
2010 Session Capital Budget Overview

**Department of Legislative Services
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Annapolis, Maryland**

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Analysis of the FY 2011 Maryland Executive Capital Budget, 2010

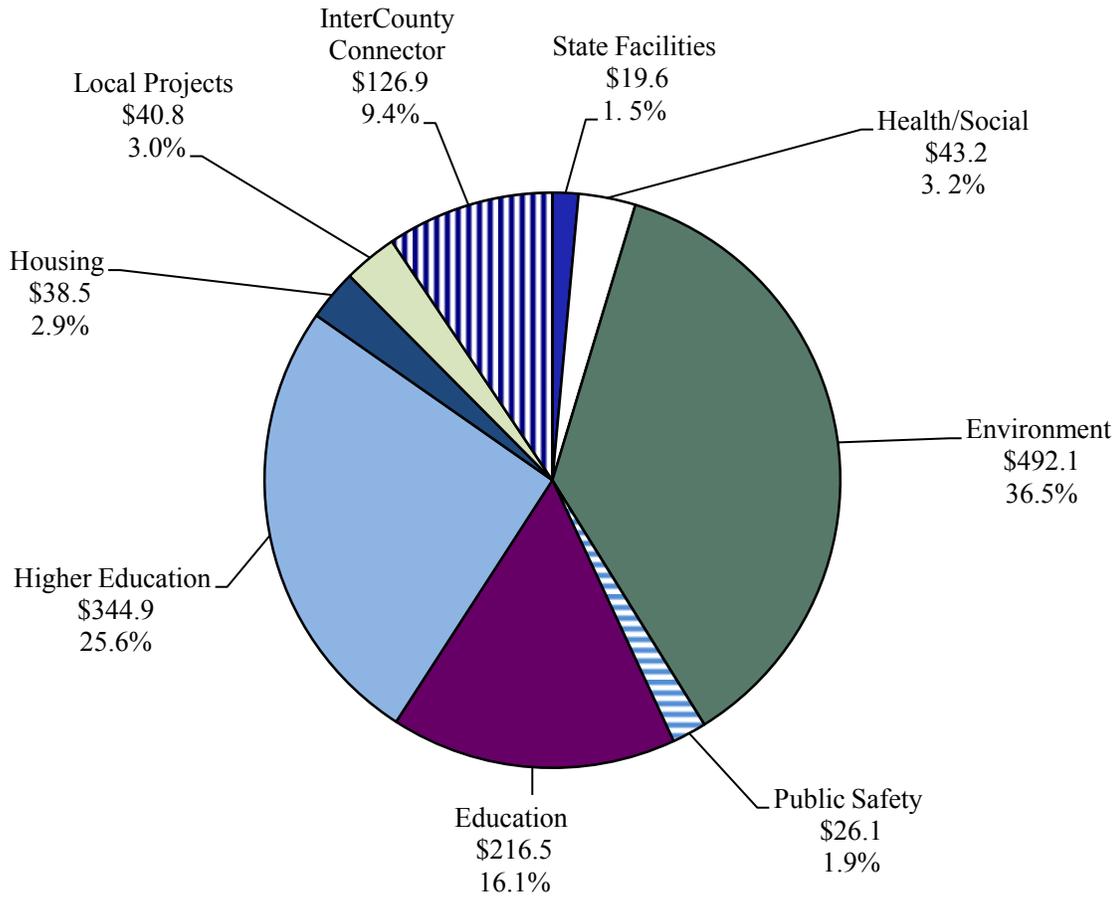
2010 Session Capital Budget Overview

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The Fiscal 2011 Non-transportation *Capital Improvement Program* Totals Approximately \$1.61 Billion

- The program is funded by debt (\$1.348 billion, 83.7%) and current funds (\$262.3 million, 16.3%).
- The Capital Debt Affordability Committee (CDAC) recommended a general obligation (GO) debt limit of \$1.14 billion. CDAC also recommended a \$27.0 million limit for academic revenue bonds (ARB). The Spending Affordability Committee concurred with the recommended \$1.14 billion limit for GO debt and \$27 million ARB limit.
- The capital program as introduced includes \$1.14 billion in GO debt for State-owned facilities and grant and loan programs. An additional \$27.0 million in GO bonds from prior years will be de-authorized, thus increasing the amount of GO debt included in the capital program to \$1.167 billion. The capital budget plan also includes the issuance of \$4.5 million of Qualified Zone Academy Bonds (QZAB) for the Aging Schools Program that remains unissued from a 2008 federal authorization that will expire if not issued by December 31, 2010. Of the \$1.171 billion of new State tax-supported debt, \$290.6 million funds the replacement of the proposed fund balance and fiscal 2011 revenue transfers from a variety of environmental and housing program special fund accounts proposed in the Budget Reconciliation and Financing Act of 2010, \$149.4 million represents debt pre-authorized in the 2009 Maryland Consolidated Capital Bond Loan (MCCBL), \$126.9 funds repayment to the Maryland Transportation Authority (MDTA) to fund construction of the InterCounty Connector (ICC), and \$15.0 million has been reserved for legislative community initiatives.

Exhibit 1
Non-transportation State Bond Distribution
(\$ in Millions)



Source: Department of Budget and Management

2010 Session Capital Budget Overview

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

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

<u>Program/Project</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>Total Funds</u>
MDE: Enhanced Nutrient Removal	\$125,000,000	\$150,000,000	\$275,000,000
BPW: Public School Construction Program	196,703,000	0	196,703,000
MDTA: InterCounty Connector	126,900,000	0	126,900,000
DNR: Program Open Space	70,190,000	0	70,190,000
MHEC: Community College Facilities Grant Program	43,359,000	0	43,359,000
USM: Physical Sciences Complex	41,100,000	0	41,100,000
USM: Towson University: New College of Liberal Arts Complex Phase II	28,650,000	10,000,000	38,650,000
USM: New Performing Arts and Humanities Facility	37,400,000	0	37,400,000
USM: New Law School Building	37,300,000	0	37,300,000
MHEC: Community College Facilities Grant Program	35,386,000	0	35,386,000
MDE: Biological Nutrient Removal Program	33,300,000	0	33,300,000
USM: Bowie State University: New Fine and Performing Arts Building	32,053,000	0	32,053,000
Morgan State University: New Center for the Built Environment	30,435,000	0	30,435,000
DNR: Rural Legacy Program	28,272,000	0	28,272,000
MDA: Maryland Agricultural Land Preservation Program	21,814,000	0	21,814,000
DPSCS: New Youth Detention Facility	17,520,000	0	17,520,000
USM: Facility Renewal	0	17,000,000	17,000,000
Legislative Initiatives	15,000,000	0	15,000,000
DOIT: Public Safety Communication System	14,200,000	0	14,200,000
MDA: Maryland Agricultural Cost Share Program	12,500,000	0	12,500,000
DNR: Waterway Improvement Fund	10,192,000	0	10,192,000
DNR: Natural Resources Development Fund	10,126,000	0	10,126,000
UMMS: Trauma, Critical Care, and Emergency Medicine Services Expansion	10,000,000	0	10,000,000

BPW: Board of Public Works
DNR: Department of Natural Resources
DOIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment
MDTA: Maryland Transportation Authority
MHEC: Maryland Higher Education Commission
UMMS: University of Maryland Medical System
USM: University System of Maryland

Source: Department of Budget and Management

Exhibit 3
Summary of the Capital Program Requests for the 2010 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>	
State Facilities						\$19.6
Facilities Renewal	\$3.8	\$0.0	\$0.0	\$0.0	\$0.0	
State Facilities Other	15.8	0.0	0.0	0.0	0.0	
Health/Social						43.2
Health Other	21.6	0.0	0.0	0.0	0.0	
Health State Facilities	4.7	0.0	0.0	0.0	0.0	
Private Hospitals	17.0	0.0	0.0	0.0	0.0	
Environment						661.6
Agriculture	36.3	0.0	0.0	14.3	2.0	
Energy	0.0	0.0	0.0	3.3	4.0	
Environment	171.3	150.0	0.8	105.3	24.7	
Natural Resources	134.5	0.0	0.0	3.6	11.6	
Public Safety						26.1
Local Jails	5.5	0.0	0.0	0.0	0.0	
State Corrections	18.1	0.0	0.0	0.0	0.0	
State Police	2.5	0.0	0.0	0.0	0.0	
Education						269.8
Education Other	9.1	0.0	0.0	0.0	0.0	
School Construction	207.4	0.0	0.0	53.3	0.0	
Higher Education						344.9
Community Colleges	81.2	0.0	0.0	0.0	0.0	
Morgan State University	34.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	4.0	0.0	0.0	0.0	0.0	
University System of MD	198.7	27.0	0.0	0.0	0.0	
Housing/Community Development						78.0
Housing	38.3	0.0	0.0	21.5	7.9	
Housing Other	0.2	0.0	0.0	0.1	10.0	
Local Projects						40.8
Local Project Administration	25.8	0.0	0.0	0.0	0.0	
Local Project Legislative	15.0	0.0	0.0	0.0	0.0	
Transportation						126.9
Highways	126.9	0.0	0.0	0.0	0.0	
De-authorizations						-27.0
De-authorizations	-27.0	0.0	0.0	0.0	0.0	
Total Fiscal 2011	\$1,144.5	\$177.0	\$0.8	\$201.4	\$60.1	\$1,583.9
Fiscal 2010 Deficiencies	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation	\$0.0	\$205.0	\$0.0	\$484.4	\$826.2	\$1,515.6
Grand Total Fiscal 2011	\$1,144.5	\$382.0	\$0.8	\$685.8	\$886.3	\$3,099.5

Source: Department of Budget and Management

**Exhibit 4
Capital Program Request for the 2010 Session**

Bonds	Current Funds (PAYGO)
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Analysis of the FY 2011 Maryland Executive Capital Budget, 2010

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Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
	State Facilities						
DA0201A	MDOD: Accessibility Modifications	\$1,600,000	\$0	\$0	\$0	\$0	\$1,600,000
DE0201A	BPW: Saratoga State Center Garage	350,000	0	0	0	0	350,000
DE0201B	BPW: Facilities Renewal Fund	3,436,000	0	0	0	0	3,436,000
FB01A	DoIT: Public Safety Communications System	14,200,000	0	0	0	0	14,200,000
	Subject Category Subtotal:	\$19,586,000	\$0	\$0	\$0	\$0	\$19,586,000
	Health/Social						
DA07A	MDOA: Senior Citizens Activities Centers Grant Program	\$500,000	\$0	\$0	\$0	\$0	\$500,000
MA01A	DHMH: Community Health Facilities Grant Program	7,873,000	0	0	0	0	7,873,000
MA01B	DHMH: Federally Qualified Health Centers Grant Program	3,218,000	0	0	0	0	3,218,000
RQ00A	UMMS: Trauma, Critical Care, and Emergency Medicine Services Expansion Project	10,000,000	0	0	0	0	10,000,000
VE01A	DJS: Southern Maryland Regional Detention Center	4,650,000	0	0	0	0	4,650,000
ZA00E	MISC: Johns Hopkins Medicine – Cardiovascular and Critical Care Tower	2,500,000	0	0	0	0	2,500,000
ZA00F	MISC: Johns Hopkins Medicine – Pediatric Trauma Center	5,000,000	0	0	0	0	5,000,000
ZA00G	MISC: Kennedy Krieger Institute – Inpatient Clinical Research Center	2,000,000	0	0	0	0	2,000,000
ZA01A	MHA: Sinai Hospital of Baltimore, Inc.	425,000	0	0	0	0	425,000
ZA01B	MHA: University Specialty Hospital	455,000	0	0	0	0	455,000
ZA01C	MHA: Carroll Hospital Center	700,000	0	0	0	0	700,000
ZA01D	MHA: Union Hospital of Cecil County	2,000,000	0	0	0	0	2,000,000
ZA01E	MHA: Civista Medical Center	165,000	0	0	0	0	165,000
ZA01F	MHA: Harford Memorial Hospital	1,015,000	0	0	0	0	1,015,000
ZA01G	MHA: Peninsula Regional Medical Center	240,000	0	0	0	0	240,000
ZF4500	MISC: Sinai Hospital – Samuelson Children’s Hospital at Sinai	2,500,000	0	0	0	0	2,500,000
	Subject Category Subtotal:	\$43,241,000	\$0	\$0	\$0	\$0	\$43,241,000

