

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

***Capital Budget Summary***

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

<b>Projects</b>	<b>Prior Auth.</b>	<b>2020 Request</b>	<b>2021 Est.</b>	<b>2022 Est.</b>	<b>2023 Est.</b>	<b>2024 Est.</b>	<b>Beyond CIP</b>
Havre de Grace CSMS Surface Equipment and Automotive Maintenance Facility (Harford)	\$0.000	\$24.533	\$4.874	\$6.684	\$0.000	\$0.000	\$0.000
Freedom Readiness Center (Carroll)	31.613	4.650	0.000	0.000	0.000	0.000	0.000
White Oak Readiness Center	0.000	0.000	0.000	0.000	2.308	23.048	5.359
MEMA Headquarters Renovation and Expansion	0.000	0.990	8.400	7.909	0.000	0.000	0.000
<b>Total</b>	<b>\$31.613</b>	<b>\$30.173</b>	<b>\$13.184</b>	<b>\$14.593</b>	<b>\$2.308</b>	<b>\$23.048</b>	<b>\$5.359</b>

<b>Fund Source</b>	<b>Prior Auth.</b>	<b>2020 Request</b>	<b>2021 Est.</b>	<b>2022 Est.</b>	<b>2023 Est.</b>	<b>2024 Est.</b>	<b>Beyond CIP</b>
GO Bonds	\$10.942	\$4.005	\$13.184	\$12.693	\$0.577	\$3.719	\$1.267
PAYGO FF	20.671	26.168	0.000	1.900	1.731	19.329	4.092
<b>Total</b>	<b>\$31.613</b>	<b>\$30.173</b>	<b>\$13.184</b>	<b>\$14.593</b>	<b>\$2.308</b>	<b>\$23.048</b>	<b>\$5.359</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 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. Freedom Readiness Center  Approve the authorization of \$3.015 million in general obligation bonds for the Freedom Readiness Center.	
2. Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility  Add general obligation bond authorization to fund design costs for the Automotive section of the Combined Support Maintenance Shop Maintenance Facility.	\$1,552,000 GO
3. Maryland Emergency Management Agency Headquarters Renovation and Expansion  Approve the authorization of \$990,000 to begin design for the renovation and expansion of the Maryland Emergency Management Agency Headquarters.	
4. SECTION 2 – Military Department – Dundalk Readiness Center  Approve the deauthorization of funds no longer needed for the Dundalk Readiness Center due to project completion.	
5. SECTION 2 – Military Department – Gunpowder Military Reservation Firing Range  Approve the deauthorization of funds no longer needed for the Gunpowder Military Reservation Firing Range due to project completion.	

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6. SECTION 12 – Military Department – Havre de Grace Combined Support Maintenance Shop Automotive and Surface Equipment Maintenance Facility

Approve the preauthorization of \$4.784 million in general obligation bonds for construction of the Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility.

7. SECTION 13 – Military Department – Havre de Grace Combined Support Maintenance Shop Automotive and Surface Equipment Maintenance Facility

Approve the preauthorization of \$4.784 million in general obligation bonds for construction of the Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility.

**Total General Obligation Additions**

**\$1,552,000**

## ***Program Description***

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The Military Department provides the overall direction, development, and maintenance of the Maryland National Guard (MDNG), which is comprised of the Maryland Army National Guard and the Maryland Air National 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% federally 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.

Federal funding varies by source and is directly related to the type of work activity conducted at the relevant facility. The following is a list of federal funding sources along with a description of each.

