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# **2008 Session Capital Budget Overview**

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**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

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For further information contact: Matthew D. Klein

Phone: (410) 946-5530

*Analysis of the FY 2009 Maryland Executive Capital Budget, 2008*

*2008 Session Capital Budget Overview*

## Fiscal 2009 Capital Program Overview

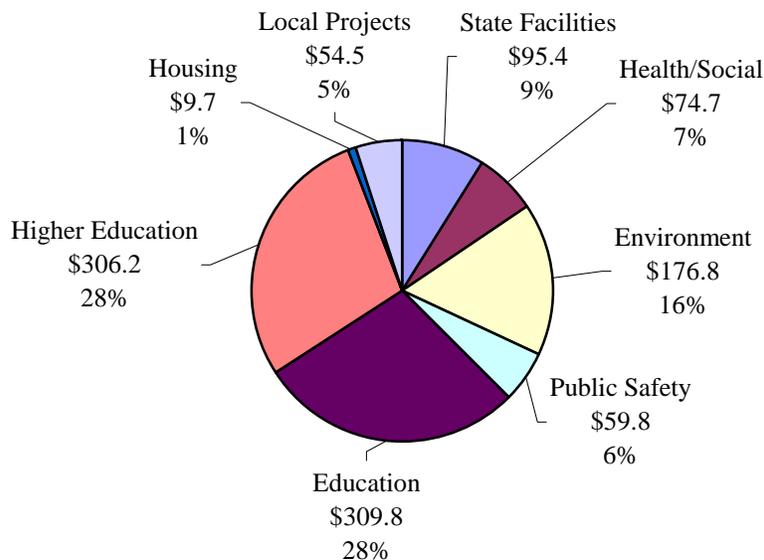
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### The Fiscal 2009 Non-transportation Capital Improvement Program Totals Approximately \$1.5 Billion

- The program is funded by debt (\$1,086 million, 70.8%) and current funds (\$448 million, 28.2%).
- The capital program as introduced includes \$935.0 million in general obligation (GO) debt for State-owned facilities and grant and loan programs. An additional \$0.9 million in GO bonds from prior years will be de-authorized thus increasing the amount of GO debt included in the capital program to \$935.9 million. Of the \$935.0 million of new GO debt, \$3.0 million funds the Tobacco Transition Program, \$5.0 million has been reserved as an allotment for grants to private hospitals, \$15.0 million has been reserved for legislative community initiatives, and \$40.8 million represents debt pre-authorized in the 2007 Maryland Consolidated Capital Bond Loan (MCCBL). **Exhibit 1** shows the distribution of the non-transportation bond funded capital program.
- The Capital Debt Affordability Committee (CDAC) recommended a GO debt limit of \$935 million, including \$3 million in Tobacco Transition Program bonds authorized by Chapter 103 of 2001, known as the Southern Maryland Regional Strategy Action Plan for Agriculture. CDAC also recommended a \$33 million limit for academic revenue bonds.

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**Exhibit 1**  
**Non-transportation State Bond Distribution**  
**\$935.9 Million GO/\$33.0 Million Academic Revenue/\$118 Million MDE**



MDE: Maryland Department of the Environment

Source: Department of Budget and Management

*2008 Session Capital Budget Overview*

Top bond-funded programs/projects are shown in **Exhibit 2**. **Exhibits 3** and **4** provided additional detail of what is in the capital budget as introduced.

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**Exhibit 2**  
**Top General Obligation/Revenue Bond  
Funded Programs and Projects**

<u>Program/Project</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Public School Construction	\$300,000,000	\$0	\$300,000,000
MHEC: Community College Grant Program	81,028,000	0	81,028,000
BPW: Rockville District Court	71,363,000	0	71,363,000
MDE: Chesapeake Bay Restoration ENR	0	70,000,000	70,000,000
UMB: Pharmacy Hall Addition and Renovation	57,250,000	4,977,000	62,227,000
DHMH: New Forensic Medical Center	47,807,000	0	47,807,000
CSU: New Physical Education Complex	39,439,000	0	39,439,000
MDE: Water Quality Loan Program	0	30,000,000	30,000,000
MDE: CBWQ Nutrient Removal – BNR	18,448,000	0	18,448,000
TU: Campus Safety and Circulation	13,251,000	5,023,000	18,274,000
MDE: Drinking Water Loan Program	0	18,000,000	18,000,000
USM: Facility Renewal	0	17,000,000	17,000,000
Legislative Initiatives	15,000,000	0	15,000,000
DSP: New Hagerstown Barrack and Garage	14,820,000	0	14,820,000
DPSCS: MCTC 192-Cell Housing Unit	12,641,000	0	12,641,000
<b>Total</b>	<b>\$671,047,000.</b>	<b>\$145,000,000.</b>	<b>\$816,047,000</b>

BNR: Biological Nutrient Removal  
BPW: Board of Public Works  
CBWQ: Chesapeake Bay Water Quality  
CSU: Coppin State University  
DSP: Department of State Police  
DPSCS: Department of Public Safety and Correctional Services  
ENR: Enhanced Nutrient Removal  
MCTC: Maryland Correctional Training Center  
MDE: Maryland Department of the Environment  
MHEC: Maryland Higher Education Commission  
TU: Towson University  
UMB: University of Maryland, Baltimore  
USM: University System of Maryland

Source: Department of Budget and Management

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2008 Session Capital Budget Overview

**Exhibit 3**  
**Summary of the Capital Program Requests for the 2008 Session**  
**(\$ in Millions)**

<u>Function</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General Obligation</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
<b>State Facilities</b>						<b>\$97.9</b>
Facilities Renewal	\$16.3	\$0.0	\$0.0	\$0.0	\$0.0	
Other	79.1	0.0	0.0	0.7	1.8	
<b>Health/Social</b>						<b>\$74.1</b>
State Facilities	50.9	0.0	0.0	0.0	0.0	
Private Hospitals	5.0	0.0	0.0	0.0	0.0	
Other	18.8	0.0	0.0	0.0	0.0	
<b>Environment</b>						<b>\$476.4</b>
Energy	0.0	0.0	0.0	2.2	0.0	
Natural Resources	13.0	0.0	0.0	87.0	4.3	
Agriculture	6.0	0.0	0.0	42.0	10.0	
Environment	27.9	118.0	8.4	112.0	33.7	
MD Environmental Services	11.9	0.0	0.0	0.0	0.0	
<b>Public Safety</b>						<b>\$93.4</b>
State Corrections	22.7	0.0	0.0	0.0	0.0	
State Police	17.3	0.0	0.0	33.6	0.0	
Local Jails	19.8	0.0	0.0	0.0	0.0	
<b>Education</b>						<b>\$337.2</b>
School Construction	300.0	0.0	0.0	27.4	0.0	
Other	9.8	0.0	0.0	0.0	0.0	
<b>Higher Education</b>						<b>\$313.3</b>
University System	143.8	33.0	0.0	4.0	0.0	
Morgan State University	11.0	0.0	0.0	3.1	0.0	
St. Mary's College	6.8	0.0	0.0	0.0	0.0	
Community Colleges	81.1	0.0	0.0	0.0	0.0	
Private Colleges/Universities	8.0	0.0	0.0	0.0	0.0	
Medical System	22.5	0.0	0.0	0.0	0.0	
<b>Housing/Community Dev.</b>						<b>\$70.1</b>
Housing	7.5	0.0	11.6	33.0	15.4	
Other	2.2	0.0	0.2	0.2	0.0	
<b>Economic Development</b>						<b>\$16.7</b>
Economic Development	0.0	0.0	2.0	0.0	0.0	
Other	0.0	0.0	14.7	0.0	0.0	
<b>Local Projects</b>						<b>\$55.5</b>
Administration	39.5	0.0	1.0	0.0	0.0	
Legislative	15.0	0.0	0.0	0.0	0.0	
<b>De-authorizations</b>						<b>-\$0.9</b>
De-authorization	-0.9	0.0	0.0	0.0	0.0	
<b>Total Fiscal 2009</b>	<b>\$935.0</b>	<b>\$151.0</b>	<b>\$37.9</b>	<b>\$345.2</b>	<b>\$65.2</b>	<b>\$1,534.3</b>
<b>Total Fiscal 2008</b>	<b>\$829.8</b>	<b>\$130.0</b>	<b>\$41.9</b>	<b>\$454.4</b>	<b>\$62.4</b>	<b>\$1,500.6</b>
<b>Fiscal 2008 Qualified Zone Academy Bonds</b>	<b>\$11.1</b>					
<b>Fiscal 2008 Deficiencies</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1.0</b>	<b>\$5.7</b>	<b>\$6.7</b>