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Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
Environment							
DA1302	MEA: Jane E. Lawton Loan Program	\$0	\$0	\$0	\$2,187,925	\$2,562,075	\$4,750,000
DA1303	MEA: State Agency Loan Program	0	0	0	1,100,000	1,400,000	2,500,000
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	2,500,000
KA05B	DNR: Rural Legacy Program	28,272,000	0	0	0	0	28,272,000
KA05C	DNR: Natural Resources Development Fund	10,126,000	0	0	0	0	10,126,000
KA05D	DNR: Program Open Space	70,190,000	0	0	1,500,000	11,095,962	82,785,962
KA05E	DNR: Critical Maintenance Program	6,586,000	0	0	0	0	6,586,000
KA05F	DNR: Dam Rehabilitation Program	150,000	0	0	0	0	150,000
KA05G	DNR: Ocean City Beach Replenishment Fund	6,459,000	0	0	1,000,000	0	7,459,000
KA05H	DNR: Waterway Improvement Fund	10,192,000	0	0	1,066,000	500,000	11,758,000
LA11A	MDA: Maryland Agricultural Land Preservation Program	21,814,000	0	0	12,060,000	2,000,000	35,874,000
LA12A	MDA: Tobacco Transition Program	2,000,000	0	0	2,256,000	0	4,256,000
LA15A	MDA: Maryland Agricultural Cost Share Pgm	12,500,000	0	0	0	0	12,500,000
UA010304	MDE: Hazardous Substance Cleanup Pgm	0	0	800,000	0	0	800,000
UA010312	MDE: Bay Restoration Fund – Septic System Projects	0	0	0	9,000,000	0	9,000,000
UA01A	MDE: Enhanced Nutrient Removal	125,000,000	150,000,000	0	0	0	275,000,000
UA01B	MDE: Maryland Water Quality Revolving Loan Fund	3,292,000	0	0	90,208,000	16,500,000	110,000,000
UA01C	MDE: Maryland Drinking Water Revolving Loan Fund	2,242,000	0	0	6,075,000	8,183,000	16,500,000
UA04A1	MDE: Biological Nutrient Removal Pgm	33,300,000	0	0	0	0	33,300,000
UA04A2	MDE: Supplemental Assistance Program	5,000,000	0	0	0	0	5,000,000
UA04B	MDE: Water Supply Financial Assistance Pgm	2,500,000	0	0	0	0	2,500,000
Subject Category Subtotal:		\$342,123,000	\$150,000,000	\$800,000	\$126,452,925	\$42,241,037	\$661,616,962
Public Safety							
QB0801A	DPSCS: Vocational Education Building	\$321,000	\$0	\$0	\$0	\$0	\$321,000
QB0802A	DPSCS: Maryland Correctional Enterprises Upholstery and Re-upholstery Plant	245,000	0	0	0	0	245,000
QP00A	DPSCS: New Youth Detention Facility	17,520,000	0	0	0	0	17,520,000
ZF2800	DSP: New Hagerstown Barrack and Garage	2,525,000	0	0	0	0	2,525,000
ZF2900	DPSCS: St. Mary's County Detention Center	5,513,000	0	0	0	0	5,513,000
Subject Category Subtotal:		\$26,124,000	\$0	\$0	\$0	\$0	\$26,124,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
Education							
DE0202A	BPW: Public School Construction Program	\$196,703,000	\$0	\$0	\$53,297,000	\$0	\$250,000,000
DE0202B	BPW: Aging Schools Program	6,109,000	0	0	0	0	6,109,000
DE0202BQ	BPW: Aging Schools Program – Qualified Zone Academy Bonds	4,543,000	0	0	0	0	4,543,000
RA01A	MSDE: Public Library Grant Program	5,000,000	0	0	0	0	5,000,000
RE01A	MSD: Bus Loop and Parking Lot – Frederick Campus	1,606,000	0	0	0	0	1,606,000
ZF2200	MSDE: Western Regional Library	2,500,000	0	0	0	0	2,500,000
Subject Category Subtotal:		\$216,461,000	\$0	\$0	\$53,297,000	\$0	\$269,758,000
Higher Education							
RB21A	UMB: School of Pharmacy Addition and Renovation	\$2,606,000	\$0	\$0	\$0	\$0	\$2,606,000
RB22A	UMCP: Physical Sciences Complex	41,100,000	0	0	0	0	41,100,000
RB22B	UMCP: Maryland Fire and Rescue Institute – North East Regional Training Center	331,000	0	0	0	0	331,000
RB23A	BSU: Campuswide Site Improvements	200,000	0	0	0	0	200,000
RB26A	FSU: New Center for Communications and Information Technology	2,681,000	0	0	0	0	2,681,000
RB27A	CSU: New Science and Technology Center	6,497,000	0	0	0	0	6,497,000
RB28A	UB: New Law School Building	37,300,000	0	0	0	0	37,300,000
RB31A	UMBC: New Performing Arts and Humanities Facility	37,400,000	0	0	0	0	37,400,000
RB36RB	USMO: Facility Renewal	0	17,000,000	0	0	0	17,000,000
RC00A	BCCC: Main Building Renovation – Administration Wing – Liberty Campus	2,500,000	0	0	0	0	2,500,000
RI00A	MHEC: Community College Facilities Grant Program	43,359,000	0	0	0	0	43,359,000
RM00A	MSU: Banneker Hall Renovation	3,265,000	0	0	0	0	3,265,000
RM00B	MSU: New School of Business Complex	250,000	0	0	0	0	250,000
ZA00I	MICUA: Maryland Independent College and University Association – Goucher College	1,500,000	0	0	0	0	1,500,000
ZA00J	MICUA: Maryland Independent College and University Association – Hood College	1,000,000	0	0	0	0	1,000,000
ZA00K	MICUA: Maryland Independent College and University Association – Stevenson University	1,500,000	0	0	0	0	1,500,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZF2300	MSU: Morgan State University: New Center for the Built Environment	30,435,000	0	0	0	0	30,435,000
ZF2400	BSU: Bowie State University: New Fine and Performing Arts Building	32,053,000	0	0	0	0	32,053,000
ZF2500	TU: Towson University: New College of Liberal Arts Complex Phase II	28,650,000	10,000,000	0	0	0	38,650,000
ZF2600	SU: Salisbury University: New Perdue School of Business	9,869,000	0	0	0	0	9,869,000
ZF2700	MHEC: Maryland Higher Education Commission: Community College Facilities Grant Program	35,386,000	0	0	0	0	35,386,000
Subject Category Subtotal:		\$317,882,000	\$27,000,000	\$0	\$0	\$0	\$344,882,000
Housing/Community Development							
D40W1112	MDOP: Maryland Heritage Structure Rehabilitation Tax Credit Program	\$0	\$0	\$0	\$0	\$0	\$0
DW0110A	MDOP: Maryland Historical Preservation Loan Program	200,000	0	0	100,000	0	300,000
S00A2402	DHCD: Community Development Block Grant Program	0	0	0	0	10,000,000	10,000,000
S00A2507	DHCD: Rental Housing Programs	0	0	0	21,500,000	5,200,000	26,700,000
SA24A	DHCD: Community Legacy Program	4,646,000	0	0	0	0	4,646,000
SA24B	DHCD: Neighborhood Business Development Program	7,616,000	0	0	0	0	7,616,000
SA25A	DHCD: Partnership Rental Housing Pgm	6,000,000	0	0	0	0	6,000,000
SA25B	DHCD: Homeownership Programs	8,500,000	0	0	0	0	8,500,000
SA25C	DHCD: Shelter and Transitional Housing Facilities Grant Program	2,000,000	0	0	0	0	2,000,000
SA25D	DHCD: Special Loan Programs	9,520,000	0	0	0	2,700,000	12,220,000
Subject Category Subtotal:		\$38,482,000	\$0	\$0	\$21,600,000	\$17,900,000	\$77,982,000
Local Projects							
ZA00A	MISC: Baltimore Museum of Art	\$2,500,000	\$0	\$0	\$0	\$0	\$2,500,000
ZA00B	MISC: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	5,000,000
ZA00C	MISC: Forbush School	2,500,000	0	0	0	0	2,500,000
ZA00H	MISC: Lyric Opera House – Stage House Expansion	1,500,000	0	0	0	0	1,500,000
ZA00L	MISC: Maryland Zoo in Baltimore – Infrastructure Improvements	5,000,000	0	0	0	0	5,000,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZA00M	MISC: National Aquarium in Baltimore – Capital Infrastructure Projects	3,500,000	0	0	0	0	3,500,000
ZA00N	MISC: National Children’s Museum	5,000,000	0	0	0	0	5,000,000
ZA00O	MISC: St. Ann’s Infant and Maternity Home	750,000	0	0	0	0	750,000
ZA02	Legislative Initiatives	15,000,000	0	0	0	0	15,000,000
	Subject Category Subtotal:	\$40,750,000	\$0	\$0	\$0	\$0	\$40,750,000
	Transportation						
ZA00D	MDTA: InterCounty Connector	\$126,900,000	\$0	\$0	\$0	\$0	\$126,900,000
	Subject Category Subtotal:	\$126,900,000	\$0	\$0	\$0	\$0	\$126,900,000
	De-authorizations						
ZF00	De-authorizations as Introduced	-\$27,006,000	\$0	\$0	\$0	\$0	-\$27,006,000
	Subject Category Subtotal:	-\$27,006,000	\$0	\$0	\$0	\$0	-\$27,006,000
	Non-transportation Total	\$1,144,543,000	\$177,000,000	\$800,000	\$201,349,925	\$60,141,037	\$1,583,833,962
	Transportation Total	\$0	\$205,000,000	\$0	\$484,442,000	\$826,247,000	\$1,515,689,000
	Grand Total	\$1,144,543,000	\$382,000,000	\$800,000	\$685,791,925	\$886,388,037	\$3,099,522,962

BCCC: Baltimore City Community College
 BPW: Board of Public Works
 BSU: Bowie State University
 CSU: Coppin State University
 DGS: Department of General Services
 DHCD: Department of Housing and Community Development
 DHMH: Department of Health and Mental Hygiene
 DoIT: Department of Information Technology
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 FSU: Frostburg State University
 MDA: Maryland Department of Agriculture
 MDE: Maryland Department of the Environment
 MDOA: Maryland Department of Aging
 MDOD: Maryland Department of Disabilities

MDOP: Maryland Department of Planning
 MDTA: Maryland Transportation Authority
 MEA: Maryland Energy Administration
 MHA: Maryland Hospital Administration
 MHEC: Maryland Higher Education Commission
 MICUA: Maryland Independent College and University Association
 MSD: Maryland School for the Deaf
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMCP: University of Maryland, College Park
 UMMS: University of Maryland Medical System
 USMO: University System of Maryland Office

Issues and Updates

1. Legislative Oversight of Public-private Partnerships

Across the nation, there is growing interest in utilizing private sector financing as a means to maintain and expand capital infrastructure investment. These arrangements with the private sector are known as public-private partnerships (P3s). In Maryland, P3 agreements have primarily been utilized to finance transportation infrastructure. More recently, however, P3s have also facilitated the proposed multi-year phased redevelopment of the State Center Complex in Baltimore City and the financing of the Department of Health and Mental Hygiene (DHMH) New Public Health Laboratory which represent more traditional State capital infrastructure projects normally financed with State GO bond authorizations.

While P3s offer opportunities to share resources and project risks with the private sector and provide opportunities to access private sector financial markets, such arrangements also entail significant fiscal considerations, including but not limited to the disposition of State assets, assignment of future revenues to private sector entities that would otherwise accrue to the State, and the execution of capital and operating leases that obligate the State to long-term general and special fund budget commitments. These and other significant implications should be fully assessed prior to moving forward with a proposal, and the legislature should be a part of the overall assessment.

Currently, the State has no statutory process in place that would require legislative oversight or review of proposed P3 projects. Any contracts or legal agreements executed in furtherance of a P3 from the earliest development proposal and proof of concept solicitation, to selection of a master developer and execution of a master development agreement, through negotiation and execution of capital or operating occupancy or ground leases that underpin P3 arrangement are negotiated and executed by Executive Branch agencies with little or no legislative participation. All of the contractual components of a P3 require only Board of Public Works (BPW) approval. The legislature is effectively afforded little opportunity to participate in project scope and justification evaluation or financial and fiscal assessment of P3 proposals prior to critical project milestones have been completed. As it stands, the legislature's involvement in projects such as State Center, DHMH Public Health Laboratory, Seagirt, and the Maryland Department of Transportation (MDOT) Welcome Centers has been minimal and not founded in statutory or regulatory reporting and approval requirements.

