve the \$5 million general obligation bond fund authorization for the Public Library Grant Program.
2. Approve the \$26.4 million general obligation bond fund authorization to provide continued funding for the State Library Resource Center renovation project.
3. Approve the fiscal 2018 pre-authorization of \$30.5 million for the State Library Resource Center renovation project.
4. Approve the fiscal 2019 pre-authorization of \$3.5 million for the State Library Resource Center renovation project.

Public Library Capital Grants Authorizations
Fiscal 2008-2016
(\$ in Thousands)

<u>County</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Allegany	\$63.0	\$0	\$0	\$0	\$0	\$0	\$90.0	\$157.0	\$800.0	\$1,110.0
Anne Arundel	82.8	94.5	0	0	0	50.0	70.0	286.0	30.0	613.3
Baltimore City	270.0	744.0	400.0	0	400.0	0	0	1,826.1	0	3,640.1
Baltimore	135.0	708.0	255.0	610.0	0	370.2	0	0	170.0	2,248.2
Calvert	0	0	0	0	0	0	0	0	0	0
Caroline	89.6	0	50.0	0	0	0	0	0	0	139.6
Carroll	135.0	437.0	307.0	210.0	233.0	47.0	157.0	0	0	1,526.0
Cecil	90.0	0	562.5	0	0	0	420.0	0	0	1,072.5
Charles	0	0	0	0	800.0	0	21.0	20.0	0	841.0
Dorchester	0	0	0	0	0	0	191.1	0	0	191.1
Frederick	144.0	398.0	0	0	0	0	41.0	0	0	583.0
Garret	0	0	0	0	0	0	0	0	0	0
Harford	0	0	373.0	0	0	0	0	0	1,187.5	1,560.5
Howard	90.0	320.0	800.0	500.0	927.7	2,670.0	125.0	46.0	0	5,478.7
Kent	198.0	191.0	0	0	0	0	0	387.0	0	776.0
Montgomery	221.0	655.0	0	975.0	1,145.3	1,000.0	0	0	800.0	4,796.3
Prince George's	101.7	0	320.0	400.0	0	489.0	0	0	1,381.0	2,691.7
Queen Anne's	0	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0	0
Somerset	22.5	179.0	0	0	0	250.0	3,000.0	2,189.0	0	5,640.5
Talbot	0	.0	0	1,240.0	0	0	0	0	0	1,240.0
Washington	270.0	184.0	800.0	675.0	890.9	0	1,597.3	200.0	0	4,617.2
Wicomico	45.0	0	20.0	0	0	43.9	0	0	0	108.9
Worcester	67.5	0	0	0	0	0	0	0	1,082.9	1,150.4
Total	\$2,025.0	\$3,910.5	\$3,887.5	\$4,610.0	\$4,397.0	\$4,920.1	\$5,712.4	\$5,111.1	\$5,451.4	\$40,025.0

Note: In fiscal 2016, funds were rescinded for two projects (Towson Branch Library heating, ventilation, and air conditioning replacement and the balance of site acquisition award for a new Northeast Branch in Cecil County.) The rescinded funds were reallocated to provide additional funding to the new Havre de Grace Branch in Harford County (\$187,500), the renovation of the Davis Branch in Montgomery County (\$50,000), the renovation of the Little Falls Branch in Montgomery County (\$50,000), and the renovation of the Bowie Branch in Prince George's County (\$163,900) shortly after the conclusion of the 2015 session.

Source: Maryland State Department of Education