Source: Department of Budget and Management

**Exhibit 4  
Capital Program Request for the 2008 Session**

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
<b>State Facilities</b>							
D55P00.04	Veterans Affairs Cemetary – Garrison Forest	\$0	\$0	\$0	\$0	\$1,810,000	\$1,810,000
DA02.01A	DOD: Accessibility Modification	1,600,000	0	0	0	0	1,600,000
DE02.01A	BPW: Lowe House Building Alterations	701,000	0	0	0	0	701,000
DE02.01B	BPW: State House Old House Chamber	2,000,000	0	0	0	0	2,000,000
DE02.01C	BPW: 2100 Guilford Avenue State Office	3,000,000	0	0	0	0	3,000,000
DE02.01D	BPW: DGS Facility Renewal Fund	10,000,000	0	0	0	0	10,000,000
DE02.01E	BPW: DGS Construction Contingency Fund	2,500,000	0	0	0	0	2,500,000
DE02.01F	BPW: DGS Asbestos Abatement Program	2,000,000	0	0	0	0	2,000,000
DE02.01G	BPW: DGS Underground Storage Tank	1,000,000	0	0	0	0	1,000,000
DE02.01H	BPW: DGS Ethanol Fueling Stations	621,000	0	0	0	0	621,000
DE02.01I	BPW: Rockville District Court	71,363,000	0	0	0	0	71,363,000
DW01.08	Planning: Jefferson Patterson – Renovations	593,000	0	0	0	0	593,000
P00A01.10	DLLR: Eastern Shore Regional Call Center	0	0	0	744,000	0	744,000
<b>Subtotal</b>		<b>\$95,378,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$744,000</b>	<b>\$1,810,000</b>	<b>\$97,932,000</b>
<b>Health/Social</b>							
DA07A	Aging: Senior Centers Grant Program	\$1,845,000	\$0	\$0	\$0	\$0	\$1,845,000
MA01A	DHMH: Community Health Facilities	8,511,000	0	0	0	0	8,511,000
MA01B	DHMH: Federally Qualified Health Centers	2,672,000	0	0	0	0	2,672,000
MF05A	DHMH: New Forensic Medical Center	47,807,000	0	0	0	0	47,807,000
ML10A	DHMH: Clifton T. Perkins – Max Security Wing	3,137,000	0	0	0	0	3,137,000
VE01A	DJS: Cheltenham Facility – Treatment Ctr.	4,074,000	0	0	0	0	4,074,000
VE01B	DJS: Cheltenham Facility – Detention Ctr.	1,661,000	0	0	0	0	1,661,000
ZA03A	MHA: MD General – ICU Expansion/Renov.	875,000	0	0	0	0	875,000
ZA03B	MHA: Sinai Hospital – Obstetrical Unit Renov.	320,000	0	0	0	0	320,000
ZA03C	MHA: Franklin Square – Emergency Dept.	1,130,000	0	0	0	0	1,130,000
ZA03D	MHA: St. Joseph – Cardiac Area Renovation	450,000	0	0	0	0	450,000
ZA03E	MHA: Union Hosp. – Outpatient Infusion Ctr.	110,000	0	0	0	0	110,000
ZA03F	MHA: Civista Medical – Pharmacy Expansion	375,000	0	0	0	0	375,000
ZA03G	MHA: Adventist HealthCare – Potomac Ridge	430,000	0	0	0	0	430,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZA03H	MHA: Montgomery General – Emergency Dept.	900,000	0	0	0	0	900,000
ZA03I	MHA: Suburban Hospital – Nursing Unit	410,000	0	0	0	0	410,000
	<b>Subtotal</b>	<b>\$74,707,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$74,707,000</b>
	<b>Environment</b>						
D13A13.02	MEA: Community Energy Loan Program	\$0	\$0	\$0	\$1,200,000	\$0	\$1,200,000
D13A13.03	MEA: State Agency Loan Program	0	0	0	1,000,000	0	1,000,000
K00A05.10A	DNR: Rural Legacy Program	5,000,000	0	0	13,468,000	0	18,468,000
K00A05.10B	DNR: Program Open Space	0	0	0	42,547,000	3,000,000	45,547,000
K00A05.10C	DNR: Natural Resources Development	0	0	0	3,993,000	0	3,993,000
K00A05.10D	DNR: Critical Maintenance Projects	0	0	0	4,000,000	0	4,000,000
K00A05.10E	DNR: Dam Rehabilitation Program	0	0	0	500,000	0	500,000
K00A05.11	DNR: Waterway Improvement Fund	0	0	0	20,000,000	1,300,000	21,300,000
K00A05.14	DNR: Shore Erosion Control Program	0	0	0	500,000	0	500,000
K00A09.06	DNR: Ocean City Beach Replenishment	0	0	0	2,000,000	0	2,000,000
KA05A	DNR: Community Parks and Playgrounds	5,000,000	0	0	0	0	5,000,000
KA17A	DNR: Oyster Restoration Program	3,000,000	0	0	0	0	3,000,000
L00A11.11	MDA: Agricultural Land Preservation	0	0	0	35,705,000	10,000,000	45,705,000
L00A12.13	MDA: Tobacco Transition Program	3,000,000	0	0	6,330,000	0	9,330,000
LA15A	MDA: Agricultural Cost-Share Program	3,000,000	0	0	0	0	3,000,000
U00A01.04	MDE: Hazardous Substance Cleanup	0	0	1,000,000	0	0	1,000,000
U00A01.05	MDE: Drinking Water Loan Program	0	18,000,000	2,265,000	4,000,000	7,814,000	32,079,000
U00A01.11A	MDE: Chesapeake Bay Restoration – ENR	0	70,000,000	0	68,000,000	0	138,000,000
U00A01.11B	MDE: Chesapeake Bay Restoration – Sewer	0	0	0	5,000,000	0	5,000,000
U00A01.12	MDE: Chesapeake Bay Restoration – Septic	0	0	0	6,000,000	0	6,000,000
U00A1.03	MDE: Water Quality Loan Program	0	30,000,000	5,180,000	28,920,000	25,900,000	90,000,000
UA04A(1)	MDE: CBWQ Nutrient Removal – BNR	18,448,000	0	0	0	0	18,448,000
UA04A(2)	MDE: Supplemental Assistance Program	5,000,000	0	0	0	0	5,000,000
UA04A(3)	MDE: Small Creek and Estuary Restoration	663,000	0	0	0	0	663,000
UA04A(4)	MDE: CBWQ Stormwater Pollution	838,000	0	0	0	0	838,000
UA04B	MDE: Water Supply Assistance Program	3,000,000	0	0	0	0	3,000,000
UB00A1	MES: Water/Sewer Infrastructure – Green Ridge	1,056,000	0	0	0	0	1,056,000
UB00A2	MES: Water/Sewer Infrastructure – Jessup	248,000	0	0	0	0	248,000
UB00A3	MES: Water/Sewer Infrastructure – ECI WTP	3,609,000	0	0	0	0	3,609,000
UB00A4	MES: Water/Sewer Infrastructure – ECI WWTP	6,961,000	0	0	0	0	6,961,000
	<b>Subtotal</b>	<b>\$58,823,000</b>	<b>\$118,000,000</b>	<b>\$8,445,000</b>	<b>\$243,163,000</b>	<b>\$48,014,000</b>	<b>\$476,445,000</b>

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
<b>Public Safety</b>							
D06E02SP	BPW: State Police Helicopter Replacement	\$0	\$0	\$0	\$33,606,000	\$0	\$33,606,000
QB04A	DPSCS: 192-Cell Medium Security Housing	12,641,000	0	0	0	0	12,641,000
QB08A	DPSCS: WCI – Vocational Education Bldg.	1,099,000	0	0	0	0	1,099,000
QP00A	DPSCS: Baltimore Correctional – Women’s Fac.	5,500,000	0	0	0	0	5,500,000
QP00B	DPSCS: Baltimore Correctional – Youth Fac.	3,400,000	0	0	0	0	3,400,000
WA01A	DSP: New Hagerstown Barrack and Garage	14,820,000	0	0	0	0	14,820,000
WA01B	DSP: Tactical Services Facility – Garage	2,498,000	0	0	0	0	2,498,000
ZB02A	Local Jails: Cecil County – Additions/ Alterations	788,000	0	0	0	0	788,000
ZB02B	Local Jails: Frederick – Adult Detention Ctr.	7,401,000	0	0	0	0	7,401,000
ZB02C	Local Jails: Harford – Housing Unit Expansion	6,336,000	0	0	0	0	6,336,000
ZB02D	Local Jails: St. Mary’s – Minimum Security	698,000	0	0	0	0	698,000
ZB02E	Local Jails: Worcester – Renovation/ Expansion	4,606,000	0	0	0	0	4,606,000
	<b>Subtotal</b>	<b>\$59,787,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,606,000</b>	<b>\$0</b>	<b>\$93,393,000</b>
<b>Education</b>							
DE02.02A	Public School Construction	\$300,000,000	\$0	\$0	\$27,400,000	\$0	\$327,400,000
RA01A	MSDE: County Library Capital Grants	5,000,000	0	0	0	0	5,000,000
RE01A	MD School for Deaf – Cafeteria/Student Ctr.	4,630,000	0	0	0	0	4,630,000
RE01B	MD School for Deaf – Parking/Athletic Field	122,000	0	0	0	0	122,000
	<b>Subtotal</b>	<b>\$309,752,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,400,000</b>	<b>\$0</b>	<b>\$337,152,000</b>
<b>Higher Education</b>							
D06E02MS	BPW: MSU School of Business Complex	\$0	\$0	\$0	\$3,100,000	\$0	\$3,100,000
D06E02UM	UMCP: Physical Sciences Complex I	0	0	0	4,000,000	0	4,000,000
RB21A	UMB: Pharmacy Hall Addition and Renovation	57,250,000	4,977,000	0	0	0	62,227,000
RB22A	UMCP: Tawes Building Conversion	2,450,000	0	0	0	0	2,450,000
RB22rb	UMCP: New Journalism Building	0	6,000,000	0	0	0	6,000,000
RB24A	TU: Campuswide Safety and Circulation	13,251,000	5,023,000	0	0	0	18,274,000
RB24B	TU: New College of Liberal Arts Complex	9,339,000	0	0	0	0	9,339,000
RB27A	CSU: New Physical Education Complex	39,439,000	0	0	0	0	39,439,000
RB27B	CSU: Campuswide Utilities/Security	6,960,000	0	0	0	0	6,960,000
RB27C	CSU: Science and Technology Center	6,291,000	0	0	0	0	6,291,000
RB27D	CSU: New Health and Human Services Bldg..	3,482,000	0	0	0	0	3,482,000
RB28A	UB: New Law School	4,033,000	0	0	0	0	4,033,000
RB34A	UMCES: Oyster Production Facility	1,343,000	0	0	0	0	1,343,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
RB36rb	USM: Facility Renewal	0	17,000,000	0	0	0	17,000,000
RD00A	SMC: Anne Arundel Hall Reconstruction	3,252,000	0	0	0	0	3,252,000
RD00B	SMC: Bruce Davis Theatre Renovation	2,402,000	0	0	0	0	2,402,000
RD00C	SMC: Student Services Building	1,195,000	0	0	0	0	1,195,000
RI00A	MHEC: Community College Const. Grant	81,028,000	0	0	0	0	81,028,000
RM00A	MSU: Campuswide Utilities Upgrade	7,723,000	0	0	0	0	7,723,000
RM00B	MSU: Lillie Carroll Jackson Museum	2,258,000	0	0	0	0	2,258,000
RM00C	MSU: Campuswide Site Improvements	1,050,000	0	0	0	0	1,050,000
RQ00A	UMMS: New Ambulatory Care Center	10,000,000	0	0	0	0	10,000,000
RQ00B	UMMS: R Adams Cowley Shock Trauma Ctr.	10,000,000	0	0	0	0	10,000,000
RQ00C	UMMS: New Diagnostic and Treatment Facilities	2,500,000	0	0	0	0	2,500,000
ZA00J	MICUA: Johns Hopkins – Gilman Hall	1,000,000	0	0	0	0	1,000,000
ZA00K	MICUA: Loyola College – Science Center	3,000,000	0	0	0	0	3,000,000
ZA00L	MICUA: Mount St. Mary’s – Performing Arts	1,000,000	0	0	0	0	1,000,000
ZA00M	MICUA: Sojourner-Douglass Allied Health	3,000,000	0	0	0	0	3,000,000
	<b>Subtotal</b>	<b>\$273,246,000</b>	<b>\$33,000,000</b>	<b>\$0</b>	<b>\$7,100,000</b>	<b>\$0</b>	<b>\$313,346,000</b>
	<b>Housing/Community Development</b>						
D40W01.11	Planning: Maryland Historical Trust Loan	\$0	\$0	\$250,000	\$200,000	\$0	\$450,000
DB01A	Historic St. Mary’s: Interpretive Center	1,487,000	0	0	0	0	1,487,000
DW01.10A	Planning: Historical Trust Capital Grant Fund	700,000	0	0	0	0	700,000
S00A24.02A	DHCD: Community Legacy Program	0	0	6,500,000	0	0	6,500,000
S00A24.02B	DHCD: Neighborhood Business Development	0	0	0	6,000,000	0	6,000,000
S00A24.02C	DHCD: Community Development Block Grants	0	0	0	0	9,000,000	9,000,000
S00A25.07	DHCD: Rental Housing Programs	0	0	2,850,000	12,650,000	4,750,000	20,250,000
S00A25.08	DHCD: Homeownership Programs	0	0	900,000	7,600,000	100,000	8,600,000
S00A25.09	DHCD: Special Loan Programs	0	0	1,300,000	6,700,000	1,500,000	9,500,000
SA25A	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	6,000,000
SA25B	DHCD: Shelter and Transitional Housing Facil.	1,500,000	0	0	0	0	1,500,000
	<b>Subtotal</b>	<b>\$9,687,000</b>	<b>\$0</b>	<b>\$11,800,000</b>	<b>\$33,150,000</b>	<b>\$15,350,000</b>	<b>\$69,987,000</b>
	<b>Economic Development</b>						
D40W01.12	Planning: Historic Tax Credit Fund	\$0	\$0	\$14,700,000	\$0	\$0	\$14,700,000
T00F00.10	DBED: Rural Broad Band Assistance Fund	0	0	2,000,000	0	0	2,000,000
	<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,700,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,700,000</b>