State Center and Public Health Laboratory – Lessons Learned

- P3s are often complex contractual agreements that should require thorough cost-benefit analysis prior to execution. Assessment of the value of what the State is giving up versus what it is getting in return, assessment of the State's financial contribution versus what the private sector is contributing, and assessment of the conceptual and final financing plan.
- P3s may offer expedient solutions, but at cost premium to the State.

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- P3s may preclude consideration of other options.
- P3s should be evaluated for debt affordability implications prior to execution.
- P3s should be evaluated to ensure that the State is not assuming most of the risk. What ramifications are there to the State if private financing falls through or costs are more than anticipated?

2009 Session Budget Language Provides Nominal Oversight Requirements

Language added to both the 2009 session operating and capital budget bills provides some level of limited oversight and reporting on agency P3 activity.

- **Section 54 – Fiscal 2010 Operating Budget:** required the Department of General Services (DGS), MDOT, MDTA, and the University System of Maryland Office to submit a report listing all projects for which P3 arrangements are underway or in consideration. Upon review, the Department of Legislative Services (DLS) found that much of the information provided in the reports was incomplete and void of any specifics with respect to project scope and financing.
- **Section 13 – 2009 MCCBL:** instituted legislative oversight procedures for P3s that required the budget committees to receive notice and justification, as well as pro forma financial plans, for any proposed P3 project. The language, however, only applied to projects under consideration in fiscal 2009 and 2010 and exempted the Seagirt terminal and State Center projects.
- **Section 53 – Fiscal 2010 Operating Budget:** expressed the General Assembly’s intent that a joint legislative and executive workgroup be established during the 2009 interim to study issues related to legislative oversight of proposed P3s with the goal of recommending legislation for consideration in the 2010 session. The members were never appointed, and the workgroup therefore never constituted.

2010 Session Proposed Legislation Proposes Statutory P3 Oversight

Legislation introduced in the 2010 session (House Bill 1370 and Senate Bill 979) would establish a statutory framework for how P3s are executed. As introduced, the legislation creates a new title of the State Finance and Procurement Article that defines P3s, establishes reporting requirements, requires debt affordability impact assessment, establishes annual reporting and analysis of P3s by the Capital Debt Affordability Committee, and provides for review and comment periods concerning specific reporting requirements by the budget committees.

The proposed legislation is a first step in the process of implementing a statutory framework for considering and entering into P3 arrangements. The proposed legislation would establish an

oversight commission (Joint Legislative and Executive Commission on the Oversight of Public-private Partnerships) and require the commission to study and make recommendations regarding key aspects of P3 arrangements including best management practices and appropriate legislative monitoring and oversight.

Conclusions and Recommendations

As the demands for capital infrastructure continue to grow, the ability to fund those needs is severely challenged. P3s are one option that the State can utilize to meet or even expand and enhance its infrastructure needs, especially within the transportation network. If in fact, the use of P3s is to be used and expanded as an appropriate financing mechanism, the General Assembly should develop and enact a broad statutory framework for State agencies to enter into P3 agreements. This framework should allow the State to utilize this financing mechanism while protecting the interests of the State and the taxpayer. As such, legislation should establish a broad framework that governs the process under which State agencies may enter into P3 agreements to include appropriate and prescribed reporting requirements to the General Assembly to ensure complete fiscal accountability and oversight of any future agreements. At a minimum, legislation should establish a joint legislative and executive commission to assess and recommend.

In the event that legislation is not adopted in the 2010 session that would formalize the manner in which P3 agreements may be entered into by State agencies and reviewed and considered by the General Assembly during fiscal 2011, DLS recommends the adoption of language in the 2010 MCCBL as a means of establishing a degree of legislative oversight over P3 negotiations and agreements during fiscal 2011.

2. Ocean City Convention Center Expansion – How to Finance?

On December 4, 2009, the Maryland Stadium Authority (MSA) submitted an Amended Comprehensive Plan of Financing for the Ocean City Convention Center (OCCC) expansion. The financing plan outlined MSA's intent to issue \$12.65 million of tax-exempt lease-revenue bond financing, for which \$4.96 million would fund a 20,000 square foot expansion of multi-purpose space to the convention center in partnership with the town of Ocean City, and \$7.69 million would be issued to call and reissue the outstanding balance of the original 1995 OCCC bonds issued by MSA.

Proposed Expansion Project

Ocean City seeks to expand OCCC by constructing a new 20,000 square foot multi-purpose space for use by event attendees. The project is expected to cost approximately \$8.2 million, and the MSA financing plan contemplates the State and Ocean City each contributing \$4.1 million toward the design and construction costs.

The project is supported with an economic impact analysis which estimates the annual direct tax benefit of the expansion at between \$1.1 million and \$1.6 million annually to the State and between \$300,000 and \$450,000 to Ocean City beginning in calendar 2013. MSA maintains,

therefore, that the economic benefits of the expansion would outweigh the increased costs, both the initial up-front capital costs and annual incremental operating costs.

Legislative Review and Board of Public Works Approval

Economic Development Article § 10-643 requires that MSA provide the budget committees with an Amended Comprehensive Financing Plan 30 days prior to seeking BPW approval for any bond issuance or borrowing connected with the OCCC.¹

During the 30-day review period, DLS raised several concerns regarding the proposal and advised the committees that an alternative financing method using State GO bond funds should be maintained as an option should the committees agree to support the project with State financing. Prior to BPW consideration, the budget committees requested an amendment to the comprehensive financing plan and all related agreements and any master lease between MSA and Ocean City that would preserve the option to use GO bonds instead of authority-issued lease-revenue bonds. On January 6, 2010, BPW approved the amended comprehensive financing plan with the amendments requested by the budget committees.

Options and a Recommendation to Authorize GO Bonds in Lieu of MSA Lease-revenue Bonds

In approving the Amended Comprehensive Financing Plan as amended, the State essentially agreed to participate in funding a 50% share of the design and construction costs attributable to the proposed expansion. This gave assurance to Ocean City that any advance funding would be cost shared by the State and preserved the intended project schedule.

At the time the proposal was presented to the committees for review, there was a degree of urgency placed on making an expedited decision as to whether to support the financing plan in order to maintain a set project design and construction sequencing set forth by MSA and Ocean City. The schedule outlined by MSA would complete design in September 2010, with the goal of commencing construction in November 2010 when the convention business is expected to be at its slowest and, therefore, least disruptive to operations. In order to start design in advance of MSA funds being available, since even the MSA bond funds would not be available until after the anticipated March 2010 issuance, Ocean City agreed to forward fund the initial design packages until such time that the State funds were made available.

¹ Subject to BPW approval, MSA may borrow money from any source for construction at the OCCC pursuant to § 10-628 and § 10-643 of the Economic Development Article. The enabling legislation that authorized MSA to issue State tax-supported lease-revenue bonds for OCCC construction also capped the total amount of outstanding MSA-issued State-supported indebtedness in connection with the facility at \$17.34 million, unless an act of the General Assembly specifically authorizes an amount in excess of the limit. In its Amended Comprehensive Financing Plan, MSA certified that on the anticipated date of issuance for the proposed 2010 series bonds (currently scheduled for March 2010), outstanding MSA indebtedness would be \$12.65 million and within the statutory debt limitation. Therefore, the Amended Comprehensive Financing Plan required only BPW approval and not authorization through an act of the General Assembly.

Since the State is now committed to the project, the question that remains is how best to provide the State's financial contribution – either MSA lease-revenue bonds as proposed by the authority or GO bond funding.

Recommendation – Committees Should Consider Using GO Bonds

- **GO Debt Offers the Cheapest Financing:** Utilizing the State's tax-exempt GO bond financing provides for a lower cost of capital and, therefore, lower overall principal and interest costs as compared to MSA-issued lease-revenue bonds. The State's last issuance of GO bonds sold at a true interest cost (TIC) of 2.96% as compared to MSA's estimate of a 4.14% TIC for its bonds.
- **General Fund Impact – Debt Service:** The 1995 series bonds issued by MSA for the original OCCC expansion are solely secured and payable from rents paid by the State under a "Master Lease Agreement" between the State and MSA. The State's rent payments under the Master Lease Agreement are subject to annual appropriation by the General Assembly and average approximately \$1.5 million payable from the general fund. The proposed 2010 series bonds would be subject to an amended Master Lease Agreement and, likewise, require annual general fund appropriations for debt service estimated at \$2.5 million annually through the term of the bonds. MSA's financing plan for the proposed 2010 series bonds entails a short amortization scheduled to coincide with the June 30, 2016 retirement of the 1995 series bonds which will reduce the total amount of interest paid on the bonds but conversely increase the annual general fund debt service requirement in the fiscal 2012 through 2016 budgets. While an additional \$1.0 million burden on the general fund for a period of five years may in and of itself not be consequential, the State is still nonetheless engaged in decisions about how best to allocate its general fund revenue across the State's budget. Conversely, if financed using GO bond funds within the \$1.14 billion recommended level of new GO bond authorizations in the 2010 session, the State's financial contribution to the project would not require a line item general fund appropriation for debt service or add additional annual debt service requirements over what would already be incurred by the new annual GO authorizations.
- **General Fund Impact – Operating Deficit Support:** The short term on the 2010 series bonds will address a potential outstanding issue with respect to the State's statutory requirement to pay one-half of the annual operating deficit incurred at the OCCC and contribute \$50,000 annually to a capital improvement reserve fund through the term of any outstanding MSA-issued debt as required by Economic Development Article Section 10-643(f). Since the 2010 series bonds would fully amortize on the same date as the current outstanding 1995 series bonds, the State's statutory obligation is not extended under the proposed issuance terms. However, inasmuch as an expanded facility will result in increased operational costs, MSA calculates that the incremental increase in the State's annual operating deficit support, attributable to the proposed scaled down expansion project, at \$112,000 annually. Overall, the expanded facility is expected to require an annual State general fund appropriation for operating deficit support of \$1.63 million which is in addition to the State's general fund debt service payments.

- **Additional Issuance Costs for MSA Lease-revenue Bonds:** Although the State's 50% cost share for the project would require \$4.1 million to fulfill, the par amount of the bonds that MSA seeks to issue for the State's portion of the financing is \$4.8 million. The additional \$700,000 would fund the cost of issuance, estimated at approximately \$330,000, capitalized interest at \$170,000, and an owners' contingency of \$200,000. If GO bonds are used to finance the project, the approximate \$500,000 of costs attributable to MSA debt issuance costs and capitalized interest would not be incurred in the project financing.

For the reasons set forth above, it is recommended that the State use GO bond funds to finance its portion of the costs attributable to the proposed OCCC expansion.

Bond Refunding

An important component of MSA's overall amended financing plan includes the refunding of the outstanding 1995 bonds. MSA proposes to redeem the outstanding bonds estimated at \$7.6 million and reissue the debt at a more favorable rate while maintaining the original maturity date. MSA estimates that this will save approximately \$700,000 over the remaining life of the bonds. It should be noted that the success of a refunding is determined by the interest rates available at the time of the bond sale. In October 2009, the State planned a major refunding of GO debt but ultimately deferred the sale until December 2009 when market conditions were more favorable. The committees should recognize that there is some risk that the implied savings from the proposed refunding may not materialize on the schedule anticipated. Moreover, any decision to substitute GO bond financing for MSA lease-revenue bond financing will not preclude MSA from pursuing a bond refinancing. **MSA should discuss whether it is currently still seeking a bond refunding issuance.**

How Much Debt Issuance Authority Should the Authority Have?

The proposed OCCC expansion financing raises other general concerns regarding the manner in which MSA can finance future expansion or improvement projects at certain facilities. Section 10-628(c) of the Economic Development Article allows MSA to issue bonds at any time which would be secured by a lease with the State for the Baltimore City Convention Center (\$55.0 million cap), Hippodrome Performing Arts Facility (\$20.25 million cap), Montgomery County Conference Center (\$23.185 million cap), and OCCC (\$17.34 million cap). If MSA seeks to exceed the debt outstanding issuance cap for any of the facilities, the issuance must be authorized by an act of the General Assembly. If, however, any proposed MSA issuance would not exceed the outstanding debt limit for a respective facility, the authority to approve new debt issuance rests with BPW following a 30-day notification period to the fiscal committees. As a practical matter, this establishes an open line of credit – as current outstanding MSA bonds mature and are retired – the amount available under the debt limit can be used to support new lease-revenue bonds issuance by MSA to fund capital projects at those facilities.

