

RA01
Maryland State Department of Education

Capital Budget Summary

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

Projects	Prior Auth.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Beyond CIP
State Library Resource Center – Renovation	\$64.935	\$34.678	\$4.512	\$0.000	\$0.000	\$0.000	\$0.000
Total	\$64.935	\$34.678	\$4.512	\$0.000	\$0.000	\$0.000	\$0.000

Fund Source	Prior Auth.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Beyond CIP
GO Bonds	\$62.285	\$32.028	\$4.512	\$0.000	\$0.000	\$0.000	\$0.000
Nonbudgeted Funds	2.650	2.650	0.000	0.000	0.000	0.000	0.000
Total	\$64.935	\$34.678	\$4.512	\$0.000	\$0.000	\$0.000	\$0.000

CIP: *Capital Improvement Program*
GO: general obligation

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

Program	2016 Approp.	2017 Approp.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 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	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000

Fund Source	2016 Approp.	2017 Approp.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.
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GO Bonds	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000	\$5.000

GO: general obligation

Summary of Recommended Bond Actions

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

2. State Library Resource Center
Approve the \$32 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 \$3.5 million for the State Library Resource Center renovation project.

Program Description

Public Library Capital Grant Program

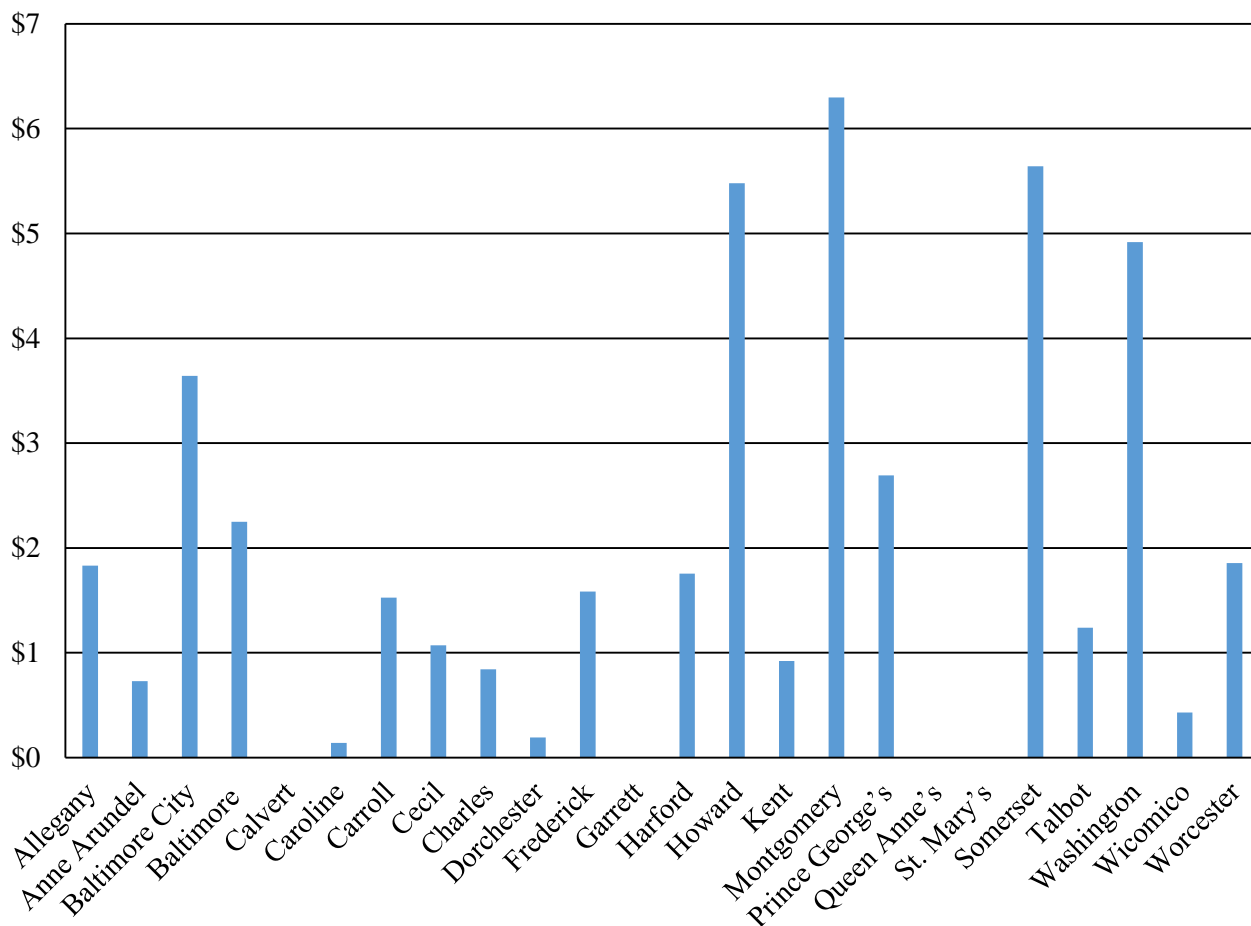
The Public Library Capital Grant Program was established by Chapter 494 of 2006 and first received funding in fiscal 2008. The program provides funds to local libraries and library systems for capital improvements to existing libraries or construction of new facilities.