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
<b>Local Projects</b>							
D06E02JC	Misc: CASA Multicultural Center	\$0	\$0	\$1,000,000	\$0	\$0	\$1,000,000
ZA00A	Misc: Charles E. Smith Life Communities	760,000	0	0	0	0	760,000
ZA00B	Misc: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	5,000,000
ZA00C	Misc: Homeless Shelter and Resource Ctr.	2,000,000	0	0	0	0	2,000,000
ZA00D	Misc: Irvine Nature Center	400,000	0	0	0	0	400,000
ZA00E	Misc: Jewish Council for the Aging	1,000,000	0	0	0	0	1,000,000
ZA00F	Misc: Johns Hopkins Medicine/Critical Care	5,000,000	0	0	0	0	5,000,000
ZA00G	Misc: Johns Hopkins Medicine/Pediatric Center	10,000,000	0	0	0	0	10,000,000
ZA00H	Misc: Kennedy Krieger/Clinical Research Building	1,000,000	0	0	0	0	1,000,000
ZA00I	Misc: Live Entertainment Venue	2,000,000	0	0	0	0	2,000,000
ZA00N	Misc: Maryland Zoo – Facilities Renewal	1,000,000	0	0	0	0	1,000,000
ZA00O	Misc: Maryland Zoo – Infrastructure Improvements	2,000,000	0	0	0	0	2,000,000
ZA00P	Misc: Park Heights Redevelopment	3,000,000	0	0	0	0	3,000,000
ZA00Q	Misc: Southern Maryland Stadium	1,333,000	0	0	0	0	1,333,000
ZA00R	Misc: WestSide Revitalization	5,000,000	0	0	0	0	5,000,000
ZA01	Legislative Initiative Grants	15,000,000	0	0	0	0	15,000,000
	<b>Subtotal</b>	<b>\$54,493,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,493,000</b>
<b>De-authorizations</b>							
ZF00	De-authorizations as Introduced	-\$873,000	\$0	\$0	\$0	\$0	-\$873,000
	<b>Total</b>	<b>\$935,000,000</b>	<b>\$151,000,000</b>	<b>\$37,945,000</b>	<b>\$345,163,000</b>	<b>\$65,174,000</b>	<b>\$1,534,282,000</b>

BPW: Board of Public Works  
 CBWQ: Chesapeake Bay Water Quality  
 CSU: Coppin State University  
 DBED: Department of Business and Economic Development  
 DGS: Department of General Services  
 DHCD: Department of Housing and Community Development  
 DHMH: Department of Health and Mental Hygiene  
 DJS: Department of Juvenile Services  
 DLLR: Department of Labor, Licensing, and Regulations  
 DNR: Department of Natural Resources

MEA: Maryland Energy Administration  
 MES: Maryland Environmental Services  
 MHA: Maryland Health Administration  
 MHEC: Maryland Higher Education Commission  
 MHT: Maryland Historical Trust  
 MSDE: Maryland State Department of Education  
 MSU: Morgan State University  
 SMC: St. Mary's College  
 SU: Salisbury University  
 TU: Towson University

DOD: Department of Disabilities  
DPSCS: Department of Public Safety and Correctional Services  
DSP: Department of State Police  
ENR: Enhanced Nutrient Removal  
MCTC: Maryland Correctional Training Center  
MDA: Maryland Department of Agriculture

UB: University of Baltimore  
UMBC: University of Maryland Baltimore County  
UMCP: University of Maryland, College Park  
UMMS: University of Maryland Medical System  
UMUC: University of Maryland University College  
USM: University System of Maryland

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## ***Issues/Updates***

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### **1. Minority Business Enterprise Participation Requirements – Application to Capital Grants**

At the Board of Public Works (BPW) meeting on November 28, 2007, the board considered applying the State’s Minority Business Enterprise (MBE) participation requirements to capital grants provided to private entities funded with GO bond proceeds. This issue summarizes the State’s MBE policy, outlines recent proposed legislation on the subject matter, and provides some guidance to further strengthening the State’s MBE policies with regards to the capital grant process.

#### **Maryland’s Minority Business Enterprise Program**

Under Section 14-302 of the State Finance and Procurement Article, each unit in the Executive Branch of State government that is subject to the State’s procurement law is generally required to structure procurement procedures to achieve a minimum of 25% of the unit’s total dollar value of procurement contracts is made directly or indirectly from certified minority business enterprises.<sup>1</sup> There are no penalties for any agency that fails to reach MBE targets. Instead, agencies are required to use race-neutral strategies to encourage greater MBE participation in State procurement. Agencies are free to set higher MBE goals on some contracts and lower goals on others, as long as they strive to meet the overall goals for the sum total of their procurement spending. A firm requirement that agencies meet the goals on every contract, or even that they meet the overall goals governed in State statute, could pose constitutional challenges.

Maryland’s MBE program is structured to comply with the U.S. Supreme Courts ruling in *City of Richmond v. J.A. Croson*, which held that state or local MBE programs using race-based classifications are subject to “strict scrutiny” under the equal protection clause of the Fourteenth Amendment of the United States Constitution. To meet the Croson ruling requirements, the State’s minority preference program must serve a “compelling interest” in remedying past discrimination, be based on “strong evidence” of past discrimination, and be “narrowly tailored” to achieve its purpose.<sup>2</sup>

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<sup>1</sup> Under Section 14-301(f) of the State Finance and Procurement Article, an MBE is defined, in part, as a legal entity at least 51% owned and controlled by members of a group that is disadvantaged socially or economically, including (1) African Americans; (2) American Indians; (3) Asians; (4) Hispanics; (5) women; or (6) physically or mentally disabled individuals. Under Section 14-303 of the State Finance and Procurement Article, BPW designates a single agency for certification of MBEs. The board has charged the Maryland Department of Transportation with this responsibility.

<sup>2</sup> Subsequent Supreme Court rulings further defined what is meant by “narrowly tailored” to include (1) efficacy of race-neutral remedies at overcoming identified discrimination; (2) goals that are consistent with the availability of MBEs in the market place; (3) flexible program requirements; (4) congruence between remedies and beneficiaries; (5) adverse impact on third parties; and (6) program duration. *Adarand Contractors, Inc. v. Peña*, 515 U.S. 200 (1995); cf. *Johnson v. California*, 543 U.S. 499 (2005).

