

RA01
Maryland State Library Agency – Capital

Capital Budget Summary

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

Program	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
Public Library Capital Grant Program	\$5.000	\$5.000	\$7.300	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.000	\$7.300	\$5.000	\$5.000	\$5.000	\$5.000

Fund Source	2019 Approp.	2020 Approp.	2021 Request	2022 Estimate	2023 Estimate	2024 Estimate	2025 Estimate
GO Bonds	\$5.000	\$5.000	\$7.300	\$5.000	\$5.000	\$5.000	\$5.000
Total	\$5.000	\$5.000	\$7.300	\$5.000	\$5.000	\$5.000	\$5.000

GO: general obligation

Key Observations

The 2021 capital budget includes \$7.3 million in funding for the Public Library Capital Grant Program, which is \$2.3 million over the funding level mandated by statute. This is due to supplemental funding that is included for the Anne Arundel County – Riviera Beach Library project that has significantly increased in cost since last year.

Summary of Recommended Bond Actions

	<u>Funds</u>
1. Public Library Capital Grant Program	\$2,300,000 GO
Reduce the general obligation bond appropriation for the Public Library Capital Grants Program by \$2.3 million.	
Total General Obligation Reductions	\$2,300,000

Program Description

The Maryland State Library Agency (MSLA) was established as an independent State agency by Chapters 337 and 338 of 2017. It provides strategic leadership, resources, and programmatic support and administers State and federal funds to Maryland libraries in order to support its mission of offering outstanding resources, programs, and excellent customer service.

When the Public Library Capital Grant Program was implemented in fiscal 2008, it was managed by the Division of Library Development and Services under the Maryland State Department of Education. When MSLA became an independent State agency, oversight of the program was shifted to it. The Public Library Capital Grant Program serves the 24 public library systems across Maryland, which have many branches that are in need of replacement, renovation, or alterations.

Public Library Capital Grant Program

The Public Library Capital Grant Program was established by Chapter 494 of 2006 and has been awarding grants since fiscal 2008. The program provides funds to local libraries and library systems for capital improvements to existing libraries or construction of new facilities.

Section 25-509 (e)(5) of the Education Article mandates \$5 million in annual funding for a capital grant program for county library capital projects. To apply for a grant, local public library systems must develop a countywide library plan and produce a master plan describing the capital projects approved by the applicant's governing body. MSLA reviews applications and submits recommendations to the State Library Board for approval. The list of approved projects is then forwarded to the Department of Budget and Management for review and inclusion in the budget. 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 passed by the General Assembly in 2014 and ranges from 50% to 90% based on that jurisdiction's wealth.

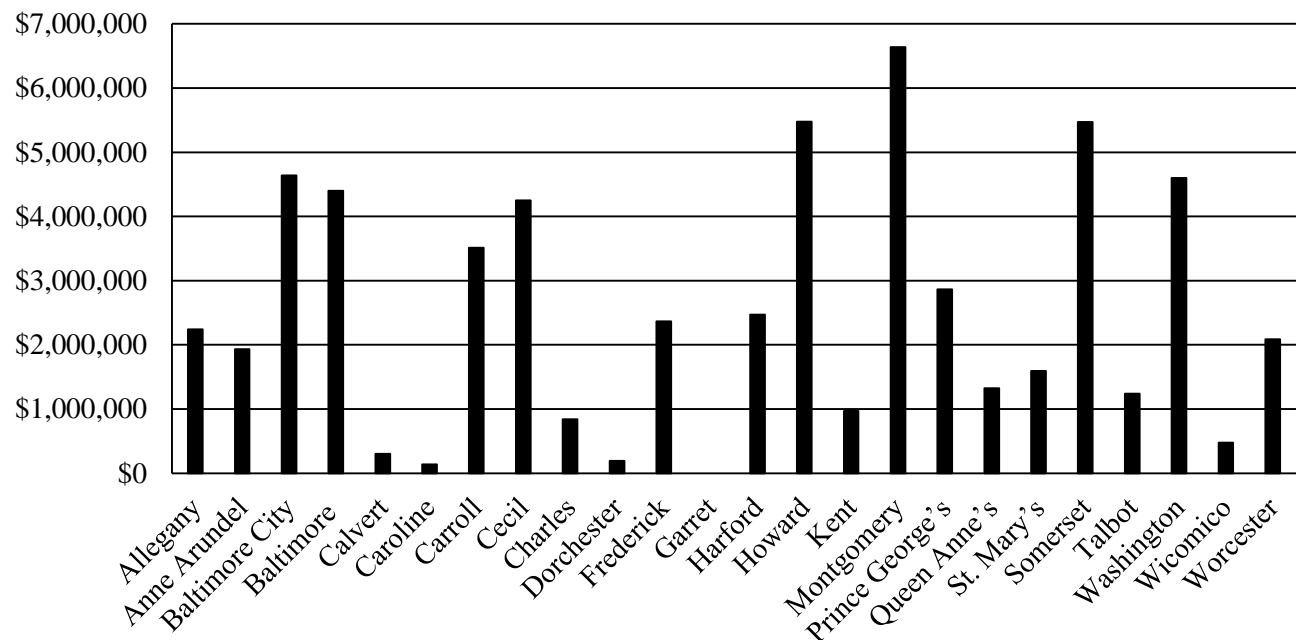
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The statute outlines the criteria to be used to make funding recommendations in all previous and future review cycles:

- the public necessity and urgency of a project;
- the need for additional sources of funding for a project;
- the estimated cost and timeliness of executing a project;
- the viability of matching funds for a project; and
- geographic diversity.

The total allocation for the program since the inaugural 2008 authorization is shown in **Exhibit 1**. Montgomery County has received the largest share of the total allocations (\$6.6 million), followed by Howard and Somerset counties (\$5.5 million). **Appendix 1** lists the annual appropriation by county from fiscal 2008 to present.

Exhibit 1
Total Grant Allocation
Fiscal 2008-2020



Source: Maryland State Library Agency

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Over the 13 years that the Public Library Capital Grant Program has existed, the number of projects and jurisdictions receiving allocations has fluctuated and, in some years, allocations were more than the annually authorized \$5 million due to funds from previous years that were rescinded and recycled to support other projects. While most awards fund smaller but critical renovation projects, such as new roofs and replacement windows, 16 new libraries have opened across the State with assistance from the program including Ocean City and Berlin (Worcester); Perryville (Cecil); Boonsboro and Hancock (Washington); Brunswick, Myersville, and Walkersville (Frederick); Perry Hall and Soller’s Point (Baltimore County); Miller (Howard); Waldorf West (Charles); Silver Spring and Wheaton (Montgomery); Havre de Grace (Harford); and Crisfield (Somerset). Construction of 5 additional new libraries is underway in fiscal 2020: Annapolis and Riviera Beach (Anne Arundel); Twin Beaches (Calvert); Northeast (Cecil); and Leonardtown (St. Mary’s).

Budget Overview

The fiscal 2021 public library capital grant allocation totals \$7.3 million. In total, five projects are included, ranging in amounts from \$200,000 to \$2.5 million. The fiscal 2021 proposed projects are shown in **Exhibit 2**. Though projects are eligible for a State match of 50% to 90% of the total project cost as determined by the cost-sharing formula, the State funding share of the total project cost is often lower. Given the limited resources available for the program, library systems often limit the size of the request to improve the odds of receiving funding. The review committee often does not recommend fully funding a project request to ensure geographic diversity in the allocation of funds.

**Exhibit 2
Public Library Capital Grant Program Project List
Fiscal 2021**

<u>County</u>	<u>Project Description</u>	<u>Estimated Total Cost</u>	<u>Prior Auth.</u>	<u>2021 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Allegany	LaVale Library Renovation and Expansion – Renovate and expand the existing 8,720 GSF library to a 20,000 GSF facility.	\$4,500	\$360	\$1,800	\$1,890	90%
Anne Arundel	New Riviera Beach Library – Construct a new 20,000 GSF facility on the existing site of the 10,500 GSF Riviera Beach Library.	17,451	200	2,500	490	18%
Frederick	New Middletown Library – Construct a new 15,000 GSF facility in Middletown to replace the existing 2,917 SF facility.	8,587	0	300	1,075	16%
Montgomery	Chevy Chase Library Renovation – Renovate the 13,656 GSF shell and core of the Chevy Chase Library.	1,673	0	200	0	12%
Queen Anne’s	Kent Island Library Renovation and Expansion – Expand and renovate the existing 10,104 GSF library to a 21,280 GSF facility.	9,903	1,325	2,500	1,000	49%
Total		\$42,114	\$1,885	\$7,300	\$4,455	

GSF: gross square foot
SF: square foot

Source: Maryland State Library Agency

Allegany County – LaVale Library

Allegany County is requesting an award of \$1.8 million during fiscal 2021 for construction of the LaVale Library renovation and expansion project, which will increase the facility’s size from 8,720 gross square feet (GSF) to 20,000 GSF and will become the new hub of the Allegany County Library System. The existing facility was constructed in 1975 and, with the exception of a roof replacement completed 15 years ago, the facility’s infrastructure is more than 40 years old. The existing

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facility is also undersized and functionally inadequate. This project will replace and upgrade all mechanical systems, bring the facility into Americans with Disabilities Act compliance, increase programming space, increase staff space, create a more welcoming atmosphere, and make the collections easier to browse due to a reconfiguration of the layout of the facility.