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 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. Library systems may request funding up to a maximum percentage of a project’s cost. This maximum percentage is calculated for local library systems by the wealth-based cost-sharing formula enacted by the General Assembly in 2014 and ranges from 50% to 90% based on that jurisdiction’s wealth.

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. Montgomery County has received the largest share of the total allocations (\$6.3 million), followed by Somerset (\$5.7 million), Howard (\$5.5 million), and Washington (\$4.9 million) counties. **Appendix 1** shows annual appropriations by county and year.

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. Some years have had allocations of more than the annually authorized \$5 million due to funds from previous years that were rescinded and have been recycled.

Exhibit 1
Total Library Grant Allocation
Fiscal 2008-2017
(\$ in Millions)



Source: Maryland State Department of Education

Fiscal 2018 proposed projects are shown in **Exhibit 2**. The fiscal 2018 Public Library Capital Grant allocation totals \$5.0 million. In total, 12 projects are recommended for 11 jurisdictions, ranging in amounts from \$47,000 to nearly \$1.1 million.

Exhibit 2
Public Library Capital Grant Program Project List
Fiscal 2018
(\$ in Thousands)

<u>County</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>2018 Amount</u>	<u>Future Request</u>	<u>Total State Share</u>
Anne Arundel	Annapolis Library – Construct new 32,500 SF library	\$22,114	\$250	\$1,000	\$1,000	10.2%
Baltimore City	Enoch Pratt Free Library – Hampden Branch – Renovate 5,460 SF to address ADA and building code deficiencies and expand service space	2,712		1,000		36.9%
Carroll	Westminster Library – Renovate 14,000 SF unfinished basement	3,659		187	1,624	49.5%
Cecil	North East Library – Construct new 45,000 SF library	19,965	563	861	9,683	55.6%
Harford	Edgewood Library – Replace 25,000 SF roof	189		94		49.7%
Kent	Chestertown Library – Renovate 11,000 SF to construct multi-use space and upgrade electrical system	478	191	47		49.8%
Montgomery	Long Branch Library – Renovate 21,034 SF for collaborative spaces, restrooms, rewiring, security, service desks, and ADA accessibility issues	880		100		11.4%
Montgomery	Praisner Library – Renovate 17,500 SF for collaborative spaces, restrooms, rewiring, and ADA compliant service desks	498		100		20.1%

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<u>County</u>	<u>Project Description</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>2018 Amount</u>	<u>Future Request</u>	<u>Total State Share</u>
Queen Anne's	Kent Island Library – Expand and renovate library from 10,000 SF to 25,000 SF	8,116		325	1,678	24.7%
St. Mary's	Leonardtown Library – Construct new 30,000 SF library	12,399		1,091		8.8%
Wicomico	Salisbury Library – Renovate 50,000 SF to replace HVAC equipment	552	320	145		84.2%
Worcester	Berlin Library – Construct new 11,810 SF library	6,316	1,787	50		29.1%
Total		\$77,878	\$3,111	\$5,000	\$13,985	

ADA: Americans with Disabilities Act
 HVAC: heating, ventilations, and air conditioning
 SF: square feet

Source: Department of Budget and Management

As shown in Exhibit 2, though projects are eligible for a State match up to 50% to 90% of the total project cost as determined by the cost-sharing formula, the State percentage of the total project cost in a given year is often lower for funding. 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.

Amongst the proposed projects, the new North East Library project in Cecil County is of particular significance due to its large future request amount. The project will require an estimated \$9.7 million from the State beyond fiscal 2018, after having received \$563,000 in prior appropriation from the State for land acquisition, and with a request of \$861,000 in fiscal 2018 for planning. The project is estimated to begin construction in October 2018, with construction completing in July 2020, which is approximately two fiscal years. This plan would therefore average approximately \$4.8 million in funding for the program over that two-year period. This would be an unprecedented amount of funding for a single project for the program and is particularly significant considering the program only receives \$5.0 million annually to be used statewide. This level of funding for Cecil County would leave very little funding for other jurisdictions. In the current CIP, counties other than Cecil have forecasted requests beyond fiscal 2018 of approximately \$4.3 million. **The Maryland State Department of**

Education (MSDE) should comment on its rationale for recommending the North East Library project at its requested funding level and how it plans to address out-year costs for all of its recommended projects. MSDE should also comment on the utility of the Public Library Capital Grant program if some jurisdictions are able to use funds from the program for large projects at a low percentage of State share for total costs, thereby limiting funding for projects statewide.