## 2008 Session Capital Budget Overview

For the State's interest in remedying past or present discrimination to rise to the level of compelling, it must first identify discrimination in the relevant market and second have a strong basis in evidence to conclude that remedial action was necessary. To accomplish these requirements, the State has required that a statistically based disparity study be completed in support of the MBE program prior to re-authorization of the program. The last such study, completed by National Economic Research Associates (NERA) in March 2006 entitled *Race, Sex, and Business Enterprise: Evidence from the State of Maryland*, supported the most recent re-authorization of the State's MBE program during the 2006 session (Chapter 359 of 2006).

### Board of Public Works Authority

One of the questions that arose during the November 28, 2007, BPW meeting centered on whether the board has the authority to impose the State's MBE requirements on contracts negotiated by private entities for which all or a portion of the project funding was provided from State GO bond funds. Simply put, BPW does not have such powers. The enumerated powers of the board with respect to the issuance and sale of State debt are governed under Section 8-118 of the State Finance and Procurement Article. These powers, however, do not extend to determining the parameters of projects funded by State debt through an enabling act as specified under Section 8-127 of the State Finance and Procurement Article. The specific power to impose MBE requirements on grant recipients has to arise from authorizing language from the General Assembly. Recent attempts to impose MBE requirements on contracts funded in part through grants provided to private entities with GO bond proceeds have failed.

### Recent Legislative Proposals to Extend MBE Requirements to Grant Recipients

Several attempts to impose MBE contract procurement requirements on private entity recipients receiving State GO bond funded grants have failed. **Exhibit 5** outlines the respective bills.

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#### Exhibit 5 Proposed Legislation

<u>Session</u>	<u>Bill</u>	<u>Committee</u>	<u>Outcome</u>
2000	HB 1193	Commerce and Governmental Matters	Unfavorable
2000	SB 846	Budget and Taxation	No Action
2003	SB 533	Budget and Taxation	No Action
2004	SB 689	Budget and Taxation	No Action

Source: Department of Legislative Services

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## *2008 Session Capital Budget Overview*

Each of the bills attempted to amend Section 8-117 of the State Finance and Procurement Article, which specifies the language required in enabling legislation for local bond bills, to require 25% MBE procurement contract participation goals consistent with the State's overall goals established under Section 14-302 of the State Finance and Procurement Article. The Department of Legislative Services' (DLS) research of each of the respective bill files did not shed any light on the reasons behind each of the bills' failure. However, with respect to SB 533 introduced in the 2003 session, the Attorney General of Maryland, Office of Counsel to the General Assembly, advised the bill's sponsor that the bill would only be constitutional if supported by a study showing discrimination in the relevant market. In the view of the Attorney General, the then recent 2001 NERA disparity study on State contracting did not satisfy this requirement.<sup>3</sup> In as much as the most recent 2006 NERA study focused on State procurement conducted by units of the Executive Branch and not on procurement conducted by private entities operating in Maryland, it stands to reason that additional attempts to impose the State's MBE procurement requirements on private enterprise recipients of State grants would also be viewed as unconstitutional absent a disparity study that focuses on the specific analysis of private enterprise procurement activities in the State.

From a practical standpoint, conducting a disparity study that provides a statistical analysis of the procurement activities of private entities could be daunting. The cost alone could prove prohibitive. Moreover, any such statistical analysis would be required to examine procurement activities of any number of private entities that may potentially be the recipient of State grant funds, which presents an undefined and potentially endless sample group from which evidence of discrimination in the relevant market place must be shown.

### **Board of Public Works Asks for Attorney General Opinion**

By a letter dated January 29, 2008, BPW asked the State's Attorney General for an opinion concerning whether the board has the authority to require grant recipients to apply MBE goals – like the MBE goals that currently apply to State procurement contracts – to contracts that spend the proceeds of general obligation loan funds. The Attorney General's Office advises that it anticipates issuing an opinion on the matter within the next several months.

### **Legislation Introduced to Establish a Commission on Minority Business Enterprise**

House Bill 598 of 2008 would establish a Commission on Minority Business Enterprise to advise the Governor's Office on Minority Affairs and the Office of Minority Business Enterprises in the Maryland Department of Transportation (MDOT) on strategies for improving the State's MBE program. If enacted, this legislation would require the newly established commission to review all aspects of the State's MBE program including MBE practices and procedures used by State agencies.

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<sup>3</sup> The March 20, 2003, letter from the Office of Counsel to the General Assembly concluded the following: "While the NERA is a thorough study of the disparities in contracting by State agencies, it does not touch at all on contracting by the public and private entities that receive State grants."

## **Options for Additional Application of the MBE Program through the Grant Agreement Process**

The Department of General Services (DGS) administers the State's capital grant program. While the State does not impose MBE requirements on private entities receiving State-funded capital grants, these entities are "encouraged" to solicit and hire minority businesses. DGS outlines the State's policies concerning MBE participation in its Capital Grants Projects Handbook and on its Capital Grants Projects web page. The policy states

"Minority business enterprises are available to provide all kinds of goods and services related to your grant project. The State's goal is to achieve at least 25% MBE participation. We urge you to solicit and hire minority businesses for all your contracts, especially those funded by State grants. You may obtain a list of Maryland-certified MBEs from the Maryland Department of Transportation, Office of Minority Business Enterprise."

In addition to the general policy statement, DGS requires each grant recipient to sign a State of Maryland Capital Projects Grant Agreement, whereby the grantee agrees to the following:

- not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonable to preclude the performances of such employment;
- to include a provision similar to that contained in subsection (a), above, in any contract under this grant except a contract for standard commercial supplies or raw materials; and
- to post and to cause contractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

In order to achieve greater application of the State's MBE program, the board may wish to consider revisions to the DGS grant agreement form that would provide stronger guidance on the topic of MBE utilization in projects funded with State bond proceeds. Revisions to the grant agreement are within the board's authority. In addition, although grants to private entities are not subject to the State's MBE program, Section 14-303 of the State Finance and Procurement Article does provide some guidance and speaks broadly on the board's powers to regulate and encourage MBE participation. Following discussions and meetings with representatives from the Governor's Office, BPW, Office of the Comptroller, DGS, and the State Treasurer's Office, there appears to be some consensus on revisions that would strengthen the MBE policies. These include:

- Inserting a clause that would encourage but not necessarily require grantees to strive toward adequate utilization of certified MBEs in the procurement of project contracts and the award of subgrants.

## *2008 Session Capital Budget Overview*

- Make reference to the State's Commercial Nondiscrimination Policy established by Chapter 283 of 2006. This policy applies only to State-funded economic development projects and not to all grant-funded projects; however, many of the projects funded through State capital grants could be construed as economic development projects.
- Require annual reporting from grantees on MBE participation, and require the grantee to disclose in writing its efforts to achieve MBE participation when seeking BPW contract approval.

### **Other Considerations**

The last time the State was presented with legislation to require MBE participation on projects funded with State capital grant funds, the DLS fiscal note indicated a cost of approximately \$50,000 annually for DGS to monitor and collect MBE data from grantees. The cost estimate was based on imposing the MBE requirements for grants in excess of \$100,000; therefore, to the extent that the reporting is required of all grantees and not just those receiving grants in excess of \$100,000, the fiscal note could be higher.

DGS is not the only State agency that administers grants to private entities. To the extent that the board may consider changes to the DGS grant application and impose reporting requirements for recipients of capital grants administered by DGS, the board may also wish to include within this new policy other grant programs administered by State agencies that provide capital grants to private entities. A more comprehensive list would include the following: (1) Department of Health and Mental Hygiene (DHMH) in its administration of the Adult Day Care Facilities Program, Community Health Facilities Program, and Federally Qualified Health Centers Grant Program; (2) Department of Juvenile Services for its administration of the Juvenile Justice Facilities Program; (3) Department of Housing and Community Development for its administration of the Shelter and Transitional Housing Facilities Program; and (4) Department of Planning, Maryland Historical Trust (MHT) for the administration of the MHT Grant Fund.

### **Grant Applications Should Be Standardized to Encourage MBE Participation**

**DLS recommends committee narrative that directs BPW to coordinate a review of State agency grant agreement and application procedures and post an advisory that would both alert and guide State agencies on ways to improve MBE participation.**

## **2. State Center Redevelopment**

### **Background**

State Center is located in Baltimore City and refers to an area of four buildings in mid-town Baltimore City, generally bordering Preston Street, that houses a large number of State agencies.

## *2008 Session Capital Budget Overview*

The complex is comprised of approximately 25 acres with close proximity to the State Center Metro stop and the Cultural Center light rail station.

Redevelopment of the Center has been under consideration at least since fall 2004. MDOT and Maryland Department of Planning (MDP) had been exploring Transit-Oriented Development (TOD) opportunities within Baltimore City prior to DGS recommending the State Center Complex. TODs involve use of public-private sector partnerships to establish mixed use developments, improve transit connections, and economically revitalize areas adjacent to transit stations

DGS, MDOT, and MDP identified objectives including developing mixed-use projects using public-private sector funding sources; creating new revenue sources for the public sector; increasing transit ridership; and providing housing for a diverse mix of incomes. The project is to be integrated with other ongoing local redevelopment efforts. Although MDOT prepared a draft report on the State Center TOD concept in 2005, it was not until the 2006 session that the budget committees became aware that this project was under active consideration.

Budget bill language was added to the fiscal 2007 budget that restricted the expenditure of any funds until a report was submitted by the Department of Budget and Management (DBM), DGS, and MDOT that explained the short- and long-term plan for the redevelopment of State Center. Committee narrative was also adopted at the 2007 session to require further information from MDOT and DGS on future ownership of the State Center Complex, the impact on State agencies, and the impact of delay of replacement of the State lab, which occupies space at the current State Center site.

### **Development Timeline**

A draft State Center TOD Strategy was published in March 2005 providing a framework for the long-term development of State-owned and surrounding properties. A State Center Neighborhood Alliance was created to meet monthly to discuss redevelopment issues.