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- ***Operations and Maintenance National Guard:*** Provides funding for all maintenance projects, based on a current inventory of real property facilities. In terms of readiness centers, the State will pay 25% for a center that is on federally owned land and 50% for centers on State-owned land. Authorizations and appropriations must take place in the same fiscal year.
- ***Sustainment, Restoration, and Modernization (SRM):*** Provides funding for repair projects to restore a facility to a condition that enables it to be used for its designated, functional purpose. Initial funding is based on an *Installation Status Report*, and additional funding can be made available after National Guard validation and the availability of federal funds. SRM can also fund construction projects but only for those less than \$2.0 million. SRM funds are a single-year appropriation, and additional funding for specific project requests may be available based on NGB project validation and availability of federal funds.
- ***Military Construction (MILCON):*** Provides funding for large construction projects of \$2.0 million or more that are typically on the Long Range Construction Plan. Funding is based on projects listed on the Future Years Defense Plan (FYDP), and the federal/State split is based on the Military Construction Cooperative Agreement. MILCON appropriations have 5 years during which funds can be obligated for the project and a 10-year timeframe during which funds can be disbursed for the project. Authorizations expire after 2 years, and appropriations expire after 4 years.
- ***Critical Unfunded Requirement:*** Provides funding for large construction projects that cannot wait for the full 8-year program objective memorandum process. They must be executable in the upcoming budget year and are highly critical to the Army National Guard mission.
- ***Unspecified Minor Military Construction (UMMC):*** Provides funding for low-cost MILCON projects between \$2.0 million and \$6 million that address urgent needs. Federal and State shares for UMMC projects are determined using the same criteria as other MILCON projects. State UMMC submissions compete against those of other states, and authorizations expire after 2 fiscal years, while appropriations expire after 4 years.

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

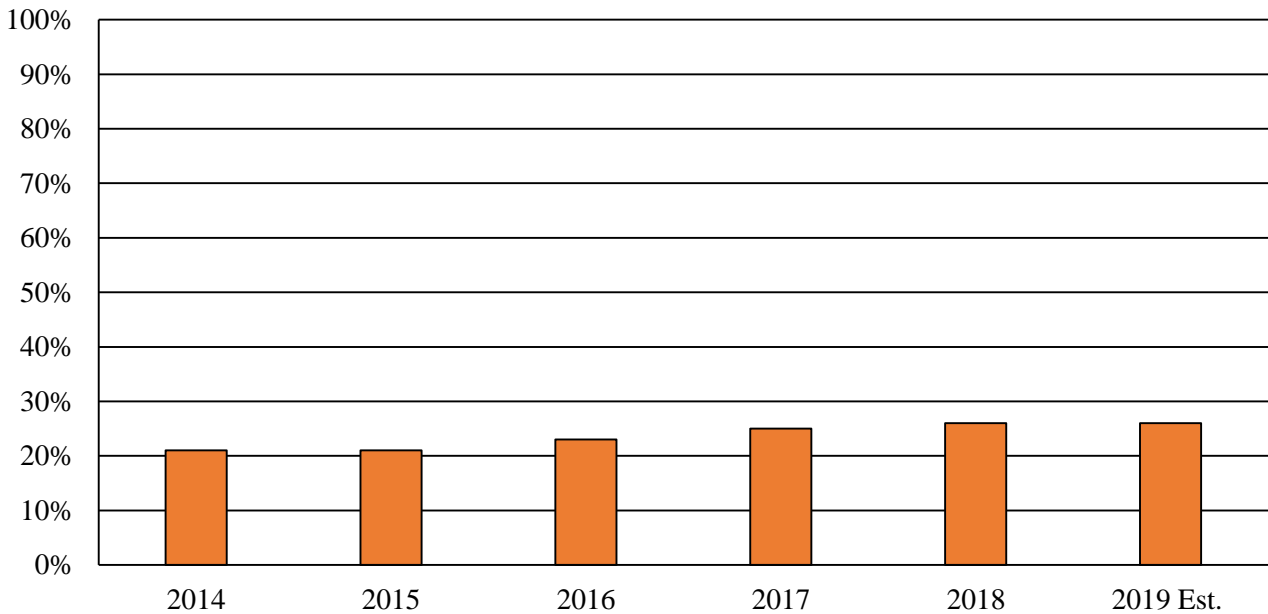
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All MDNG facilities and real property support the operational and training needs of MDNG and the ability to respond to State and local emergencies. One of the responsibilities of the Military Department is to build and maintain the armories and other facilities used by MDNG. Through a cooperative agreement with NGB, maintenance funding is split between federal and State funds, depending on the facility.

**Exhibit 1** shows the percentage of Army National Guard facilities in fully functional status from fiscal 2014 through the fiscal 2019 estimate based on criteria identified in the federal Installation Status Report program. Prior to fiscal 2014, different criteria was used to evaluate the functional status of MDNG facilities, making comparison before that time difficult.