The estimated total cost of the project is \$4.5 million that has been reduced from the \$5.2 million estimated in the 2019 *Capital Improvement Program* (CIP). This is due to the reduction in size of the project from 24,000 GSF to 20,000 GSF due to higher than expected construction costs. The State's share of the project is 90%, which would grant the maximum amount of State funding allowed by the program for this project. The county expects a future request of an additional \$1.89 million to complete the construction and equipping of the project; \$300,000 was previously authorized for the project design that is expected to begin in April 2020. Construction is expected to begin in July 2020, and the estimated completion date is January 2022.

Anne Arundel County – Riviera Beach Library

Anne Arundel County is requesting an award of \$2.5 million during fiscal 2021 to complete construction of the new Riviera Beach Library. The new facility will be 20,000 GSF and will be built on the site of the existing 10,500 GSF Riviera Beach Library. The new facility will be closer to Maryland Route 173 to increase visibility and will provide expanded room for staff, programming, and collections. The existing facility was constructed in 1971 and has had no major renovations. The HVAC system is original and is beyond the end of its useful life. The existing facility is also undersized and functionally inadequate. Because it has encapsulated asbestos, renovating the existing facility is not an option.

The estimated total cost of the project is \$17.451 million, which is an increase of over 60% above the estimated cost of \$10.9 million stated in the 2019 CIP. The total cost for this project, as well as the cost per square foot of \$669, is notably higher than other projects requesting funding, including projects in Allegany and Queen Anne's counties that are of roughly similar size. This significant cost increase comes even after \$1.34 million has been value engineered from the project. Because the new estimated total is now significantly higher than originally budgeted, \$2.3 million in supplemental State funding for the project is being requested in fiscal 2021 in addition to the \$200,000 that was initially recommended by MSLA. The State's share of the project is 18%, and Anne Arundel County expects a future request of \$490,000 to equip the project; \$200,000 was previously authorized for the project's design and to begin construction, and design was completed in October 2019. Construction is projected to begin in May 2020, and the projected completion date for the project is September 2021. As noted previously, the increased cost of this project is excessive and suggests that Anne Arundel County should reevaluate the scope of the project. As noted in the Department of Legislative Services (DLS) Capital Fiscal Briefing, several years of elevated construction inflation have resulted in construction bids above authorization levels and the need to upwardly adjust project cost estimates for State-owned building projects in the annual CIP. The State should focus its limited capital funding resources on accommodating the funding needs for State-owned projects. **DLS recommends that MSLA explain the rationale for providing the supplemental funding to the Riviera Beach Library project.**

Frederick County – Middletown Library

Frederick County is requesting an award of \$300,000 during fiscal 2021 to begin design for a new library in Middletown. The new facility will be 15,000 GSF and will replace the existing 2,917 GSF facility that was constructed in 1991 and is vastly undersized. The new facility will include expanded meeting and programming space, storage and restroom facilities, private study rooms, and dedicated teen and early literacy spaces. The total cost of the project is \$8.587 million. The State's share of the project is 16%, and Frederick County expects a future request of \$1.075 million to construct and equip the project. It is estimated that design will begin in July 2020 and be completed in June 2022. Construction is projected to begin in July 2022 and to be complete in July 2024.

Montgomery County – Chevy Chase Library

Montgomery County requested an award of \$200,000 during fiscal 2021 for planning and construction for the renovation of the Chevy Chase Library. However, MSLA was recently notified that this project would not be ready to proceed as scheduled in fiscal 2021, and it was requested that the funds be reallocated to other projects.

Queen Anne's County – Kent Island Library

Queen Anne's County requested an award of \$2.5 million during fiscal 2021 to continue construction for the Kent Island Library renovation and expansion project, which will increase the facility's size from 10,104 GSF to 21,280 GSF. The existing facility opened in 1989 and is undersized to meet the needs of the community due to rapid population growth in its service area. This project will expand meeting space, particularly for students from three public schools located within walking distance of the library; create a dedicated teen space; expand the children's area; expand the library's collections; and upgrade the library's electrical infrastructure.

The estimated total cost of the project is \$9.903 million, which is an increase from \$7.8 million projected in last year's CIP, even after \$964,798 was value engineered from the project. This cost increase is due to higher than expected construction costs. The State's share of the project is 49%. Queen Anne's County expects a future request of \$1 million to complete construction and equip the project; \$1.325 million was previously authorized for the project's design phase and to begin construction. Design for the project began in June 2017 but was not completed until January 2019 due to a six-month delay caused by the resignation of the library administrator. Construction is projected to begin in June 2020, and the projected completion date for the project is October 2021.