In September 2005, a Request for Qualifications (RFQ) solicited for a master developer with the capacity and experience to acquire State-owned properties and handle all aspects of the development process. An evaluation panel selected a development team headed by Struever Brothers, Eccles, and Rouse with other partnering entities, also known as State Center LLC.

In June 2007, BPW approved a memorandum of understanding (MOU) between DGS and State Center LLC which established exclusive negotiating rights and outlined activities relating to site due diligence, community outreach, and an inventory of State office space needs. The MOU was the first of a three stage agreement process that includes an Interim Development Agreement (IDA) and a Maser Development Agreement (MDA).

The State also established a State Center Executive Committee (SCEC) and a State Center Advisory Committee (SCAC) to review redevelopment issues. SCEC is composed of the Secretaries of agencies currently housed at State Center as well as the Secretaries of DGS, MDOT, Department

## *2008 Session Capital Budget Overview*

of Business and Economic Development, Department of Housing and Community Development, and MDP.

In December 2007, BPW approved an IDA between DGS and State Center LLC which completed the second phase of the agreement process. The IDA has a duration of 365 days, extendable for two periods of 30 days each. Under the IDA the developer was to submit a Preliminary Development Plan (PDP) by March 1, 2008, containing an overall concept plan for the project. The project is envisioned to include:

- **Office Space:** 1.35 million square feet in commercial space (including an undetermined amount of new or renovated state employee office space to replace the existing 750,000 square feet);
- **Retail Space:** 250,000 square feet of new retail space;
- **Housing:** 1,000 new housing units (including a mix of market rate and workforce/affordable housing); and
- **Parking:** 4,500 parking spaces including 1,300 for State employees to replace the 1,300 spaces currently on site.

If the State determines that the PDP is sufficient, the IDA delegates authority to SCEC to issue within 30 days a Letter of Intent to State Center LLC which will establish the basic parameters of the proposed redevelopment, including the location of State offices and employees and the preferred ownership structure of the redeveloped property. The letter of intent will be the basis for negotiation of the final Master Development Agreement – the third and final stage of the three stage agreement process. DGS is authorized to execute the Letter of Intent on behalf of the SCEC and the State.

### **Issues**

Based upon the report submitted, the development plan is still in the initial phase and as such there is little information regarding the potential impacts of the project. A number of issues remain unresolved and should be fully addressed prior to the State moving forward with the final Master Development Agreement.

- **Lack of a Comprehensive Plan:** Based on the reports submitted to date, a lack of comprehensive elements prevents the legislature from exercising sufficient oversight to understand the magnitude of the project, or its long-term costs or benefits to the State. Instead, it appears that the project is being addressed incrementally and that the administration plans to forge ahead with components of the redevelopment as early as calendar 2009;

## *2008 Session Capital Budget Overview*

- **Future Ownership:** The true extent of private sector involvement is not known at this time, nor is it known to what extent the State will retain ownership of any portion of the current site or buildings have any ownership stake in future development, or share in any ongoing revenue. If, for example, the State did not retain ownership then it is not known what impact this would have on State agency rent expenses. It is also unclear if the State would receive a concession agreement from the private sector developer or would contribute in-kind contributions of buildings or land;
- **Impact on State Agencies:** There are several issues involved, including whether agencies will remain in current office space while the site is redeveloped or whether agencies will be relocated to State-owned or leased space. Costs for moving, rent, and the disruption to agency operations are all unknown factors. In addition, the State labs are located on the current site and cannot be moved until new buildings are completed. The *Capital Improvement Program* shows cash flow through fiscal 2013. How the site will be redeveloped while the labs remain at the State Center is unknown;
- **Potential Cost to the State:** A task order issued by DGS to the Stuebach company estimates that the project will cost \$740 million. The report indicates that until a final development plan and Master Development Agreement are completed, the cost of the project to the State is unknown; and
- **Effect on transit ridership:** It is unclear how the site will connect with existing light rail and/or existing bus lines, impact ridership, or MDOT transit capital or operating expenses.

### **Conclusion and Recommendations**

The State Center redevelopment is a major project involving a partnership between the State and the private sector. Major issues remain unresolved and should be addressed before the State moves forward with either a Master Development Agreement or any phase of construction. Under current project timelines, it is anticipated that a Master Development Agreement will be completed in summer 2008, which will then be subject to approval by BPW. Consideration of legislation or budget bill language should be considered to halt or slow the project until a more comprehensive overview has been developed and vetted before the legislature. **DLS recommends the following be addressed or included in any action adopted:**

- **The Master Development Agreement, which is likely to legally and financially obligate the State to a long-term redevelopment plan of State Center with State Center LLC, should not be submitted to BPW for approval until the budget committees and the Legislative Policy Committee are presented with a full analysis of the proposed development proposal that addresses the following issues:**

## *2008 Session Capital Budget Overview*

- **Proposed ownership structure of the redeveloped property including a rationale for the ownership structure selected against alternative structures considered but not selected by SCEC;**
- **Disposition of State Center assets to include the land and State-owned buildings and estimated valuation of all State Center assets;**
- **Financial benefits to the State such as concession revenue, ongoing revenue, or other in-kind benefits;**
- **Estimated redevelopment costs and evaluation of potential State financial contributions to the redevelopment project including potential transfers of State assets;**
- **Proposed impacts on State agencies and employees currently occupying the three State Center State-owned buildings, including the State health labs, providing a critical path methodology analysis of the move of State agencies and employees during the likely extensive renovation of each of the buildings; a plan for the lease of office space during the period in which State agencies are displaced; and the future impact of ongoing lease costs to the State if it no longer retains ownership of State office buildings; and**
- **Impacts on MDOT transit-related operating and capital costs, the impact on transit ridership, and how the site will connect to existing transit infrastructure.**

### **3. Capital Leases Supported by State Revenues Should Be Reviewed for Debt Affordability Prior to Board of Public Works Approval**

#### **Capital Leases Supported by State Revenues**

Beginning in 1987, the State's capital program began utilizing lease/leaseback financing for capital projects. These leases are used to acquire both real property and equipment. For real property, the transaction generally involves an agreement in which the State leases property to a developer who in turn builds or renovates a facility and leases it back to the State. At the end of the lease period, ownership of the facility is transferred to the State

The primary advantages of property leases when compared to GO bonds are that they allow the State to act more quickly if an unanticipated opportunity presents itself. Because of the extensive planning and legislative approval process involved in the State's construction program, it often takes years to finance a project. Lease agreements are approved by BPW. Since BPW meets throughout the year, leases may be approved much more quickly than GO bonds, which must be approved by the entire General Assembly during a legislative session. Therefore, property leases

## 2008 Session Capital Budget Overview

give the State the flexibility to take advantage of economical projects, which are unplanned and unexpected.

**Exhibit 6** shows tax-supported property capital lease debt outstanding totals \$101.7 million as of June 30, 2007. CDAC's forecast does not assume any new real property leases in the out-years. The nature of real property leases makes it difficult to project out-year costs since they tend to be one-time opportunities that have a short lead time.

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### Exhibit 6 Tax-supported Property Capital Lease Debt Outstanding As of June 30, 2007 (\$ in Millions)

<u>State Agency</u>	<u>Facility</u>	<u>Amount Outstanding</u>
MD Department of Transportation	Headquarters Office Building	\$30.4
	Maryland Aviation Administration Shuttle Buses	12.9
Department of General Services	Multi-service Office Buildings:	
	St. Mary's County	3.7
	Calvert County	1.9
	District Courts:	
	Towson	2.1
	Hyattsville	2.8
	Hilton Street Facility	2.2
	Prince George's County Justice Center	22.5
Maryland Transportation Authority	Annapolis State Office Parking Garage	23.2
<b>Total</b>		<b>\$101.7</b>

Source: State Treasurer's Office, October 2007

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### Capital Lease Approval Process

Title 8, Subtitle 4 of the State Finance and Procurement Article codifies the authority of the State Treasurer to enter into a capital lease, defines what constitutes a capital lease and governs the process under which capital leases are reviewed and approved by BPW. Under Section 8-403(b) prior to the submission of a capital lease to BPW, the Treasurer shall submit to LPC the total financing request and any supporting information about the proposed lease. The committee is afforded a 45-day review and comment period on the material submitted. Submission to LPC and the review period

## *2008 Session Capital Budget Overview*

allow for ample consideration of a leases' impact on the State's debt affordability. However, the current statutory process does not provide for the review of proposed and negotiated leases prior to the submission to BPW for approval. While the statute defines what constitutes a capital lease, the agency presenting the item to BPW for approval is relied upon to have made that determination prior to submittal. Essentially, a State agency may negotiate a lease and independently make the determination that it is not a capital lease, without the input of the Comptroller's General Accounting Office and, therefore, not present the item to BPW as a capital lease. This determination would, therefore, not invoke the statutory requirements under the State Finance and Procurement Article Title 8, Subtitle 4 which requires LPC review and approval.

The General Assembly should consider requiring a more formal process of evaluating contracts for capital debt affordability purposes. Such a review process should be done prior to an item having been submitted to BPW for approval. The need for a more thorough review of leases for capital debt affordability purposes is even more acute given that the State is poised to potentially exceed the 3.2% of State debt to personal income affordability criteria in the near future. In addition, a review of leases for capital debt affordability purposes prior to submission could mitigate circumstances whereby a lease is approved as an operating lease only to be deemed a capital lease at a later date and thus added to the amount of outstanding State supported debt. **DLS recommends consideration be given to amending Section 12-204 of the State Finance and Procurement Article to prohibit BPW from approving leases that meet one or more of the following criteria until such time that the Comptroller's General Accounting Office determines the lease is not appropriate to be included in the annual estimate of the Capital Debt Affordability Criteria under Section 8-405 of the State Finance and Procurement Article.**

- **Transfers ownership of the property to the lessee on or before the termination of the lease;**
- **Allows the lessee to purchase the property below fair market value or for a fixed amount;**
- **Is for a term that is 75% or more of the estimated useful economic life of the property;**  
**or**
- **Has payments with a present value that is 90% or more of the fair market value of the property.**

**If a lease is determined to be a capital lease by the General Accounting Office, the requirements as set forth in the State Finance and Procurement Article Title 8, Subsection 4 would apply.**

## **Efforts by District Court to Fund a New Catonsville Courthouse**

The existing Catonsville District Court, which is located in a building owned by DGS, opened in 1982. It is a three-courtroom, one-story building situated between the University of Maryland Baltimore County Catonsville campus and the Baltimore County Police Department. Since fiscal 2002, Baltimore County District Court case filings have grown an average of 4% annually, and the 9,423 square foot facility is considered by the District Court as no longer adequate to support daily courthouse demand.