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 2018 budget includes \$32.0 million in general obligation (GO) 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 2018 after having provided the same amount in fiscal 2017.

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. This project addresses major mechanical; electrical; structural; and heating, ventilation, and air conditioning (HVAC) issues related to aging infrastructure and an inappropriate configuration of space. At the project's start, the building did not meet fire code, was not Americans with Disabilities Act (ADA) compliant, and contained 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 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 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. Following delays during the design process for the project, Gilbane Building Company was selected in fall 2015 to oversee pre-construction and construction services. Construction for the project began in June 2016 and has a completion date of June 2019. Total costs for the project have not changed from the 2016 *Capital Improvement Program* (CIP). The 2017 CIP includes \$4.5 million in GO bond funding in fiscal 2019 for the project. This includes \$3.5 million for construction costs and \$1.0 million for equipment.

Pre-authorizations

Exhibit 3 details the pre-authorizations included in the CIP.

Exhibit 3
Pre-authorizations
(\$ in Million)

<u>Project</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>Reason</u>
State Library Resource Center – Renovation	\$3.512	\$0.000	\$0.000	\$0.000	Pre-authorization is needed to award construction contract for the project.

Source: Department of Budget and Management, 2017 *Capital Improvement Program*

GO Bond Recommended Actions

1. Approve the \$5 million general obligation bond fund authorization for the Public Library Capital Grant Program.
2. Approve the \$32 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 \$3.5 million for the State Library Resource Center renovation project.

Appendix 1
Public Library Capital Grant Authorizations
Fiscal 2008-2017
(\$ 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>2017</u>	<u>Total</u>
Allegany	\$63.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$90.0	\$157.0	\$800.0	\$720.0	\$1,830.0
Anne Arundel	82.8	94.5	0.0	0.0	0.0	50.0	70.0	286.0	30.0	117.0	730.3
Baltimore City	270.0	744.0	400.0	0.0	400.0	0.0	0.0	1,826.1	0.0	0.0	3,640.1
Baltimore	135.0	708.0	255.0	610.0	0.0	370.2	0.0	0.0	170.0	0.0	2,248.2
Calvert	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caroline	89.6	0.0	50.0	0.0	0.0	0.0	0.0	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	0.0	0.0	1,526.0
Cecil	90.0	0.0	562.5	0.0	0.0	0.0	420.0	0.0	0.0	0.0	1,072.5
Charles	0.0	0.0	0.0	0.0	800.0	0.0	21.0	20.0	0.0	0.0	841.0
Dorchester	0.0	0.0	0.0	0.0	0.0	0.0	191.1	0.0	0.0	0.0	191.1
Frederick	144.0	398.0	0.0	0.0	0.0	0.0	41.0	0.0	0.0	1,000.0	1,583.0
Garrett	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Harford	0.0	0.0	373.0	0.0	0.0	0.0	0.0	0.0	1,187.5	194.0	1,754.5
Howard	90.0	320.0	800.0	500.0	927.7	2,670.0	125.0	46.0	0.0	0.0	5,478.7
Kent	198.0	191.0	0.0	0.0	0.0	0.0	0.0	387.0	0.0	145.0	921.0
Montgomery	221.0	655.0	0.0	975.0	1,145.3	1,000.0	0.0	0.0	800.0	1,500.0	6,296.3
Prince George's	101.7	0.0	320.0	400.0	0.0	489.0	0.0	0.0	1,381.0	0.0	2,691.7
Queen Anne's	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St. Mary's	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Somerset	22.5	179.0	0.0	0.0	0.0	250.0	3,000.0	2,189.0	0.0	0.0	5,640.5
Talbot	0.0	0.0	0.0	1,240.0	0.0	0.0	0.0	0.0	0.0	0.0	1,240.0
Washington	270.0	184.0	800.0	675.0	890.9	0.0	1,597.3	200.0	0.0	300.0	4,917.2
Wicomico	45.0	0.0	20.0	0.0	0.0	43.9	0.0	0.0	0.0	320.0	428.9
Worcester	67.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,082.9	704.0	1,854.4
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	\$5,000.0	\$40,025.0

Analysis of the FY 2018 Maryland Executive Budget, 2017
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Note: Total authorizations more than the annually allocated \$5 million are due to recycling rescinded funds.

Source: Maryland State Department of Education