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**Exhibit 1**  
**Maryland Army National Guard**  
**Facilities in Fully Functional Status**  
**Fiscal 2014-2019 Est.**



Source: Fiscal 2020 Managing for Results

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Although there has been improvement since fiscal 2014, the 26% of Army National Guard facilities in fully functional status is still far short of ideal. As a point of comparison, Managing for Results reported data indicates that the Air National Guard has one-third more facilities than the Army National Guard and consistently maintains 100% of those facilities in fully functional status. However, the Air National Guard is considerably less reliant on State support for both its operating and capital expenses.

Historically, the department believes that the average age of the Army National Guard facilities (43 years) and reduction of maintenance funding due to cost containment has impacted facility ratings. Although additional maintenance funding has been provided over the years, the current unaddressed need estimated by the department exceeds \$13.5 million, including a backlog of critical maintenance needs reported to the Department of General Services that is in excess of \$7.2 million.

The department has previously cited that its capital program along with the divestiture of unused properties should have a positive impact on future ratings; however, the divestiture process to date has been very slow. In addition, with new construction projects averaging one new facility every five years, it is questionable whether the current capital program and a flat-line maintenance budget will truly have an impact on functionality of the Army National Guard facilities. The issue of maintenance funding for the department's facilities is discussed in greater detail in the fiscal 2020 operating budget analysis.

## ***Budget Overview***

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The 2019 *Capital Improvement Program* (CIP) includes funding for two replacement readiness centers, construction of a new Combined Support Maintenance Shop (CSMS) Facility, and expansion of the MEMA Headquarters facility. The fiscal 2020 allowance provides \$4.0 million in general obligation (GO) bonds and \$26.2 million in federal pay-as-you-go (PAYGO) funds for three of the projects. A replacement for the Baltimore City Readiness Center that had been planned in the 2018 CIP is still being pursued by the department but is outside of the existing capital program through a potential exchange with the U.S. Marine Corps Reserves (USMCR).

### **Fiscal 2020 Projects**

#### **Havre de Grace CSMS Surface Equipment and Automotive Maintenance Facility**

The proposed project, located at the Havre de Grace State Military Reservation, will be used to perform maintenance on Army National Guard surface equipment and vehicles. The new facility will be a 60,069 net square foot (nsf) replacement for existing facilities that are significantly over-aged, functionally inadequate, and provide insufficient space.

The \$24.5 million in federal PAYGO funds included for the Havre de Grace CSMS project represents the consolidation of two projects previously presented as separate requests. The projects have a history of being viewed as a combination and then separated in pursuit of maximizing the opportunities for federal funding. Most recently, the 2018 CIP had planned funding for Phase I of the project, the Surface Equipment Maintenance Facility (SEMF) in fiscal 2020. The second phase of the project, the Automotive Maintenance Facility, had been deleted in the 2018 CIP because the department was pursuing 100% federal funding. It has now been determined that pursuing a single procurement and design for both phases would be most advantageous. This would provide for cost efficiencies while also ensuring a complete, cohesive project design.

The total estimated cost of the project is \$36.0 million. This includes nearly \$9.6 million in GO bonds in fiscal 2021 and 2022 to allow the Military Department to construct the facility to its approved scope but beyond the amount of funding made available by the federal government. Otherwise, the entire project would be eligible for 100% federal funding.

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Currently, the federal government has committed \$12 million, plus design and equipment costs, for Phase I of the project, the SEMF, consistent with the planned funding in the FYDP. MDNG continues to pursue and compete for the remaining federal funds to complete the second phase, the Automotive Maintenance Facility, which would provide \$10 million in federal PAYGO funds for construction plus design and equipment funding; however, these funds have not been authorized. With the decision to design both components together, State funding will be needed to cover the design costs of the yet-to-be-approved second phase.

**The Military Department should be prepared to comment on the likelihood of receiving federal funding for Phase II of the project (the CSMS Automotive Maintenance Facility) and the anticipated timeline for knowing whether these funds will be available. In addition, the department should discuss whether State funds for design would be reimbursed. The Department of Legislative Services recommends adding \$1,552,000 in GO bonds to the fiscal 2020 capital budget to cover the outstanding design costs.**

### **MEMA Headquarters Renovation and Expansion**

This fiscal 2020 capital budget provides \$990,000 in GO bonds to begin designing a renovation and expansion of the existing MEMA Headquarters in Reisterstown. Since the original facility was constructed in 2001, the mission of MEMA has evolved to support simultaneous preparedness, emergency, and long-term operations at different phases of activation and addressing different priorities. The number of personnel onsite has also grown from 39 planned in the original design to over 80 staff onsite, depending on the level of activation. The increased staff and enhanced role of the agency, including acting as the central location for the Opioid Operational Command Center and school safety tip line, has required a larger and different physical footprint.