In early 2005, DGS issued a Request for Proposals (RFP) for privately owned lease space in the Catonsville area. No responses were made to the solicitation. Since that time, the District Court, along with its master planner, have reviewed several options, including (1) a private lease arrangement on Route 40; (2) the acquisition of property owned by the Department of Natural Resources on Rolling Road; (3) the development of a new building at Spring Grove, provided that the property could be obtained from DHMH; (4) the construction of a new facility through the use of the Maryland Economic Development Corporation; and (5) the renovation and expansion of its existing facility. For various reasons, all of the aforementioned alternatives were deemed infeasible.

Subsequent to the 2006 legislative session, DGS issued a second RFP for a lease facility in addition to a Request for Expression of Interest for Land Acquisition. DGS received no response to the RFP and received a single response to the land acquisition request. The response was for 5.5 acres of undeveloped land located near Rolling Road and Security Square Mall. During the 2007 session, the General Assembly added \$2.5 million of GO bond funds to the capital budget to facilitate the potential purchase of land needed to site a new district court in Baltimore County.

The 2008 *Capital Improvement Program* (CIP) does not include any funding for the design and construction of a new Catonsville facility. The priorities of the Administration as articulated in the 2008 CIP do not include the construction of a new District Court in Baltimore County to replace the existing Catonsville District Court building. In December 2006, the Department of Budget and Management (DBM) received from the District Court the required Program Plan for the proposed new court. DBM has not approved the Program Plan – the approval of which is required under Section 3-602(d)(2) prior to the appropriation of preliminary planning funds by the State. In as much as DBM has not approved the Program Plan and the project is not currently in the CIP – the District Court's request for funding consideration for the project to DBM included an estimated design cost of \$6 million and construction cost of \$47 million – providing additional capital funds for the project at this time is unlikely to result in the construction of a new courthouse unless other capital priorities are willing to be sacrificed. While the General Assembly does have the authority to authorize GO bond funds in the capital budget be used to fund the design and construction of the courthouse, it would come at the expense of deleting one or several other projects currently programmed in the CIP for current and future funding consideration. Given the substantial estimated construction cost of the project, a reprogramming of the CIP of this magnitude would have a ripple effect on other projects proposed in the CIP.

## **Will the District Court Pursue a Lease?**

DLS is concerned that the District Court, rebuffed in its current attempts to secure funding through the normal capital budget process as outlined in the State Finance and Procurement Article Title 3, Subtitle 6, will request DGS to issue a request for proposal for a developer-owned lease facility which would not require DBM approval of a Program Plan for the project or funding in the capital budget to initiate and finalize. The District Court used the developer-owned leased facility option this past summer to acquire new lease space for the Cumberland District Court. In that instance, however, the court was already in lease space, the lease space that it occupied was under short-term lease agreement that was scheduled to terminate within two years, and the project cost was substantially less than what should be expected in a lease for a new Catonsville courthouse. While the existing Catonsville District Court may have its operational deficiencies as outlined in the project Program Plan, the court is not under any requirement to move due to an expiring lease.

DLS is concerned that if a developer-owned leased facility option is pursued by the court, it would not require any form of legislative review or approval of the contract prior to submission to BPW and financial commitment from the State in the form of an appropriation. This potentially could commit the State to a sizable annual lease or debt service payment in the magnitude of \$4 million annually at a time when the State's budget is severely constrained. The use of this amount of general funds on an annual basis for a new District Court may not be a budget priority at this time. Moreover, and of greater concern is that the approval of a lease could come prior to the budgeting of any annual lease or debt service payment costs being reflected in the Judiciary's budget and approved by the General Assembly. Essentially, it is possible for BPW to approve a lease option contract that would commit the State to a sizable annual budget requirement prior to any consideration by the budget committees of the annual and long-term budget implications. While all contracts are subject to appropriation by the General Assembly, it is unlikely that the State would choose, after the fact, to renege on the contract and subject the State to potential litigation by the developer. **In order to ensure that any lease option for the development and construction of a new District Court to replace the existing Catonsville District Court is first reviewed and approved by the General Assembly for fiscal implications, DLS recommends committee narrative that would require the review of any such lease by DBM and the House and Senate budget committees prior to submission to BPW for approval.**

## **4. De-authorizations Made in the 2008 Session Capital Budget Bill**

The MCCBL of 2008 includes de-authorizations of \$0.8 million in previously authorized GO debt. These de-authorizations allow an equal amount of new debt to be authorized without exceeding the recommended debt limit. The MCCBL contains \$935.8 million in net new debt. **Exhibit 7** lists the amounts being de-authorized and the reasons for the de-authorizations. None of the proposed de-authorizations included in Exhibit 7 present issues that warrant further discussion.

**Exhibit 7**  
**De-authorizations Included in the 2008 MCCBL**

<u>Year</u>	<u>Project</u>	<u>Reduction</u>	<u>Reason</u>
2002	St. Mary's College of Maryland – New Academic Building	\$100,000	Project complete
2003	St. Mary's College of Maryland – New Academic Building	201,000	Project complete
2003	Department of State Police – Easton Barrack and Garage	209,000	Project complete
2004	Board of Public Works – Chillers Containing Chlorofluorocarbon Mitigation Fund	226,000	Project complete
2004	Coppin State University – Connor Administration Building	137,000	Project complete
	<b>Total De-authorizations</b>	<b>\$873,000</b>	

MCCBL: Maryland Consolidated Capital Bond Loan

Source: 2008 Maryland Consolidated Capital Bond Loan

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**Exhibit 8** shows changes included in the 2008 MCCBL as introduced to two pre-authorizations included in the 2007 MCCBL. The following summarizes the specific circumstances for each project.

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**Exhibit 8**  
**De-authorizations of 2007 MCCBL Pre-authorizations**

<u>Year</u>	<u>Project</u>	<u>Reduction</u>	<u>Reason</u>
2007	DHMH – Clifton T. Perkins New Maximum Security Wing	\$1,863,000	Project construction bid came in under the amount pre-authorized
2007	DHMH – New Public Health Laboratory	7,800,000	Program plan not approved – project not ready to proceed
	<b>Total De-authorizations</b>	<b>\$9,663,000</b>	

DHMH: Department of Health and Mental Hygiene

MCCBL: Maryland Consolidated Capital Bond Loan

Source: 2008 Maryland Consolidated Capital Bond Loan

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## **Expansion of Perkins Proceeds – Preauthorization Reduced**

Established in 1960, Perkins Hospital serves as the State's sole maximum security psychiatric hospital. Defendants charged with murder, rape, arson, armed robbery, car jacking, kidnapping, or assault with intent to murder ordinarily receive evaluations at Perkins. The 2007 MCCBL, as introduced, proposed de-authorizing all unencumbered prior GO bond authorizations for the expansion of Perkins hospital to add a 48-bed maximum security wing.

The 2007 MCCBL, as enacted technically, allowed the proposed de-authorizations to take place but also included new authorizations to provide the funding necessary to complete project design, construct, and equip the 48-bed maximum security wing. The funding included \$14.5 million of new 2007 session authorized GO bond funds and another \$5.0 million of pre-authorized GO funds to be made available in the 2008 MCCBL. This funding plan allowed the project to bid for construction during fiscal 2008 while not committing the full \$19.5 million estimated to be needed to complete the project.

On December 12, 2007, BPW approved the construction contract which brought the total contracts approved for the project to less than the \$19.5 million included in the 2007 MCCBL. As a result, the 2008 MCCBL reduces the \$5.0 million included in the 2007 MCCBL as a pre-authorization to just \$3,137,000, which is the amount needed to complete construction and equip the new facility.

## **New Public Health Laboratory Delayed – 2007 MCCBL Pre-authorization Proposed to Be De-authorized**

The 2006 MCCBL provided \$9.4 million for preliminary plans to construct a new laboratory facility on a 35-acre parcel of State-owned land located in Howard County. The new facility would consist of space for six laboratory divisions, support services, and administrative functions. The current laboratory facility, known as the J. Mehsen Joseph Public Laboratory, was designed in the late 1960s, and since that time, the need for public health laboratories has increased significantly, and the technology used by public laboratories has changed almost completely.

According to the 2006 CIP, the fiscal 2007 authorization was intended to fund the first three-design phases. Detailed design funding was intended to be authorized for fiscal 2008 with construction funds scheduled to be split between fiscal 2009 and 2010 due to the cost of the facility and to mitigate the fiscal impact on the five-year CIP. Adherence to this aggressive project schedule became impossible when it became apparent that the unique complexity of preparing a Part I and Part II Program Plan for this project would pose major delays. DBM has yet to receive a Part I Program Plan – approval of which by DBM is a statutory requirement prior to the encumbrance of any authorized project design funds. The absence of Part I Program Plan and information from DHMH prior to the 2007 session that a Part I Program Plan was still in development within the department, resulted in the proposed de-authorization of the 2006 MCCBL \$9.4 million initial project design authorization as introduced by the Governor in the 2007 MCCBL.