Implications

- **Limited Review and Justification of Projects That Impact State Debt Affordability Limits:** The definition of the term tax-supported debt in Section 8-104 of the State Finance and Procurement Article includes debt of State agencies which are supported directly or indirectly by State tax revenues. Since the master lease agreements that underpin the financing of the projects included in Section 10-628(c) pledge State general fund appropriations for debt service, the MSA bonds are considered State debt subject to debt affordability calculation and limits. In instances where statute allows MSA to issue bonds subject only to BPW approval, the provisions limit legislative scrutiny regarding project need and justification both specific to the project itself and in the broad context of the allocation of the State's limited debt capacity and other competing capital priorities.
- **MSA-issued Lease-revenue Bonds Require Additional General Fund Obligations:** MSA-issued debt for the projects specified under Section 10-628(c) require general fund appropriations for debt service. In addition, since both the Baltimore City and Ocean City convention centers receive additional State general fund appropriations for operating costs, any expansion also impacts how much the State pays by way of general fund appropriations for operations. Here again, decisions about the State's participation in future expansion or renovation projects can be made outside the context of budget process and create situations where the State can become committed to additional general fund obligations.
- **MSA-issued Lease-revenue Bonds Are More Expensive Than State GO Bonds:** The State's GO bonds offer the lowest cost of capital which cannot be matched by MSA-issued lease-revenue bonds. While on smaller issuance the fully amortized cost differential may not be in and of itself significant, the issuance of MSA bonds also often entails the additional cost of capitalized interest and substantial issuance costs which add to the total cost comparison. While on a case by case basis there may be justification for proceeding with a more expansive MSA-issued debt alternative, there needs to be sufficient time to fully vet such fiscal considerations.

Options

- **Status Quo:** The implications of this option are outlined above. The advantage is that it allows MSA to arrange financing and seek BPW approval year round.
- **Repeal the Authority That Allows Debt Issuance without Specific Authorization by the General Assembly:** Requiring an act of the General Assembly prior to MSA debt issuance would establish a process of full legislative consideration during the legislative session when such matters concerning State debt issuance and budget priorities are considered and acted upon.

- **Lengthen the Budget Committee Review Period:** The current 30-day review period leaves little time to fully analyze a project financing proposal and fiscal implications, let alone an analysis of project need and justification.

Recommendation

DLS recommends that the General Assembly consider legislation that would amend Section 10-628 of the State Finance and Procurement Article to require MSA bond authority, excluding bonds for sports facilities at Camden Yards, be authorized only by an act of the General Assembly prior to issuance. At a minimum, consideration should be given to amending the 30-day notification period to provide more time for the fiscal committees to fully evaluate project justification and fiscal implications prior to BPW approval. DLS also recommends in the absence of any statutory changes that CDAC take up this matter in the 2010 interim and provide recommendations in the committee's report prior to the 2011 session.

3. Budget Includes Use of Bond Premiums for Public School Construction

Section 15 of the 2010 MCCBL (capital budget bill) authorizes the use of up to \$53.3 million of bond premiums generated in 2010 to supplement the \$196.7 million of GO bonds for the Public School Construction Program.

The sale of State GO bonds generates a premium when the market interest rate, as measured by the true interest cost, is less than the coupon interest rate that the bond pays to the bondholders. Under these conditions, the bonds sell at a premium, and the State receives the additional proceeds at the time of the bond sale. According to Section 8-125(e) of the State Financing and Procurement Article, the proceeds from the premiums are deposited into the Annuity Bond Fund (ABF) and used to pay GO bond debt service. In recent fiscal years, revenues generated from the State property tax, the primary source of revenue to the ABF, have been sufficient to support GO bond debt service payments. However, when ABF revenues are insufficient, either additional general funds must be appropriated or BPW must set the State property tax rate sufficient to meet debt service requirements.

While current ABF projections indicate that a general fund subsidy will not be required in fiscal 2011, projections for fiscal 2012 indicate that as much as \$95.0 million in general funds will be required to subsidize the amount of State property tax revenues available for debt service. By not using the \$53.3 million of available bond premiums to supplement the State's capital program, the General Assembly can begin to address the projected fiscal 2012 ABF subsidy in the fiscal 2011 budget.

Accordingly, DLS recommends against using any bond premiums to support capital projects or programs in the fiscal 2011 budget as these revenues should remain available to reduce the gap between ABF revenues and debt service costs anticipated in fiscal 2012. Since the General Assembly can add and increase GO bond authorization levels in the MCCBL, the option remains to substitute GO bonds for bond premiums in the 2010 session capital budget bill.

Other Considerations and Recommendations

If the policy is to use the premiums as proposed in the capital budget bill, the committees may wish to consider the following:

- **Authorizing Language Should Be Amended to Authorize Premiums Generated in Fiscal 2010, Not Calendar 2010:** The State's bond sales in calendar 2010 are unlikely to generate large premiums to fund the proposed authorized use. The bonds recently issued by the State Treasurer's Office (STO) on February 24, 2010, were issued as Build American Bonds (BABs) which sold at the coupon rate and, therefore, did not generate a premium. STO has advised that it intends to issue short-term bonds in the next bond sale scheduled for July/August 2010 to even out the State's portfolio and counter the longer BAB maturities, and this sale is expected to result in only a small premium, if any. After DLS questioned the source of the bond premiums to be used if the authorization is provided in the 2010 MCCBL, the Department of Budget and Management (DBM) advised that \$51.1 million is from bond premiums generated from the August 2009 bond sale which produced a bond premium of \$42.0 million and the October 2009 bond sale which resulted in another \$20.6 million in premiums. The remaining \$2.2 million is from bond premiums authorized in the 2006 MCCBL for the Department of Public Safety and Correctional Services (DPSCS) projects which are no longer needed to meet project encumbrance needs and are to be reverted back to the ABF through amendments in the 2010 MCCBL as introduced. **In as much as the fiscal 2010 bond sales generated sufficient premiums to match the proposed authorized use and the use of older bond premiums only creates additional accounting issues, DLS recommends that should the General Assembly choose to use premiums to support the capital program as proposed that the language be amended to clarify the source of those premiums as fiscal 2010 premiums.**
- **Premiums Should Be Used for Projects That Will Spend the Funds Down Quickly:** The slow encumbrance rate for Public School Construction authorizations makes using premiums for this purpose less attractive. As a grant program, all local government funding participation for a project must be expended prior to the expenditure of State funds. In addition, the State funds are reimbursed to local governments after receipt of valid expense documentation. This slows the rate at which school construction authorizations are used which can create accounting and potential arbitrage problems when bond premium funds are used. Federal regulations require the expenditure of bond premiums within 18 months of receipt, and when they are used to fund capital projects, this can create situations where those funds are not all used and returned to the ABF. As mentioned above, the capital budget as introduced includes \$2.2 million of prior authorized bond premiums that are not needed and will be returned to the ABF; as of January 2010, there was another \$3.0 million remaining from this bond premium authorization, a portion of which may also at some later date be reverted back to the ABF. In order to avoid this situation, the use of bond premiums should be directed to projects that are expected to have immediate cash-flow needs. **For the 2010 MCCBL, DLS recommends that any funding for the ICC be considered as a candidate for bond premium funding due to the more immediate cash flow needs of the project.**

4. State Support of the InterCounty Connector Project

The ICC is an 18.8-mile, controlled access highway with accommodations for express bus service connecting the I-270/I-370 corridor in Montgomery County with the I-95/US 1 corridor in Prince George’s County. The six-lane (three each way) highway will be the State’s first fully electronic toll facility and the first toll facility in Maryland to utilize congestion pricing, where tolls vary based on time of day.

Status of Project

As of December 2009, approximately \$1.1 billion of the project’s \$2.56 billion budget has been expended. Contract D, for improvements to the collector and distributor roads along I-95, has been deferred indefinitely. Completion of Contract E, for mainline construction from I-95 to US 1, has been deferred until the spring of 2013. Contract E was originally projected to open in late 2011 with the rest of the road. **Exhibit 5** provides information on the five major construction contracts associated with the project.

Exhibit 5 Status of Major Contracts

<u>Contract</u>	<u>Location</u>	<u>Cost (\$ in Millions)</u>	<u>% Complete</u>	<u>Open to Traffic</u>
A	I-270/I-370 to MD 97	\$478.7	67	Late 2010
B	MD 97 to US 29	559.7	27	Late 2011
C	US 29 to I-95	513.9	52	Late 2011
D	Collector-distributor roads along I-95	70-85	0	Deferred indefinitely
E	I-95 to US 1	50-65	0	Spring 2013

Source: Maryland Transportation Authority, *2009 Financial Plan Annual Update*, November 2009

State Funding for the ICC

Chapters 471 and 472 of 2005 established a finance plan for the ICC, which included \$264.9 million in funding from the State’s general fund to repay money borrowed from the Transportation Trust Fund in 2003 and 2004. Chapter 487 of 2009 altered the repayment schedule and allowed for the use of GO bond proceeds to pay the State’s portion of the project. To date, MDTA received \$53.0 million in general funds in fiscal 2007 and \$55.0 million in GO bond proceeds in fiscal 2010, leaving a remaining balance of \$156.9 million to be repaid in fiscal 2011. Senate Bill 141, the Budget Reconciliation and Financing Act of 2010, would alter the repayment schedule to provide \$126.9 million of GO bond proceeds in fiscal 2011 and defer the remaining \$30.0 million until fiscal 2012. **Exhibit 6** details State funding for the ICC.

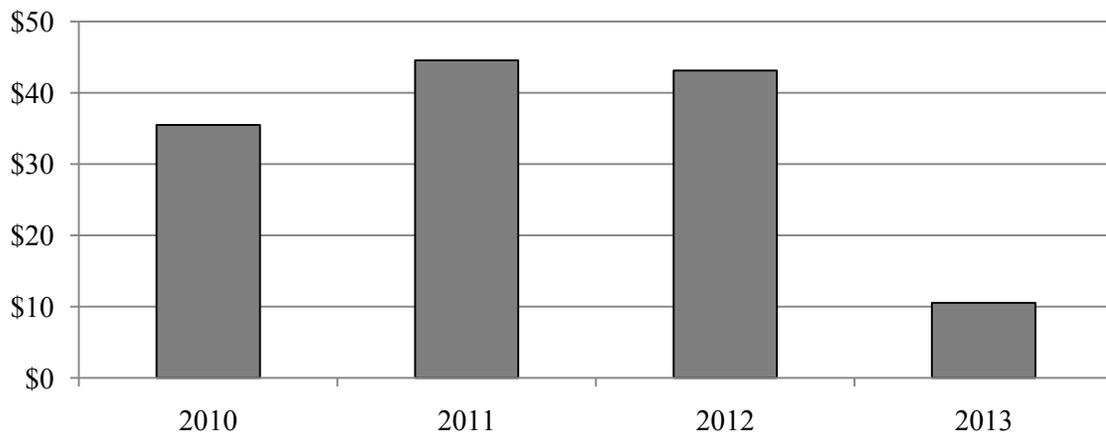
**Exhibit 6
State Funding for the InterCounty Connector
(\$ in Millions)**

Fiscal Year	Current	Administration's Proposal	DLS Recommendation
2007	\$53.0	\$53.0	\$53.0
2008	0.0	0.0	0.0
2009	0.0	0.0	0.0
2010	55.0	55.0	55.0
2011	156.9	126.9	81.9
2012	0.0	30.0	75.0

Source: Department of Legislative Services

As shown in **Exhibit 7**, MDTA estimates that the project will have a fund balance of \$45.0 million remaining at the end of fiscal 2011. **To more closely match funding with anticipated expenditures, DLS recommends reducing the fiscal 2011 authorization to \$81.9 million. This action will not affect the cash flow of the project but will require a payment of \$75.0 million to MDTA in fiscal 2012.**

**Exhibit 7
Project Cash Balance
Fiscal 2010-2013
(\$ in Millions)**



Source: Maryland Transportation Authority's January 2010 Financial Forecast, Version 2010-1

5. Rosewood Property Disposition Update and Accommodation of Forensic Residential Patients

In January 2008, the Governor announced plans to close the Rosewood Center, a State residential center for developmentally disabled individuals operated by the Department of Health and Mental Hygiene, by June 2009. The decision to close the facility was precipitated by repeated findings issued to the facility by the Office of Health Care Quality, which called into question the quality of care being provided at the facility as well as potential loss of significant Medicaid recoveries.