The proposed project will renovate the existing facility (over 17,600 nsf), including the office and support space, the State Emergency Operations Center, and the Maryland Joint Operations Center. Due to existing life safety issues from the presence of mold and groundwater infiltration, the entire design will also include an upgrade to the entire heating, ventilation, and air conditioning (HVAC) system and grading of the area outside of the building. The project also includes expansion of the existing footprint with construction of a two-story building. Once complete, the project will address the inadequate and improperly configured space by providing new and expanded offices; classrooms and training space; adequate technical support and storage space; and improved restroom, breakroom, and billeting quarters. Currently, there is a lack of available workspace and sleeping quarters that has resulted in the agency utilizing hotel space to accommodate the needs of personnel working during emergencies.

The total estimated cost of the project is \$17.3 million. Because MEMA is an entirely State-operated agency and not part of NGB, the project is entirely funded with GO bonds. With the funds provided in fiscal 2020, it is anticipated that design for the project will begin in December 2019 and require 12 months to complete. Construction would begin in June 2021 and require 12 months to complete. This allows the remainder of the project costs to be split funded across fiscal 2021 and 2022. Currently, the agency anticipates the project being completed by June 2023.

**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 personnel and military vehicles. The new facility will contain functional space to meet all requirements for two National Guard units and will support 265 traditional weekend National Guard soldiers and up to 12 full-time active duty military personnel.

The new Freedom Readiness Center will be located on a 57-acre parcel on the grounds of the Springfield Hospital property that was deemed excess property by the Maryland Department of Health (MDH) and transferred from MDH to the Military Department in May 2015 at no cost, saving the State approximately \$3.5 million in land acquisition funding. To date, \$31.6 million has been authorized to fund the project’s design and construction (\$20.7 million in federal funds and \$10.9 million in GO bonds). The fiscal 2020 allowance includes an additional \$3.0 million in GO bond funding and \$1.6 million in federal PAYGO funds to fund the remainder of the project’s construction and equipment costs.

The total estimated cost of the project is \$36.3 million, including \$761,000 in roadway improvements to Route 32 to address the needs for entering and exiting the site. This cost estimate is on par with the estimate provided during the 2018 session. Construction began in October 2018 and is anticipated to be complete by September 2020.

***Operating Budget Impact Statement***

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**Executive’s Operating Budget Impact Statement – State-owned Projects**  
**Fiscal 2020-2024**  
**(\$ in Millions)**

	2020	2021	2022	2023	2024
<b>Freedom Readiness Center</b>					
Estimated Operating Cost	\$0.108	\$0.120	\$0.124	\$0.128	\$0.000
Estimated Staffing	1.000	1.000	1.000	1.000	0.000
<b>Total Operating Impact</b>					
Estimated Operating Cost	\$0.108	\$0.120	\$0.124	\$0.128	\$0.000
Estimated Staffing	1.000	1.000	1.000	1.000	0.000



In its operating impact projections, the department anticipates needing 1 additional maintenance mechanic position for the Freedom Readiness Center, although this position is not provided in the fiscal 2020 allowance. There also a slight increase in funding for general operating expenditures incurred due to a larger facility footprint. It is anticipated that these operating costs will be split 50/50 between general and federal funds.

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

The 2019 CIP only plans for one additional Military Department project, other than the three projects funded in fiscal 2020. The White Oak Readiness Center will be a replacement for the current facility in Silver Spring. The new readiness center will combine the units from the existing White Oak Facility and one unit from the Adelphi Readiness Center in Prince George’s County. Funding for this project is currently scheduled for fiscal 2023 with the bulk of the construction funding planned for fiscal 2024. The estimated total cost of the project is \$30.7 million.