Rescission of Funds Previously Appropriated

The Public Library Capital Grant Program authorization includes language allowing for administrative action by MSLA to reallocate funds previously appropriated to the program to existing

or new projects, with notification to the General Assembly of the actions being taken. MSLA recently informed the committees that \$319,074 in unspent funds that were budgeted for construction between fiscal 2015 and 2017 for the Hancock Library project were rescinded by Washington County following the completion of the project. The agency plans to reallocate these funds to the Cecil County – Northeast Library project.

Future Commitments

Exhibit 2 suggests that the State is in line to receive future requests in the amount of \$4.455 million for the projects that are currently proposed for fiscal 2021, in addition to future requests of at least \$5.3 million estimated by the agency for projects funded in fiscal 2020 that were not funded this year. However, the agency has discretion over future request amounts and how they are allocated across projects, so this estimate could change. These projects include the Baltimore County – Catonsville Library renovation, the Calvert County – Twin Beaches Library, the Cecil County – Northeast Library, and the Worcester County – Pokomoke Library renovation and expansion. The total future funding expected for all projects is at least double the amount of the annual \$5 million mandated funding level for the program, which will complicate adding new projects to the funding list in future years and will require the spreading out of any future State commitments over a two- to three-year period to accommodate this level of future requests. While most of the future request amounts can be spread over fiscal 2022 and 2023, this still leaves the program oversubscribed.

Appendix 1
Public Library Capital Grant Authorization
Fiscal 2008-2020
(\$ 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>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Allegany	\$63.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$90.0	\$157.0	\$800.0	\$771.3	\$0.0	\$0.0	\$360.0	\$2,241.3
Anne Arundel	82.8	94.5	0.0	0.0	0.0	50.0	70.0	286.0	30.0	84.0	1,033.0	0.0	200.0	1,930.3
Baltimore City	270.0	744.0	400.0	0.0	400.0	0.0	0.0	1826.1	0.0	0.0	1,000.0	0.0	0.0	4,640.1
Baltimore	135.0	708.0	255.0	610.0	0.0	370.2	0.0	0.0	170.0	0.0	0.0	1,050.0	1,100.0	4,398.2
Calvert	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	300.0	300.0
Caroline	89.6	0.0	50.0	0.0	0.0	0.0	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	187.0	1,000.0	800.0	3,513.0
Cecil	90.0	0.0	562.5	0.0	0.0	0.0	420.0	0.0	0.0	0.0	861.0	1,000.0	1,319.1	4,252.6
Charles	0.0	0.0	0.0	0.0	800.0	0.0	21.0	20.0	0.0	0.0	0.0	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	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	0.0	783.1	0.0	2,366.1
Garret	0.0	0.0	0.0	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	81.6	512.4	120.0	2,468.5
Howard	90.0	320.0	800.0	500.0	927.7	2670.0	125.0	46.0	0.0	0.0	0.0	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	47.0	0.0	0.0	968.0
Montgomery	221.0	655.0	0.0	975.0	1,145.3	1,000.0	0.0	0.0	743.7	1,500.0	200.0	200.0	0.0	6,640.0
Prince George's	101.7	0.0	320.0	400.0	0.0	489.0	0.0	0.0	1,553.5	0.0	0.0	0.0	0.0	2,864.2
Queen Anne's	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	325.0	0.0	1,000.0	1,325.0
St. Mary's	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,091.0	500.0	0.0	1,591.0
Somerset	22.5	179.0	0.0	0.0	0.0	250.0	3,000.0	2,021.4	0.0	0.0	0.0	0.0	0.0	5,472.9
Talbot	0.0	0.0	0.0	1,240.0	0.0	0.0	0.0	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	180.9	0.0	0.0	0.0	0.0	0.0	4,598.2
Wicomico	45.0	0.0	20.0	0.0	0.0	43.9	0.0	0.0	0.0	256.7	111.9	0.0	0.0	477.5
Worcester	67.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,082.9	704.0	113.3	0.0	120.0	2,087.7
Total	\$2,025.0	\$3,910.5	\$3,887.5	\$4,610.0	\$4,397.0	\$4,920.1	\$5,712.4	\$4,924.5	\$5,567.7	\$4,655.0	\$5,050.8	\$5,045.5	\$5,319.1	\$60,025.0

Analysis of the FY 2021 Maryland Executive Budget, 2020

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Note: Total authorizations more than the annually allocated \$5 million are due to recycling rescinded funds.