## *2008 Session Capital Budget Overview*

Concerned that the laboratory project would continue to be delayed, the General Assembly included a pre-authorization in the 2007 MCCBL that authorized \$7.8 million for initial design in the 2008 MCCBL. In addition, committee narrative was adopted in the 2007 session *Joint Chairmen's Report* requiring DHMH to hire a consultant to provide the department with an independent assessment of the project program plan and provide recommendations to DHMH concerning the program's adequacy to effectively address the State's long-term public health laboratory needs. On October 17, 2007, DHMH hired an architectural and engineering design consulting firm with direct project design experience working on public health laboratories and bio-defense facilities. When the consultant report is completed, April 2008 is the target completion date, DHMH will still need to prepare and present DBM with a Part I Program Plan for the project, and DBM will need the time to review the plan and coordinate any recommended revisions and follow-up questions. Uncertainty concerning the ability to accomplish these tasks during fiscal 2009 led to DBM's decision to include a de-authorization of the \$7.8 million pre-authorized in the 2007 MCCBL. DBM's 2008 CIP programs design funds for fiscal 2010 and 2011 with the construction authorization split evenly in both fiscal 2012 and 2013.

DLS is concerned that the proposed de-authorization will result in continued delays of this project which is a high priority for the State to initiate and complete as soon as practical. The consultant's input and recommendations concerning the program plan should facilitate DBM's review and approval of the plan during fiscal 2009, the approval of which would allow for the initial design funds preauthorized in the 2007 MCCBL to be used to fund an architectural/engineering design contract for the new public health laboratory sooner rather than later. **Accordingly, DLS recommends budget language that would restore the \$7.8 million preauthorized in the 2007 MCCBL for the purposes of funding the initial design of the DHMH public health laboratory.**

### **5. Phased Funding Option**

The 2007 MCCBL included two projects for which funding were phased over a two-year period. Language was added to the 2007 MCCBL authorizations which allowed the projects to proceed with BPW construction contract approval, and the 2007 MCCBL included pre-authorizations for the remaining funds to be included in the 2008 MCCBL. The following is a summary of the two projects that were phased-funded in the 2007 session. **DLS is recommending that the proposed construction of the new District Court in Rockville be considered a candidate for phased funding over fiscal 2009 and 2010 under the same approach.**

#### **Status of Projects Phase-funded in the 2007 Session**

- **Coppin State University – New Physical Education Complex:** This project involves constructing a new complex which will include a 246,359 gross square foot building to house the physical education programs and facilities maintenance and related functions. Adjacent to this facility will be an outdoor track, tennis courts, and athletic fields. The new physical education building will include an arena with 2,600 fixed seats, an eight-lane competitive pool, several large fitness and activity spaces, and appropriate support facilities.

## *2008 Session Capital Budget Overview*

The maintenance wing will include offices, shops, and storage space to support campus maintenance, capital planning, and public safety operations. A satellite central utility plant will also be built as part of the facility. Upon completion, the Coppin Center, which currently houses physical education and maintenance space, will be demolished.

The Phase I Guaranteed Maximum Price (GMP) contract was approved by BPW on August 1, 2007. The Phase I was within the budget and included a 38% MBE participation. On December 12, 2007, the Phase II GMP was approved by BPW, and according to MSA, the project is still within the budget and on schedule.

- **Department of Public Safety and Correctional Services – Maryland Correctional Training Center – 192-Cell Medium Security Housing Unit and Support Space:** This project entails the construction of a new 192-cell housing unit that will hold 384 inmates to replace unconventional quonset hut housing. The project also would demolish one of the quonset huts and renovate the additional two for additional program space and use by Maryland Correctional Enterprises. The final project component will renovate and add to existing medical and commissary units.

Design funding for this project was authorized in fiscal 2005 and 2006. The full cost of construction funding, approximately \$32.6 million, was split-funded in the 2008 budget, with approximately \$7.6 million pre-authorized for 2009. The total project cost continues to increase; it was estimated at \$29.5 million in the 2006 CIP but increased by approximately \$5.4 million in the fiscal 2008 request. The current amount of funding included in the 2009 budget, reflects an increase of \$5.0 million beyond the pre-authorized amount.

This project originally had the construction bid awarded scheduled for July 2007, with a total construction timeline of 30 months. In November 2007, the department received six bids, ranging in price from \$30.2 million to \$36.1 million, not including the cost of contingencies. The three lowest bids were considered non-responsive because of improper documentation. The three responsive bids, when including contingencies, exceeded the total \$32.6 million authorized in the 2008 and 2009 budgets. Based on this, the department decided to re-bid the project, with the intent of providing more technical information and specific detail to help support the bid process, in the hopes of receiving more accurate bids.

The re-bid solicitation was advertised in January 2008, and the re-bids are expected to be received on April 2, 2008. Given the delays in the bid process, the timeline for construction has also been delayed. Construction is now estimated to begin in April 2008; the total construction time for the project remains at 30 months. Completion of all components of the project is now estimated to be in October 2010, rather than December 2009, as was originally estimated. The new cost estimate for the project, which reflects an increase of approximately \$5.0 million over prior authorized funds, was calculated using the median bid price of bids received and escalation to the new bid date. Given the current market conditions, the Department of Public Safety and Correctional Services (DPSCS) and DBM believe that the increased cost is necessary and that the original \$32.6 million estimate was underbudgeted. With the information received in the first bid process, the \$39.3 million cost

## *2008 Session Capital Budget Overview*

for this project is expected to be more consistent with the actual bid estimates. However, this project has consistently increased beyond the estimates each year. It is now more than \$10.0 million over the original estimate from the 2006 CIP. The new estimate reflects significant increases in the cost of site development and utilities. The increase in these two items alone accounts for \$2.2 million of the total budget growth from the previous estimate. **The delays were not the result of the phased funding approach – additional discussion of this issue is presented in the DLS 2008 session analysis for this DPSCS project and in the DPSCS Capital Overview analysis.**

### **Proposed Phased Funding for the New District Court in Rockville**

- **New Rockville District Court:** The District Court, through BPW, has requested funding to construct a nine-courtroom, four-hearing room, District Court in Rockville to replace lease space shared with the circuit court in Montgomery County. The county has asked the District Court to relocate so that the circuit court can expand into the space now occupied by the District Court. The new 94,512 net square foot facility will house the District Court and its supporting agencies (DPSCS' Parole and Probation Intake Unit, the Office of the Public Defender, and DGS).

The current request includes approximately \$71.4 million to design, construct, and equip the new Rockville District Court. DGS anticipates BPW approval of the construction contract in June 2008 and a 24-month construction schedule. **Since the construction is going to take place over a two-fiscal-year period and the payment of contractors working on the project will be spread over a two-fiscal-year period, this project is a candidate for consideration by the budget committees for phased funding. In similar fashion with the two projects phased-funded in the 2007 session, the proposed phased funding of the new Rockville District Court would entail language authorizing BPW to approve the construction contract, recognizing both the funds authorized in the 2008 capital budget bill and a pre-authorization section in the bill for the remaining funds in the 2009 MCCBL as satisfactory evidence of the availability of funds needed to complete the project. This language has been drafted and available for consideration by the budget committees. Initial discussion with DGS indicated that the amount that could be pre-authorized for the 2009 MCCBL without jeopardizing the ability to bid the project for construction and negotiate a construction contract is \$30 million.**

## **6. Use of Bond Premiums**

As shown in **Exhibit 9**, the State expected, and the fiscal 2009 budget as introduced anticipated, the availability of \$71.5 million in bond sales premiums in fiscal 2008 and 2009. It was assumed that bond sale premiums will generate sufficient revenues to provide \$25.0 million for the capital program and a \$19.6 million Annuity Bond Fund (ABF) balance at the end of fiscal 2009. (The ABF supports GO bond sale debt service, and the primary revenue source is the State property tax.)

**Exhibit 9**  
**Anticipated Use of Bond Sale Premiums Realized in Fiscal 2008 and 2009**  
(\$ in Millions)

<u>Fiscal Year</u>	<u>Bond Sale Date</u>	<u>Premium</u>	<u>Cost of Issuance</u>	<u>Support Debt Service</u>	<u>Support School Construction</u>	<u>Remaining</u>
2008	August 1, 2007	\$24.7	\$0.2	\$24.5	\$0.0	\$0.0
2008	Est. Feb. 2008	27.0	0.2	4.8	22.0	0.0
2009	Est. July 2008	19.8	0.2	16.5	3.0	0.1
<b>Total</b>		<b>\$71.5</b>	<b>\$0.6</b>	<b>\$45.8</b>	<b>\$25.0</b>	<b>\$0.1</b>

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management, January 2008

However, because the net premium generated from the February 27, 2008, bond sale was \$11.9 million less than projected, the State will need to adjust this plan. Options include:

- ***Maintaining Fund Balances by Reducing Capital Spending:*** This approach maintains a \$19.6 million ABF fund balance at the end of fiscal 2009 and reduces capital spending from \$25.0 million to \$13.1 million. This does not require any additional general fund subsidies for debt service. It also provides sufficient revenues to support fiscal 2009 debt service payment even if no bond sale premium is realized in the July 2008 bond sale; or
- ***Maintaining the Capital Program by Reducing the ABF Balance:*** A contrasting approach is to maintain the \$25.0 million in bond sale premiums for the fiscal 2009 capital program. This would reduce the fund balance available for fiscal 2010 and result in a corresponding increase in general fund subsidies in fiscal 2010. Fully funding the capital program with bond sale premiums increases the fiscal 2010 general fund appropriation from \$16.0 million to \$29.9 million. This estimate also assumes that the July 2008 bond sale will generate \$19.6 million in premiums consisting of \$7.0 million for fund balances and \$12.6 million for debt service. Should the premium be less than \$12.6 million, the ABF would not have sufficient funds to support fiscal 2009 debt service payments. This would require the State to either appropriate additional general funds or reduce capital spending. This potential scenario, like the fiscal 2009 budget as introduced, does not account for any bond premiums should there be a bond sale in February or March of 2009. **It is recommended that Section 12 of Senate Bill 155/House Bill 150 (capital budget bill) be amended to stipulate how the State would address a shortfall in the ABF in fiscal 2009.**

## **7. 2008 Session Revised Processing Procedures for Prior Authorizations**

DLS requested and received approval from the chairs of the Senate and the House budget committees, as well as from the Presiding Officers, to revise the procedures for handling bills commonly known as “prior authorizations,” that is, bills that amend previously enacted bond bill projects that were in the capital budget (from 2003 and forward) or enacted by separate bond bills (2002 and earlier). Amendments to prior authorizations usually relate to extending the time for the recipients of the bond proceeds to obtain a matching fund or conforming the bond authorization to certain provisions required by law on the encumbrance of funds within seven years. The changes may also relate to other provisions in the bond authorization, such as the name of the grantee or the purpose of the grant or loan.