Guiding Principles

Committee narrative adopted in the 2008 *Joint Chairmen's Report* requested an evaluation of alternative uses for the Rosewood campus. Specifically, DHMH was requested to address the viability of retaining portions of the property for purposes of providing day programs, medical services, and inpatient and outpatient services for individuals receiving services in the Central Maryland Region. The report was to also address the possibility of leasing one or more of the buildings to a local nonprofit provider of community services for developmentally disabled individuals, taking into consideration any reports or recommendations submitted to the General Assembly by groups studying the use of the Rosewood property. Additionally, the narrative directed the Department of Planning (MDP) to provide the budget committees with a letter that evidences its "clearinghouse review" finding and recommendations on the Rosewood property within seven days of completing its official review, as required by State Finance and Procurement code §10-305.

MDP convened an interagency committee to review the multiple potential uses and set guiding principles for the disposition of the property. The guiding principles stress maximizing the financial return to the State, with the intent of depositing sale proceeds into the Community Services Trust Fund. As far as potentially leasing buildings to nonprofit providers, the committee advised that this would result in major infrastructure and maintenance costs due to the poor condition of the buildings and recommended against any such proposal. Finally, the committee recommended that the property should be available for a comprehensive rather than piece-meal redevelopment and, therefore, transferred to a single master purchaser.

Clearinghouse Review and Recommendation

In accordance with *Code of Maryland Regulations* 34.02.02.04.07, the State Clearinghouse coordinated an intergovernmental review of 178 acres improved with 37 buildings at the Rosewood Center in Owings Mills. By a letter dated December 7, 2009, the clearinghouse declared the property and its improvements as excess to the needs of the State and recommended that the State offer to sell the property to Stevenson University. The proposed sale is considered to be in accordance with the provisions established in an interagency committee report submitted to the committees with the 2008 committee narrative entitled, *Guiding Principles for the Redevelopment of the Rosewood Center Property*.

2010 Session Capital Budget Overview

Sections 5-310 and 10-301 *et seq.* of the State Finance and Procurement Article (SF&P) and its implementing regulations address the disposition of State excess real property. Specifically, Section 10-305 of the SF&P prohibits BPW from approving the sale, transfer, exchange, or grant of property with an appraised value over \$100,000 until the budget committees have been provided with certain notice as outlined under State law. Section 10-305(b)(2)(ii) requires that the appropriate agency provide the budget committees with (1) a description of the property; and (2) if applicable, any justification for not selling, transferring, exchanging, or granting the property in a manner that generates the highest return for the State. Section 10-305(b)(2)(iii) further requires that prior to the disposition of the property, at least 45 days have elapsed since (1) BPW declared the property surplus; and (2) the budget committees have received the notice outlined in Section 10-305(b)(2)(ii).

On January 6, 2010, BPW declared the property and its improvements as surplus to the needs of the State. As it stands, the committees await notification of the proposed property disposition required by Section 10-305(b)(2)(ii) at least 45 days prior to any BPW consideration of sale or transfer. Discussions with DGS Office of Real Estate indicate that they are currently engaged with Stevenson University to iron out the deal. **DLS recommends that DGS update the committees on the current status of negotiations and when it believes it will have a proposal that can be submitted to the budget committees as required by statute. DGS should be prepared to discuss the status of the environmental assessment of the campus and to what extent any environmental remediation findings will impact the property appraisals and ultimately the amount of proceeds this transaction may bring to the State to the benefit of the Community Services Trust Fund.**

Accommodating Forensic Residential Population

Prior to its closure, Rosewood Center was the only facility in Maryland that served the court-ordered forensic population with developmental disabilities. At the time the closure announcement was made, the facility housed 166 residents. All of the residents have since been transferred, many of them to community-based placements in the Baltimore metropolitan area. The forensic population was transferred to the 22-bed Muncie Building at Springfield Hospital Center in Sykesville, which is serving as an interim facility. Although considered sufficient as a short-term interim solution, the Muncie Building does not have sufficient space to accommodate court-ordered admissions or provide additional space for vocational activities. To address this situation, the *Capital Improvement Program* (CIP) includes programmed funding for a new secure evaluation and treatment facility to house the court-ordered forensic population to be located in Jessup. DHMH is working on completing a program plan for the project which will have to be reviewed and approved by DBM prior to the expenditure of any State funds to design or construct the facility. The CIP programs preliminary and detailed design funding over fiscal 2012 and 2013 in recognition of the approximate 18-month design schedule and construction split-funded over fiscal 2014 and 2015 which would allow construction to commence in fiscal 2014. Construction is estimated to take 24 months to complete, which would have the facility potentially opening during fiscal 2016. **In recognition that the Muncie Building does not provide sufficient bed space to accept new admissions and the new proposed facility is not scheduled to open for several years, DHMH should update the committees concerning potential alternatives for handling the forensic population during this transition period. In addition, DLS recommends adding funds to start**

the design process on the new proposed Secure Evaluation and Therapeutic Treatment (SETT) facility in fiscal 2011.

6. Maryland's Energy Performance Contracts

An Energy Performance Contract (EPC) is an agreement between the State and a qualified Energy Service Company (ESCO) to make energy-efficient capital improvements. EPC projects are coordinated by the Maryland Energy Administration (MEA) and financed through the State Treasurer's Office in accordance with Section 12-301 through 12-303 of the State Finance and Procurement Article. EPC projects are required to pay for themselves through the energy savings over the term of the financing.²

The type of energy saving upgrades typically made include replacing or retrofitting boilers, furnaces, air conditioning units, windows, and lighting fixtures. In most instances, the useful life of the equipment exceeds the term of the financing, which may not exceed 15 years. In cases where the useful life may not exceed the term of financing, such as software improvements or light fixtures, the ESCO is required to make the necessary improvements to extend the life of the capital equipment. Most projects exceed \$500,000 in total improvements and are financed over 13 to 15 years.

On November 18, 2010, the Board of Public Works, after review by the Legislative Policy Committee, provided STO with \$200 million of financing authority for EPC contracts for the period covering December 1, 2009, through June 30, 2011. This new authority is more than triple the amount financed in the previous lease which totaled \$60 million of financing authority. In recent years, the budget committees, the Comptroller's Office, and STO have expressed interest in increased State participation in EPCs as a finance mechanism for capital-related improvements where applicable. **Exhibit 8** shows the estimated use of the new \$200 million financing authority.

Market Fluctuations Result in Revised Bid Process

STO historically financed energy performance contracts under a "master lease" arrangement under which one financier provides a significant amount of funds for an extended period, re-setting the finance rate for each financing based on a percentage of a Treasury index. However, due to severe disruptions in the financial markets, STO received BPW approval to amend the then current 2007 Energy Master Lease to permit the substitution of the Treasury Interest Rate Swap Index for the Treasury Constant Maturities Index in order to secure approval of financing presented to BPW. The 2009 Energy Master Lease approved by BPW in November 2009 will also be administered under the

² Phase I EPCs are competitively bid between pre-qualified ESCOs to perform an energy audit, technical study, and preliminary design to determine if retrofitting new capital equipment can provide energy savings. If a Phase I assessment projects a cost savings, a Phase II proposal may be presented to BPW for approval. A Phase II proposal requires an ESCO to implement the project, provide the funds necessary to cover all of the costs associated with the project, and provide a guarantee of the level of energy cost avoidance to be achieved through the financing period by the improvements. If the savings do not materialize, the ESCO is required to reimburse the State for any savings not achieved. To protect the State, ESCOs are required to purchase insurance, purchase a surety bond, or obtain an irrevocable letter of credit.

**Exhibit 8
Energy Performance Contract Project List**

<u>Energy Performance Contracts</u>	<u>Start Financing</u>	<u>Tax-exempt</u>	<u>Taxable</u>
UMCES – Chesapeake Bio Labs	November 2009	\$1,500,000	
University of Maryland, College Park (6 buildings)	June 2009	18,000,000	
Stadium Authority	November 2009	3,500,000	\$7,272,792
Workforce and Technology Center	October 2009	2,100,000	
Dept. of Public Safety and Correctional Services – Jessup	February 2010	12,500,000	
Maryland Transit Administration	January 2010	7,000,000	
State Highway Administration	January 2010	55,591,000	
Maryland Aviation Administration – BWI and Martin	August 2009		8,500,000
Maryland Transportation Authority	August 2010		27,000,000
University of Maryland Baltimore County	April 2010	12,000,000	
Towson University	September 2010	11,000,000	
Baltimore City Community College	August 2010	2,000,000	
Frostburg University	August 2010	4,000,000	
Morgan State	August 2010	15,000,000	
Eastern Shore University	August 2010	3,000,000	
Subtotal		\$147,191,000	\$42,772,792
Total Leases		\$189,963,792	

BWI: Baltimore-Washington International Thurgood Marshall Airport

UMCES: University of Maryland Center for Environmental Science

Source: State Treasurer’s Office

revised procedures. Rather than procure a “Master Lease,” STO will issue a series of smaller Energy Performance Contract Lease-Purchase invitation for bids (IFB) on a bi-monthly basis. Each IFB will seek the current market rate, and the award will go to the bidder with the lowest rate without the use of Treasury or other indices. This is intended to ensure that the State receives the current market rates for its lease financings in the face of a very volatile financial market.

Proposed Use of Bond Financing

Legislation has been introduced in the 2010 session (House Bill 835 and Senate Bill 939) that would allow EPCs to be financed either under the current capital lease structure or through special or general obligation bonds authorized by the General Assembly (\$100 million under HB 835 and \$200 million under SB 939).

The motivation to authorize GO or other special obligation bond funds to fund the EPC project is to allow the State to take advantage of the low cost of financing that GO bonds provide. In addition, there is also some thought that the State could issue Qualified Energy Conservation Bonds (QECBs) which are tax-credit bonds authorized in the American Recovery and Reinvestment Act of 2009 (ARRA) to fund EPC projects. Maryland's allocation is \$58.4 million, of which \$51.9 million is for local governments, and the remaining \$6.5 million is for the State. While the State amount is relatively small, any unused local allocation may be used by the State. However, STO has advised that currently there is no market for ARRA-authorized tax credit bonds. As a result, Congress is currently reviewing proposals to convert many of the ARRA tax credit bonds to Build American Bonds which are offered with either a tax credit or direct payment option.

Since STO is currently authorized to issue \$200 million of capital lease-financed EPC projects, the thought is that the proposal will only alter how EPC projects are financed to take advantage of lower borrowing costs while not affecting the State's debt affordability limits. Under the proposal, funds from energy savings would annually be transferred to ABF for bond-funded projects or the STO Lease Purchase Account for projects funded as capital leases in order to pay debt service or lease payments, respectively. On the surface, the proposal might be construed as debt affordability neutral since capital leases are already scored by CDAC in the debt limitation calculations. However, approximately \$65 million of financing would take place for the University System of Maryland or Morgan State University projects which under current practice are financed as appropriation-backed capital leases which because of the source of the revenues supporting the appropriation are not counted as State revenues and, therefore, the leases are not included in the debt service to revenue debt limit calculation. Clearly, if GO bond financing is used to finance this segment of proposed projects, the financing would have to be scored as State debt and, therefore, impact the already very tight affordability limits.

Implications

A portion of the proposed new issuance could potentially add new debt authorizations that would count against the State's debt limits not previously included in the calculation. The State is already at the affordability limit, and current fiscal conditions no longer allow the State to increase authorizations and remain under the limits. This situation has already lead CDAC to reduce out-year new GO bond issuances by \$400 million over the five-year *Capital Improvement Program* planning period. Although the current capital lease-structured EPC financing is complicated by the recent turmoil in the financial markets resulting in revised financing methodologies and some administrative inefficiencies, and the proposed legislation may offer a slightly lower cost of capital financing than what capital leases provide, DLS is concerned that the full ramifications of the proposed legislation should be fully considered by CDAC prior to taking action on proposed legislation. **DLS**

recommends that during the 2010 interim, CDAC fully review the debt affordability implications associated with financing EPC projects with State GO debt and develop recommendations as part of the committee's required annual review of the size and condition of State debt.