### **Projects Removed from the CIP**

**Exhibit 2** notes that the department has one project removed from the 2019 CIP, a planned replacement for the Lieutenant Colonel Melvin Cade Readiness Center in Baltimore City. The 2018 CIP had planned to begin design and construction of a new Baltimore City Readiness Center in fiscal 2022 because the existing one is insufficient and functionally inadequate. Since then, the department has engaged in communications with USMCR to pursue exchange agreements that would allow the Military Department to utilize an existing facility located at 7000 Hamlet Avenue in Baltimore City in exchange for allowing USMCR to construct a new facility on a parcel of land at Camp Fretterd. This would eliminate the need for the Military Department’s capital project, and all associated capital costs at Camp Fretterd would be borne by USMCR.

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**Exhibit 2**  
**Projects Removed from the *Capital Improvement Program***  
**Fiscal 2020**

<b><u>Project</u></b>	<b><u>Description</u></b>	<b><u>Reason for Removal</u></b>
Baltimore City Readiness Center	Replacement for the Lieutenant Colonel Melvin Cade Readiness Center in Baltimore City	Potential exchange agreement with the U.S. Marine Corps Reserves eliminates the need for capital funding.

Source: Department of Budget and Management, 2018 *Capital Improvement Program*

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According to the department, there is no anticipated exchange of assets. Each party would utilize long-term licenses to formalize the agreements, essentially acting as landlords for their respective facilities. By USMCR retaining ownership of its property, this actually establishes a higher maintenance cost share for the federal government than if it were a State-owned property. Additionally, the facility proposed to be used for the new Baltimore City Readiness Center was renovated by USMCR in 2010, which included new HVAC and roofing. Therefore, the department anticipates that no additional renovations will be required prior to utilizing the facility.

## ***Preauthorizations and Deauthorizations***

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**Exhibit 3** provides detail on preauthorized and deauthorized funds pertaining to the department’s capital projects. A total of \$9.6 million is preauthorized for the Havre de Grace CSMS project in order to support estimated construction costs based on anticipated cash flow needs. In addition, a total of \$402,377 is deauthorized from projects that have reached completion.

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### **Exhibit 3 Preauthorizations and Deauthorizations Fiscal 2021-2024**

#### **Preauthorizations**

<b><u>Project</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>Reason</u></b>
Havre de Grace CSMS Surface Equipment and Automotive Maintenance Facility	\$4.784	\$4.784	\$0.000	\$0.000	Construction funding needed based on anticipated cash flow.

#### **Deauthorizations**

<b><u>Project</u></b>	<b><u>Deauthorized Amount</u></b>	<b><u>Reason</u></b>
Dundalk Readiness Center	\$242,378	Project complete.
Gunpowder Firing Range	159,999	Project complete.

CSMS: Combined Support Maintenance Shop

Source: Department of Budget and Management, 2019 *Capital Improvement Program*

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## ***PAYGO Recommended Actions***

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1. Concur with Governor's allowance.

***GO Bond Recommended Actions***

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1. Approve the authorization of \$3.015 million in general obligation bonds for the Freedom Readiness Center.
2. Add general obligation bond authorization to fund design costs for the Automotive section of the Combined Support Maintenance Shop Maintenance Facility.

DH0104B	Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility .....	\$ 1,552,000
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Add the following language:

(B)	<u>Havre de Grace Combined Support Maintenance Shop Automotive and Surface Equipment Facility. Provide funds to begin designing the Combined Support Maintenance Shop Automotive and Surface Equipment Facility .....</u>	<u>\$1,552,000</u>
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<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
0	1,552,000	1,552,000

**Explanation:** For efficiency purposes, the Military Department is pursuing the combined design and construction for its Combined Support Maintenance Shop Maintenance Facility; however, at this point, federal funding has only been approved for the Surface Equipment piece of the project. In order to move forward with combined design, State funds are required.

3. Approve the authorization of \$990,000 to begin design for the renovation and expansion of the Maryland Emergency Management Agency Headquarters.
4. Approve the deauthorization of funds no longer needed for the Dundalk Readiness Center due to project completion.
5. Approve the deauthorization of funds no longer needed for the Gunpowder Military Reservation Firing Range due to project completion.
6. Approve the preauthorization of \$4.784 million in general obligation bonds for construction of the Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility.

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7. Approve the preauthorization of \$4.784 million in general obligation bonds for construction of the Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility.

<b>Total General Obligation Bonds Additions</b>	<b>\$1,552,000</b>
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