Members of the General Assembly will continue to introduce prior authorizations as individual bills, and individual hearings on those bills will still be held. However, starting with the 2008 session, an omnibus prior authorization bill will also be prepared. This bill will include all prior authorization bills introduced during the current session and will be crossfiled in the Senate and House. If additional prior authorizations are introduced after the introduction date of the omnibus bill, they will be amended into the omnibus bill. The end result will be one bill that contains all prior authorizations that the committee will need to vote on and report out.

There are several advantages of this new approach. First, the process of getting these bills to the floor will be more efficient simply because the committee will be reporting only one bill to the floor dealing with prior authorizations. Also, before the Office of the State Treasurer releases funds for a project, the office verifies that the project is still authorized to receive funds and other project requirements have been met. In the past, the Office of the State Treasurer has had to keep track of the dozens of prior authorization bills that passed each session. This new procedure will assist that office in searching for prior authorizations. The new process will also save the budget committees’ valuable time by allowing them to vote all at once on the prior authorizations rather than multiple times throughout the session. Committee staff will ensure that committee members receive a descriptive list of all prior authorizations before any committee vote on the omnibus prior authorization bill.

## **8. Prior Authorizations Amended**

The MCCBL of 2008 amends previous authorizations for various reasons. **Exhibit 10** lists the year and action being taken.

**Exhibit 10**  
**Amendments to Previously Authorized Projects**  
**Contained in the MCCBL of 2008**

<u>Year</u>	<u>Project</u>	<u>Action</u>
Chapter 212 of 1999/ Chapter 46 of 2006	Maryland Public Broadcasting Commission	Extends the authorization termination date from June 1, 2008 to June 1, 2010.
Chapter 508 of 2000/ Chapter 204 of 2003/ Chapter 6 of 2006/ Chapter 488 of 2007	Maryland Public Broadcasting Commission	Extends the authorization termination date from June 1, 2008 to June 1, 2010.
Chapter 445 of 2005	Sheppard Pratt Hospital	Adding requirement to convey a historical easement to the Maryland Historical Trust.
Chapter 46 of 2006	State Government Center – Annapolis	Reprograms the \$1.0 million 2007 authorization originally intended to partially fund the Old House Chamber in the State House to now be made available to supplement previous appropriations to complete the replacement of interior piping in the State House.
Chapter 46 of 2006	Elk Neck State Park	Adds construction to the eligible fund uses.
Chapter 46 of 2006	Sheppard Pratt Hospital	Adding requirement to convey a historical easement to the Maryland Historical Trust.
Chapter 488 of 2007	Department of State Police Tactical Services Building	Adds construction to the eligible fund uses.

Source: Maryland Consolidated Capital Bond Loan

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## ***Overview Recommended Actions***

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1. Adopt the following committee narrative:

**Capital Grant Agreement Process Should Encourage Minority Business Enterprise Participation:** The committees request the Board of Public Works (BPW) coordinate a review of the grant application procedures used by various State agencies in the administration of capital grants funded by those agencies. The purpose of this review is for BPW to provide guidance that will improve grant application procedures used by State agencies to ensure that the grant applications and all instructions for completing grant applications clearly articulate the State's interest to promote the use of minority business enterprise participation on contracts funded in part or in whole with State capital grant funds. As part of its review BPW should provide recommendations directly to State agencies that will guide those agencies on ways in which their grant applications and grant application procedures may be improved. In addition, BPW should post an advisory on its web page that clearly articulates the State's interest in seeking minority business participation on contracts funded in part or in whole with State capital appropriations.

2. Add the following language:

On page 5 of the First Reader, in line 1, following "(Montgomery County)" insert "provided that notwithstanding Section 6 of this Act, work may commence on this project prior to appropriation of all the funds necessary to complete the project."

On page x of the First Reader, following line x, insert:

**SECTION X. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:**

(1) The Board of Public Works may borrow money and incur indebtedness on behalf of the State of Maryland through a State loan to be known as the Rockville District Court Loan of 2009 in the total principal amount of \$30,000,000. This loan shall be evidenced by the issuance, sale, and delivery of State general obligation bonds authorized by a resolution of the Board of Public Works and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

(2) The bonds to evidence this loan or installments of this loan may be sold as a single issue or may be consolidated and sold as part of a single issue of bonds under § 8-122 of the State Finance and Procurement Article.

(3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer and first shall be applied to the payment of the expenses of issuing, selling, and delivering the bonds, unless funds for this purpose are otherwise provided, and then shall be credited on the books of the Comptroller and

*2008 Session Capital Budget Overview*

expended, on approval by the Board of Public Works, for the following public purposes, including any applicable architects' and engineers' fees:

JUDICIARY/MULTISERVICE CENTERS  
(Montgomery County)

(I) Rockville District Court. Provide funds to design, construct, and equip a new District Court facility in Rockville..... \$30,000,000

(4) An annual State tax is imposed on all assessable property in the State in rate and amount sufficient to pay the principal of an interest on the bonds issued for the Rockville District Court loan as and when due and until paid in full. The principal shall be discharged within 15 years after the date of the issuance of the bonds.

(5) The proceeds of this loan must be expended or encumbered by the Board of Public Works for the purposes provided in this Act no later than June 1, 2016. If any funds authorized by this Act remain unexpended or unencumbered after June 1, 2016, the amount of the unencumbered or unexpended authorization shall be canceled and be of no further effect. If bonds have been issued for the loans, the amount of unexpended or unencumbered bond proceeds shall be disposed of as provided in § 8-129 of the State Finance and Procurement Article.

SECTION X. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2009.

3. Adopt the following committee narrative:

**Catonsville District Court:** The committees are concerned that the District Court may seek to engage a private developer for a developer-owned lease facility for a new district court building to replace the existing Catonsville District Court. A lease, whether it be determined to be capital in nature or an operating lease, could have serious fiscal implications on future State budgets and should be thoroughly reviewed by the Department of Budget and Management (DBM), the Comptroller's General Account Office, and the budget committees prior to the submittal of any such a lease for approval by the Board of Public Works (BPW). If the District Court seeks a lease as an option for replacing the existing Catonsville District Court, the court shall first submit a project justification and a copy of the negotiated lease to DBM and the Comptroller's General Account Office. Within 45 days of receiving the above referenced material, DBM and the Comptroller's General Account Office shall provide the budget committees with a letter evidencing their review and recommendations concerning the leases' budgetary and financial implication on future State budgets and debt affordability. The budget committees shall have 45 days to review and comment on the documents provided by DBM and the Comptroller's General Account Office prior to the District Court presenting a lease to BPW for its approval.

*2008 Session Capital Budget Overview*

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Copy of any negotiated lease for a new District Court facility to replace the existing Catonsville District Court – submitted to DBM, and the Comptroller’s General Accounting Office	District Court	90 days prior to the submission of a lease to the Board of Public Works
Letter from the DBM and the Comptroller’s General Accounting Office to the Budget Committees that provides an assessment of the fiscal and budgetary implications of the proposed District Court lease	DBM and the Comptroller’s General Accounting Office	45 days prior to the District Court seeking BPW approval of any negotiated lease for a new District Court facility to replace the existing Catonsville District Court

4. Add the following language:

**Chapter 488 of the Acts of 2007**

SECTION 12. AND BE IT FURTHER ENACTED, That:

(1) The Board of Public Works may borrow money and incur indebtedness on behalf of the State of Maryland through a State loan to be known as the Coppin State University New Physical Education Complex Loan of 2008 in the total principal amount of \$30,000,000, on behalf of the State of Maryland through a State loan to be known as the Department of Public Safety and Correctional Services Maryland Correctional Training Center 192-Cell Medium Security Housing Unit and Support Space Loan of 2008 in the total principal amount of \$7,637,000, on behalf of the State of Maryland through a State loan to be known as the Department of Health and Mental Hygiene Laboratories Administration New Public Health Laboratory Loan of 2008 in the total principal amount of [~~\$7,800,000~~] ~~\$0~~, and on behalf of the State of Maryland through a State loan to be known as the Department of Health and Mental Hygiene Clifton T. Perkins Hospital Center New Maximum Security Wing Loan of 2008 in the total principal amount of [~~\$5,000,000~~] **\$3,137,000**. These loans shall be evidenced by the issuance, sale, and delivery of State general obligation bonds authorized by a resolution of the Board of Public Works and issued, sold, and delivered in accordance with §§ 8-117 through 8-124 of the State Finance and Procurement Article and Article 31, § 22 of the Code.

2008 Session Capital Budget Overview

Section 12(3)

MJ02

~~LABORATORIES ADMINISTRATION~~

(A) ~~New Public Health Laboratory. Provide funds to prepare preliminary plans to construct a new public health laboratory (Howard County) .....~~ ~~{7,800,000}~~

~~-0-~~

**Explanation:** This language would restore the \$7.8 million preauthorized in the 2007 capital budget bill for initial design funds for the construction of a new Public Health Laboratory. As introduced the budget would delete these preauthorized funds.