7. Back of Bill Amendments Proposed in the 2010 Session Capital Budget Bill as Introduced

The 2010 MCCBL, as introduced, includes a number of amendments to previous authorizations. The proposed amendments can be divided into distinct categories: de-authorization of prior GO bond authorizations that allow for additional authorizations in the 2010 session capital bill; de-authorization of prior authorized bond premiums which allow the funds to be booked as additional revenue to the ABF for debt service payment in fiscal 2011; amendments to change the purpose or extend deadlines for specific authorizations; amendments to projects pre-authorized and/or split-funded in the 2009 MCCBL; and pre-authorization of construction funds for projects that are proposed to be initially funded for construction in the 2010 MCCBL for which split-funding and a pre-authorization for any estimated remaining construction funds will allow project bidding and construction to commence in during fiscal 2011. Finally, there is a proposed amendment that would authorize the use of bond premiums to supplement GO bond financing for school construction project grants to local governments discussed in Issue 3 of this analysis.

Each amendment is outlined in **Appendix 1** which lists the specific chapter laws to be amended, summarizes the action proposed by each amendment, and provides a brief explanation of the DLS recommendation for each action respectively. The DLS analysis and recommendations for most of the items contained on the list will be made in specific agency analysis. There are, however, a couple of items that will be handled in the overview for lack of an alternative appropriate venue.

GO Bond De-authorizations

Seventeen amendments involve the de-authorization of GO bonds in the aggregate amount of \$27.0 million. These de-authorized funds are recycled and provide additional new authorizations within the debt limit in the 2010 MCCBL. This increases the total amount of new authorizations by \$27.0 million for a total of \$1.167 billion. Major de-authorizations include:

- **\$8.2 Million – Montgomery County Detention Center:** The project is on hold as the county considers alternative proposals. Additional DLS analysis and recommendation for this item can be found in the Local Jails Overview analysis.
- **\$6.7 Million – Frederick County Detention Center:** The county has requested a change in project scope to eliminate the housing unit portion of the project due to lack of commitment from the county for its cost-share portion of the project. Additional DLS analysis and recommendation for this item can be found in the Local Jails Overview analysis.

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- **\$4.1 Million – Department of Juvenile Services Cheltenham Youth Facility New Treatment Center:** This de-authorizes design funding provided in the 2008 session. The department's new priority is funding for the Southern Maryland Regional Detention Center which is included for initial design funding in the 2010 MCCBL, as introduced. The Cheltenham project is deferred in the CIP to fiscal 2014 for initial design funding. Additional DLS analysis and recommendation for this item can be found in the Department of Juvenile Services (DJS) capital analysis for the Southern Maryland Regional Detention Center.
- **\$1.5 Million – Department of Juvenile Services Baltimore City Juvenile Treatment Center:** This action would partially de-authorize the \$4.0 million provided in the 2009 MCCBL for site acquisition for a new treatment center in Baltimore City. Of greater importance, the amendment proposes to repurpose the funds to be used for site acquisition for a regional treatment center which would not require a site within Baltimore City. Additional DLS analysis and recommendation for this item can be found in the DJS capital analysis for the Southern Maryland Regional Detention Center.

De-authorization of Bond Premium Amendments

Two amendments would reduce authorization levels for DPSCS projects authorized in the 2006 MCCBL with bond premium proceeds. This includes \$2.0 million for the fourth housing unit at North Branch Correctional Institution and \$188,000 of authorizations for the Baltimore City Detention Center provided for acquisition and demolition. If de-authorized, the funds would be made available in the ABF to fund debt service in fiscal 2011. Additional DLS analysis and recommendation for these items can be found in the Public Safety Capital Overview analysis.

Overview De-authorization and Change of Purpose or Extension of Grant Recommendations

Appendix 1 provides a summary of the DLS recommendations pertaining to all de-authorization amendments. The following are proposed de-authorizations covered in this overview analysis:

- **Reginald F. Lewis Museum of Maryland African American History and Culture:** As introduced, the capital bill would de-authorize \$581,000 of GO bonds authorized in the 2003 MCCBL because the project is complete, and the funds are no longer needed. **DLS recommends approval.**
- **St. Mary's College of Maryland – New Academic Building/Telecommunications Infrastructure:** As introduced, the capital bill would de-authorize \$213,000 of GO bonds authorized in the 2003 MCCBL because the project is complete, and the funds are no longer needed. **DLS recommends approval.**
- **Maryland Environmental Service – Infrastructure Improvement Fund:** As introduced, the capital bill would de-authorize \$300,000 of GO bonds authorized in the 2004 MCCBL

because the projects funded from the original authorization are complete, and there are no previously authorized projects for which these funds could be applied. **DLS recommends approval.**

- **Maryland Environmental Service – Infrastructure Improvement Fund:** As introduced, the capital bill would de-authorize \$331,000 of GO bonds authorized in the 2005 MCCBL because the projects funded from the original authorization are complete, and there are no previously authorized projects for which these funds could be applied. **DLS recommends approval with amendment to correct the amount of funds to be de-authorized to \$315,000 since a portion of these funds are apparently still needed to complete a project at the Eastern Correctional Institution.**
- **Maryland Environmental Service – Infrastructure Improvement Fund:** As introduced, the capital bill would extend the termination date of an authorization provided in the 2003 MCCBL because the funds that remain unexpended from the authorization are needed to complete projects, and there are no previously authorized projects for which these funds could be applied. **DLS recommends approval.**

Split-funding and Pre-authorization Policy

Before work can commence on a capital project authorized in the capital budget bill, there is a requirement that BPW be presented with evidence that the work specified in the enabling act can be completed with the funds authorized. A separate section of the annual MCCBL sets forth this requirement to help ensure that any funds authorized will be encumbered during the fiscal year in which the funds are authorized which provides for a more efficient use of State capital authorizations. Recent policy has altered the “all funds must be authorized before project commencement” requirement by split funding over a multi-fiscal-year period projects that are expected to take as long or longer than two years to complete. This works by including a pre-authorization in the bill that provides the original construction authorization which combined provides the necessary statutory funding commitment to satisfy the BPW requirement and, therefore, allow projects to be bid for construction. The benefits of this approach is that it allows the State to only provide what is necessary to adequately cash flow a construction project over a multiple-year period, thereby freeing up limited debt capacity for other capital priorities in the year in which the budget is being considered.

This funding approach lends itself to projects that both command a large share of the capital budget and require multiple years to complete. This approach was first tested in the 2007 MCCBL, which included two projects for which funding was 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. This same process was used in the 2008 session to fund the Rockville District Court project and even more so in the 2009 session which included split funding and pre-authorization for 11 projects, including 4 community college projects funded as grants to local governments through the Maryland Higher Education Commission Community College Facilities Grant Program.

Amendments to 2009 MCCBL Split-funded and Pre-authorized Projects

All indications are that this new process is acceptable to contractors bidding on projects. In fact, because the current favorable construction bidding climate is producing bids below State authorization levels, the split-funding pre-authorization process is allowing the State to amend the pre-authorization amounts for many of the projects split-funded in the 2009 MCCBL to lower funding levels, thereby allowing those authorizations to be used for other capital projects and programs. As introduced, the 2010 MCCBL would amend in one way or another all 11 projects that were split-funded and pre-authorized in the 2009 MCCBL in many instances to take advantage of the lower funding levels needed to complete the projects now that additional information from the construction bids is available.

DLS will provide separate discussion of many of the amended pre-authorizations in various capital analyses presented to the budget committees in the 2010 session. A summary of the DLS recommendation is provided in Appendix 1. There are, however, two amended pre-authorizations addressed in this analysis.

- **Annapolis Legislative Facilities – Lowe House Office Building Renovations:** Deletes the \$3,462,000 pre-authorized for fiscal 2011 – project is overbudgeted – the \$4.0 million authorized in the 2009 session bill will remain combined with a pre-authorization of \$4.25 million for the 2011 session and a pre-authorization of \$4.0 million for the 2012 session. **DLS recommends approval of the proposed amendment.**
- **Department of State Police – New Hagerstown Barrack and Garage:** Reduces the amount pre-authorized in the 2009 session bill from \$5.0 million to \$2.5 million – also adds design to the eligible uses since last year’s authorization did not specifically authorize design, and there are additional design costs due to extending the contract for so many years while awaiting construction authorization. **DLS recommends approval of the proposed amendment.**

Projects Split-funded and Pre-authorized in the 2010 MCCBL

The 2010 MCCBL, as introduced, continues and expands the policy of split-funding and pre-authorizing projects. The budget, as proposed, includes 16 projects that would be phased funded with an authorization for fiscal 2011 and a pre-authorization for fiscal 2012; two of which would also be provided a pre-authorization for fiscal 2013 marking the first time that the policy of split-funding and pre-authorizing would extend over a three-year period. The overall fiscal implication of this policy again is to align project funding and cash flows while not committing all of the funds necessary to start construction up front. While this allows the State to spread out its limited GO debt authorizations to more projects and allows those projects to be bid for construction earlier, it also commits future programmed GO authorizations to these projects. Moreover, the 2010 CIP reflects the Administration’s current policy to phase fund projects that meet the criteria in each of the five fiscal years covered in the CIP planning period.

8. GO Bond Program Private Activity Issuances

The GO bonds that Maryland issues are tax-exempt bonds. Purchasers of Maryland bonds do not have to pay federal income taxes on the interest earned from these bonds. Because the holders of tax-exempt bonds do not pay federal taxes on interest earnings, the interest rates of tax-exempt bonds tend to be less than taxable bonds. This reduces the State's debt service expenditures.

Federal laws and regulations limit the amount of tax-exempt bond proceeds that may be used to support "private activities." These limitations include:

- 5% of a bond sale, to a maximum of \$15 million – thus a typical bond sale of \$200 million would yield no more than \$10 million in permitted private activity use; and
- private loan use is limited to 5%, to a maximum of \$5 million per bond sale.

If more than 5% of the bond sale up to a maximum of \$5 million for private loans or 5% of the bond sale up to a maximum of \$15 million total private activity occurs, the State bond issue is at risk of being declared a "private activity bond." The interest in such bonds would normally be taxable. However, according to the State Treasurer, in such circumstances, the issuer (the State) typically enters into a settlement agreement with the Internal Revenue Service (IRS) whereby the issuer pays a significant penalty to the IRS, and the bonds retain their tax-exempt status.

Each year, the Administration proposes its GO bond funded capital program and provides an estimate of private activity/loan projects or programs funded in the capital program. Private activity/loan usually represents a fairly small amount of the programs. To avoid issuing taxable bonds and keep debt service costs low, general fund pay-as-you-go (PAYGO) appropriations historically supported private activity programs. Due to operating budget constraints, the Administration's five-year CIP no longer funds private activity programs with general fund PAYGO. Instead, these activities are fully supported by the GO bond program.

In the 2010 CIP, DBM projects that total private activity projects would be \$37.6 million in fiscal 2011. This calculates to approximately 3.3% of total proposed new GO bond authorizations. The figures for fiscal 2011 are higher than what is calculated for each of the next four years in the CIP because fiscal 2011 issuances include additional GO bond authorizations to replace fund balance transfers.

The 2010 CIP also provides an estimate of the long-term total private activity issuances through the five-year planning cycle, as shown in **Exhibit 9**. The long-term commitments extending through the entire five-year CIP total \$117.2 million, or 2.4%, of total new GO bond issuances. Department of Housing and Community Development (DHCD) programs comprise most of the private activity issuances with \$92.1 million, or 78.5%, of the total over five-year planning dedicated to housing and community development programs. However, the figures assume that 100.0% of the issuances for these programs will be used for private activity purposes, which is a conservative

Exhibit 9
Projected Private Activity Issuances
Long-term Debt Commitments
Fiscal 2011-2015
(\$ in Thousands)

<u>Dept.</u>	<u>Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
DHCD	Community Legacy Program	\$4,646	\$4,250	\$4,250	\$4,250	\$4,250	\$21,646
DHCD	Neighborhood Business Development	7,616	1,350	950	750	500	11,166
DHCD	Special Loans Programs	9,520	5,500	5,100	4,600	4,600	29,320
DHCD	Partnership Rental Housing Program	6,000	6,000	6,000	6,000	6,000	30,000
DoIT	Public Safety Communication	2,130	1,223	3,495	1,335	5,378	13,561
MSU	New Center for Built Environment	4,565	600	0	0	0	5,165
UMCP	Physical Sciences Complex Phase I	2,055	2,368	883	0	0	5,306
SU	New Purdue School of Business	1,056	0	0	0	0	1,056
Total Possible Private Activity Issuances		\$37,588	\$21,291	\$20,678	\$16,935	\$20,728	\$117,220
Total as Percent of GO Bond Authorization		3.3%	2.3%	2.2%	1.8%	2.2%	2.4%

DHCD: Department of Housing and Community Development
DoIT: Department of Information Technology
MSU: Morgan State University
UMCP: University of Maryland at College Park
SU: Salisbury University

Source: Department of Budget and Management; 2010 *Capital Improvement Program*, January 2010

estimate and may overstate the actual percentage of private activity amounts. Nonetheless, consultation with staff from the State Treasurer's Office indicates that there are no plans to issue taxable debt specifically to address what is proposed in the five-year CIP. It is likely, therefore, that all potential private activity authorizations will have to be managed within the federal restrictions cited above.

Managing Private Activity Projects and Programs within Federal Requirements

Until more recently, the capital program included very little in the way of private activity issuances primarily resulting from the use of general funds for DHCD and other grant and loan programs that typically support private activity purposes. This provided the State with a large cushion within which to manage private activity debt with federal guidelines. The State was able to manage private activity even if the scope of projects changed or assets were sold because there was a

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substantial allowance available. However, the more recent fiscal situation has precluded the use of general fund support and substituted State GO bonds for capital programs that typically require scoring as potential private activity issuances. This potentially complicates the State's ability to manage private activity projects and programs in the entire program period and increases the chance that the State could exceed the federal limits. It also reduces the State's ability to fund new private activity projects that may be proposed over the next few years without having to potentially issue taxable GO bonds. While STO has indicated to DLS that the Treasurer is not intending to issue taxable debt to address what is programmed in the five-year CIP and instead intends to manage the amount of private activity within the federal restrictions using the traditional tax-exempt GO bonds, should the percent of private activity currently attributable to the annual programmed authorizations exceed current estimates or additional capital programs and projects are identified as meeting the private activity criteria materialize, the State may be forced to use taxable GO bonds to fund some capital authorizations in the future.

9. Bond Bill Project Requests for the 2010 Session

Each year, legislators are called upon to sponsor bond bills which provide State capital grants to a variety of local organizations. The 2010 MCCBL sets aside \$15 million of general obligation bond authorizations for local community initiatives of this type. As shown in **Appendix 2**, a total of 121 grant requests have been made through the introduction of bond bills in the aggregate of \$35.5 million of State funding.

Overview Recommended Actions

1. Add the following language:

SECTION 15. AND BE IT FURTHER ENACTED, That notwithstanding any other provision of law and contingent upon the failure of House Bill 1370/Senate Bill 979, establishing public-private partnerships oversight requirements for fiscal 2011 only, no State agency may enter into a public-private partnership agreement for a capital project except subject to the following provisions:

- (1) not less than 30 days before issuance of the solicitation for a public-private partnership for a capital project, an agency shall submit a preliminary project plan to the budget committees that describes and justifies the capital project; any buildings and land involved; the involvement and role of any units of State government or local governments; an analysis of the justification for pursuing a public-private partnership rather than traditional State construction and financing; and, to the extent known, the sources and uses of State funds for predevelopment costs and private sector predevelopment costs;
- (2) not less than 45 days before entering into a master development agreement, an agency shall submit to the budget committees for review and comment a pro forma analysis outlining the capital project financing plan, including any cash or in-kind contributions, general obligation or other debt to be issued by any private, State, and nonbudgeted agency (including interest rate and maturity assumptions); two independent appraisals of any land or buildings involved; proposed use of tax credits; grants or other funding from the Department of Business and Economic Development or any other State agency; tax increment financing; investor equity from any source; and assumptions of the impact on the State operating budget; and
- (3) an assessment by the State Treasurer, after consultation with bond counsel and the Comptroller as to whether the capital project and any leases whether represented as an operating or capital lease by the proposing State agencies represents a capital lease and is subject to State debt affordability limits.

Explanation: This provision institutes legislative oversight procedures for public-private partnerships (P3) in fiscal 2011 only. Under these provisions, the budget committees are to receive at least 30 days notice and justification for any proposed P3 project. Additionally, for proposed P3 agreements, the budget committees are to receive a pro forma financial plan for 45 days review and comment.

Information Request	Authors	Due Date
Public-private partnership preliminary report plan	Any applicable State agency	30 days prior to issuance of solicitation
Public-private partnership pro-forma analysis	Any applicable State agency	45 days prior to entering into a master development agreement

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2. Add the following language:

DA03

MARYLAND STADIUM AUTHORITY

(A) Ocean City Convention Center Expansion. Provide funds to design and construct an expansion to the Ocean City Convention Center. Provided that the town of Ocean City provide a matching fund in the amount of \$4,100,000 for this purpose. These funds shall be administered in accordance with Section 10-643 and Section 10-655 of the Economic Development Article (Wicomico) 4,300,000

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
0	4,300,000	4,300,000

Explanation: This adds an authorization to fund the State’s share, including an owner’s construction contingency fund, for an expansion of the Ocean City Convention Center. State funds shall be matched with \$4.1 million from the town of Ocean City to complete the expansion.

3. Strike the following language:

~~SECTION 14. AND BE IT FURTHER ENACTED, That:~~

~~(1) Notwithstanding § 8-125(e) of the State Financing and Procurement Article, up to \$53,297,000 in premiums from the sale of State general obligation bonds in 2010 shall remain in the State and Local Facilities Loan Fund and, on approval by the Board of Public Works, may be expended only by the Comptroller to provide fiscal year 2011 grants for public school construction projects approved by the Interagency Committee for School Construction.~~

~~(2) The Comptroller shall make any transfers or accounting adjustments to implement the provisions of this Section.~~

Explanation: This action deletes the proposed use of bond premiums to fund grants for public school construction projects administered by the Interagency Committee on School Construction. Any proceeds from the sale of State general obligation bond funds received in the form of bond premiums should remain in the Annuity Bond Fund to reduce the reliance on general funds to support debt service currently estimated at \$95 million for fiscal 2012.

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4. Reduce:

ZA00D InterCounty Connector..... \$ 81,900,000

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
126,900,000	-45,000,000	81,900,000

Explanation: This recommendation reduces the fiscal 2011 payment to the Maryland Transportation Authority for the InterCounty Connector to \$81.9 million. This action will require increasing the fiscal 2012 payment from the Administration’s proposal of \$30.0 million to \$75.0 million and will more closely align funding with expenditures. This action, in addition to a separate recommendation modifying the Budget Reconciliation and Financing Act, maintains the total State support of the project at \$264.9 million.

5. Add the following language:

MM06 DEVELOPMENTAL DISABILITIES ADMINISTRATION
(Howard)

(A) Secure Evaluation and Therapeutic Treatment Center. Provide funds for preliminary design of a new Secure Evaluation and Therapeutic Treatment Center 1,150,000

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
0	1,150,000	1,150,000

Explanation: This action adds funds for preliminary design of a new Secure Evaluation and Therapeutic Treatment (SETT) Center. With the closing of the Rosewood Center, the State lacks adequate facilities to house individuals with disabilities who have been found by the courts to be incompetent to stand trial, not criminally responsible, or who have been court ordered for a pretrial evaluation (*i.e.*, the forensic population). Design funding in fiscal 2011 would advance this project by one year from what is programmed in the 2010 *Capital Improvement Program* to begin the process of designing and ultimately constructing this important and priority project.

Back of Bill – GO Bond De-authorizations and Other Changes

<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 204 of 2003 Department of Aging: Senior Citizens Activities Centers	-\$238,000				Available unencumbered prior authorized funds.	Approve
Chapter 204 of 2003 DHMH: Adult Day Care Facilities	-969,000				Available unencumbered prior authorized funds.	Approve
Chapter 204 of 2003 Reginald F. Lewis Museum of Maryland African American History and Culture	-581,000				Project complete.	Approve
Chapter 204 of 2003, as amended by Chapter 336 of 2008 SMCM: New Academic Building/ Telecommunications Infrastructure	-213,000				Project complete.	Approve
Chapter 432 of 2004 DPSCS: Women’s Detention Center – Air System	-132,000				Project complete.	Approve
Chapter 432 of 2004 MES: Infrastructure Improvement Fund	-300,000				Available unencumbered prior authorized funds.	Approve
Chapter 432 of 2004 DPSCS: Montgomery County Detention Center	-3,048,000				Project under re-evaluation by county.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 445 of 2005	MES: Infrastructure Improvement Fund	-331,000				Available unencumbered prior authorized funds.	Amend to reduce by \$315,000
Chapter 445 of 2005	DPSCS: Montgomery County Detention Center	-5,189,000				Project under re-evaluation by county.	Approved
Chapter 488 of 2007	DPSCS: Property Acquisition/ Demolition	-428,000				Funds not needed to complete project.	Approve
Chapter 488 of 2007, as amended by Chapter 336 of 2008	DHMH: Clifton T. Perkins Hospital Center	-800,000				Project complete.	Approve
Chapter 336 of 2008	MDOP: Jefferson Patterson Park and Museum	-404,000				Project deferred – under study.	Approve
Chapter 336 of 2008	DJS: Cheltenham Youth Facility New Treatment Center	-4,074,000				Project deferred.	Approve
Chapter 336 of 2008	DPSCS: Frederick County Detention Center	-6,700,000				County no longer funding housing portion of project.	Approve
Chapter 485 of 2009	MSD: New Cafeteria – Frederick Campus	-1,000,000				Project complete.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	DJS: Baltimore Regional Treatment Center	-1,500,000				Proposes to also repurpose the authorization to be used for a Baltimore Regional Juvenile Detention Center instead of the original authorized purpose for a Baltimore City Juvenile Detention Center.	Increase de-authorization by \$650,000 and restrict funds design of a treatment center on the grounds of the Hickey School
Chapter 46 of 2006	DPSCS: North Branch Correctional Institute 1024 Cell Housing Complex and Support Space; and Division of Pretrial Detention and Services – Property Acquisition/ Demolition (BCDC)					Reduces the authorization from bond premiums for two capital projects: (1) NBCI by \$2,000,000; and (2) BCDC by \$188,000. These funds are authorized bond premiums and would go back to the Annuity Bond Fund (NBCI project complete and BCDC funds not needed at this time and will be authorized when needed for Youth and Women’s Detention Center projects).	Approve
Chapter 485 of 2009	MHA: Kennedy Krieger Institute					Changes the location of the project.	Approve
Chapter 204 of 2003	MES: Infrastructure Improvement Fund					Extend authorization termination date.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	BPW: State Government Center – Annapolis Legislative Facilities Lowe House Office Building			\$4,250,000	\$4,000,000	Deletes the \$3,462,000 pre-authorized for fiscal 2011 – project is overbudgeted – the \$4.0 million authorized in the 2009 session bill will remain combined with a pre-authorization of \$4.25 million for the 2011 session and a pre-authorization of \$4.0 million for the 2012 session.	Approve
Chapter 485 of 2009	MSDE: Western Maryland Regional Library		\$2,500,000	2,500,000		The State committed to \$10 million for this project in the 2009 session (included \$5 million in the 2009 bill authorization plus a pre-authorization for the remaining \$5 million for the 2010 session – amended pre-authorization from the 2009 session which shows the State’s \$10 million commitment is spread over the 2010 through 2012 sessions).	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	MSU: New Center for the Built Environment		30,435,000			Increases the amount pre-authorized in the 2009 session bill from \$26,935,000 to \$30,935,000 (additional \$3.5 million). This project was included as a split-funded project by the Governor in the 2009 session. Also adds equipment as an eligible use (the amount for equipment was not part of the pre-authorized amount in the 2009 session, so there was an expectation for additional funding for this purpose in the 2010 session – the amount, however, in the 2009 CIP for equipment was \$2.215 million).	Reduce

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	BSU: New Fine and Performing Arts Building		32,053,000			Reduces the amount pre-authorized in the 2009 session bill from \$34,050,000 to \$32,053,000. Also adds equipment to the eligible uses (overall, \$40.55 million was expected to be needed for construction and equipment in fiscal 2011 so the reduced pre-authorization represents a substantial savings which is based on a favorable bidding climate).	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	TU: New College of Liberal Arts Complex Phase II		28,650,000			Reduces the amount pre-authorized in the 2009 session bill from \$35,750,000 to 28,650,000. Also adds equipment to the eligible uses (overall the CIP programmed \$42.15 million for fiscal 2011 to include the amount pre-authorized for construction and then another \$6.4 million for equipment). Since \$10.0 million has been switched to Academic Revenue Bonds, the total really needed to fund remaining construction and equipment authorization is \$38.65 million, which is still \$3.5 million less based on the favorable bidding climate.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	SU: New Perdue School of Business		9,869,000			Reduces the amount pre-authorized in the 2009 session bill (by the legislature) from \$14,298,000 to \$9,869,000. Also adds equipment to the eligible uses (an additional \$4.5 million programmed in the CIP for equipment in fiscal 2011; therefore, the total amount needed is effectively reduced by \$8.829 million based on the favorable bidding climate.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009 and Section 12	MHEC: Community College Facilities Grant Program		35,386,000	33,633,000		The fiscal 2010 budget included the split-funding of State contributions for community college construction projects which allowed for more projects to be funded within the \$84.3 million authorized. The pre-authorization allowed for some assurance the remainder of the State's funding commitment for certain split-funded projects would be provided from the amount to be authorized for the entire program in fiscal 2011. This allowed projects to be bid for construction during fiscal 2010. It should be noted that the pre-authorization amounts are part of the total program funding authorization level and not in addition to the amounts authorized.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Chapter 485 of 2009	DSP: New Hagerstown Barrack and Garage		2,525,000			Reduces the amount pre-authorized in the 2009 session bill from \$5.0 million – also adds design to the eligible uses since the 2009 session authorization did not specifically authorize design, and there are additional design costs due to extending the contract for so many years while awaiting construction authorization.	Approve
Chapter 485 of 2009	DPSCS: St. Mary’s County Detention Center		5,513,000			Reduces the amount pre-authorized in the 2009 session bill by exactly \$1,000,000.	Approve
Section 12	Section 12 pre-authorization section for 2011 session: DNR Natural Resources Development Fund – Harriet Tubman Underground Railroad State Park – Visitor Center			1,650,000		This pre-authorization is supposed to be in addition to the \$2,543,000 of federal funds included in DNR’s Natural Resources Development Fund for fiscal 2011 – was left out of the budget and will have to be brought in through a supplemental budget.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Sections 12 and 13	Section 12 pre-authorization for 2011 session: DPSCS New Youth Detention Facility (BCDC)			38,000,000	25,600,000	This pre-authorization is in addition to the \$17.52 million included in the 2010 session bill, as introduced, and the \$25.6 million included in Section 13 of the bill as pre-authorization for the 2012 session.	Approve
Sections 12 and 13	Section 12 pre-authorization for 2011 session: UMCP Physical Sciences Complex			44,100,000	10,600,000	This pre-authorization is in addition to the \$41.0 million included in the 2010 session bill, as introduced, and the \$10.6 million included in Section 13 of the bill as pre-authorization for the 2012 session (the amount in the 2009 session CIP programmed for construction totaled \$99.8 million. The amount of additional construction funding now estimated to be needed – taking the 2010 through 2012 session authorizations and pre-authorizations – is \$95.7 million).	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Section 12	Section 12 pre-authorization for the 2011 session: UMB New Law School Building			38,500,000		This pre-authorization is in addition to the \$37.3 million included in the 2010 session bill, as introduced – total State commitment for construction is \$76.0 million consistent with the amount programmed in the 2009 CIP.	Approve
Section 12	Section 12 pre-authorization for 2011 session: UMBC New Performing Arts and Humanities Facility			27,400,000		This pre-authorization is in addition to the \$37.4 million included in the 2010 session bill, as introduced, for a total of \$64.8 million for construction of Phase I – the amount pre-authorized for the 2011 session is \$10.0 million less than what was programmed in the 2009 CIP so this might be part of a plan to use \$10.0 million of Academic Revenue Bond funds to backfill.	Approve

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Section 12	Section 12 pre-authorization: BCCC Main Building Renovation – Administration Wing – Liberty Campus			7,000,000		This pre-authorization is in addition to \$2.5 million included in the 2010 session bill as introduced. Funds are only for the renovation of the Administration Wing – all funding for the Fine Arts Wing reconstruction are on hold pending a review and additional information pertaining to the proposal to build a new Fine Arts Building.	Strike pre-authorization
Section 14	Section 14: Bond Premiums					Authorizes the use of up to \$53,297,000 of Bond Premiums from the Annuity Bond Fund – State and Local Facilities Loan Fund for Public School Construction – this is in addition to \$197,703,000 of GO bonds to bring the total recommended in the 2010 session to \$250 million as programmed in the CIP.	Reject

	<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>	<u>DLS Recommendation</u>
Section 15	Section 15 pre-authorization for 2010 session: Sinai Hospital – Samuelson Children’s Hospital		2,500,000			Reflects this project’s pre-authorized amount included in the 2009 session bill.	Approve
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	Totals	-\$27,006,000	\$149,431,000	\$197,033,000	\$40,200,000		

BCCC: Baltimore City Community College
 BCDC: Baltimore City Detention Center
 BPW: Board of Public Works
 BSU: Bowie State University
 CIP: *Capital Improvement Program*
 DHMH: Department of Health and Mental Hygiene
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 GO: general obligation
 MDOP: Maryland Department of Planning

MES: Maryland Environmental Service
 MHA: Maryland Hospital Association
 MHEC: Maryland Higher Education Commission
 MSD: Maryland School for the Deaf
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 NBCI: North Branch Correctional Institution
 SMCM: St. Mary’s College of Maryland
 SU: Salisbury University
 TU: Towson University
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County

Note: The proposed pre-authorization for the Maryland Higher Education Commission Community College Grant Program would allow for the split funding of community college projects started last session by the legislature. The list includes \$9,466,000 for Howard Community College – Allied Health Building; \$6,064,000 for Hagerstown Community College – Arts and Sciences Complex; \$868,000 for Prince George’s Community College – Center for Health Studies; \$2,586,000 for Prince George’s Community College – Circulation/Roadway Modifications; \$3,500,000 for Anne Arundel Community College – Library Renovation and Addition; \$3,245,000 for College of Southern Maryland – Phase II Campus Development; and \$7,904,000 for Harford Community College – Susquehanna Center.

Legislative Projects – 2010 Session As Introduced

(Project Count: 121)

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
Statewide									
352	Currie	362	Griffith	X	Capital Area Food Bank	Statewide	\$300,000	Soft(1)	
263	DeGrange	587	Jones	X	Maryland Affordable Housing Trust	Statewide	2,000,000	Grant	
1073	Klausmeier	1142	DeBoy	X	Maryland Food Bank	Statewide	250,000	Hard	12A – Southwestern Baltimore County
1037	Frosh	1444	Bronrott		National Center for Children and Families Youth Activities Center	Statewide	500,000	Soft(all)	
Statewide – Subtotal							\$3,050,000		
Allegany									
388	Edwards	401	Allegany County Delegation	X	Allegany Museum	Allegany	\$600,000	Soft(all)	1C – Allegany and Washington Counties
Allegany – Subtotal							\$600,000		
Anne Arundel									
891	Astle	1281	Busch	X	Annapolis High School Booster Club Concession Stand	Anne Arundel	\$100,000	Soft(2,3)	33B – Southwestern Anne Arundel County
969	Reilly	1453	McConkey	X	Carroll Field Puglise Stadium Field Lights	Anne Arundel	125,000	Soft(2)	33A – Western Anne Arundel County
764	Anne Arundel County Senators	949	Love		Coordinating Center for Home and Community Care Building Facilities	Anne Arundel	200,000	Hard	

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
921	DeGrange	1099	Love	X	Reece Road Community Health Center	Anne Arundel	400,000	Soft(1)	32 – Northwestern Anne Arundel County
968	Astle	828	Busch	X	William Paca House	Anne Arundel	200,000	Soft(3)	30 – Eastern Anne Arundel County
Anne Arundel – Subtotal							\$1,025,000		
Baltimore City									
253	Jones	361	Haynes	X	2101 – 2111 Pennsylvania Avenue Development Project	Baltimore City	\$250,000	Hard	44 – Southeastern Baltimore City
871	Jones	540	Stukes	X	Academy of Success Community Empowerment Center	Baltimore City	400,000	Soft(2,3)	44 – Southeastern Baltimore City
296	Jones	363	Haynes	X	Baltimore Leadership School for Young Women	Baltimore City	350,000	Soft(3)	44 – Southeastern Baltimore City
178	McFadden	1315	Glenn	X	Collington Square Community Kitchen	Baltimore City	100,000	Hard	45 – Northeastern Baltimore City
614	Della	748	Krysiak	X	Creative Alliance Building	Baltimore City	400,000	Soft(1,2)	
1045	McFadden	1405	Harrison		Dayspring Square	Baltimore City	200,000	Soft(1,3)	
432	Jones	1232	Haynes	X	Druid Hill Family Center Y Revitalization	Baltimore City	100,000	Hard	44 – Southeastern Baltimore City
1015	Jones	1436	Haynes	X	Everyman Theatre	Baltimore City	500,000	Soft(1,3)	44 – Southeastern Baltimore City
393	McFadden	1342	Glenn	X	Fine Arts Center for Archbishop Curley High School	Baltimore City	400,000	Hard	45 – Northeastern Baltimore City
206	Jones	360	Haynes	X	Franklin Entrepreneurial and Apprenticeship Center	Baltimore City	250,000	Hard	44 – Southeastern Baltimore City

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
295	Jones	364	Haynes	X	Garrett-Jacobs Mansion Ballroom	Baltimore City	500,000	Soft(2,3)	44 – Southeastern Baltimore City
983	Gladden	1394	Rosenberg		Glenn Avenue Fire House	Baltimore City	150,000	Grant	
299	Pugh	280	Robinson	X	Greenmount West Community Resource Center	Baltimore City	100,000	Soft(1,2)	
132	Pugh	115	Tarrant	X	Maryland SPCA Adoption Center Expansion	Baltimore City	300,000	Hard	40 – North Central Baltimore City
117	Pugh	205	Conaway	X	Morgan Mill Renovation	Baltimore City	350,000	Hard	40 – North Central Baltimore City
392	McFadden	1319	Glenn		Mount Pleasant Family Life Center	Baltimore City	1,000,000	Soft(all)	
367	Della	802	McHale	X	Museum of Industry	Baltimore City	250,000	Soft(all)	46 – Eastern Baltimore City
1027	Klausmeier	1492	Krysiak	X	Port Discovery	Baltimore City	250,000	Hard	46 – Eastern Baltimore City
246	Pugh	263	Tarrant		Sandi’s Learning Center	Baltimore City	750,000	Hard	
903	Della	1097	Hammen	X	Southeast Neighborhood Development Center	Baltimore City	300,000	Hard	46 – Eastern Baltimore City
154	Jones	1192	Stukes	X	Southwest Senior and Community Multipurpose Center	Baltimore City	125,000	Soft(all)	44 – Southeastern Baltimore City
970	Conway	1240	Doory	X	Stadium Place	Baltimore City	350,000	Soft(2,3)	43 – Northern Baltimore City
1011	Gladden	1395	Oaks		Swann Avenue Fire House	Baltimore City	150,000	Grant	
1080	Jones	1487	Haynes		The Women’s Veteran’s Center	Baltimore City	200,000	Soft(2)	
Baltimore City – Subtotal							\$7,725,000		

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
Baltimore									
172	Kelley	139	Jones	X	Augsburg Lutheran Home of Maryland	Baltimore	\$300,000	Hard	10 – Western Baltimore County
268	Kelley	286	Nathan-Pulliam	X	Automotive Vocational Training Center	Baltimore	145,000	Soft(2,3)	10 – Western Baltimore County
981	Zirkin	1132	Morhaim	X	Baltimore County Humane Society	Baltimore	150,000	Soft(U,2)	
1089	Stone	1499	Weir		Dundalk Fire Station	Baltimore	250,000	Hard	
	Zirkin	1212	Stein	X	HopeWell Cancer Support Facility	Baltimore	500,000	Hard	
	Zirkin	1421	Cardin		Owings Mills High School Stadium	Baltimore	250,000	Soft(2)	
Baltimore – Subtotal							\$1,595,000		
Calvert									
105	Miller	153	Kullen	X	Kellam’s Field	Calvert	\$250,000	Soft(all)	27B – Calvert County
Calvert – Subtotal							\$250,000		
Carroll									
956	Carroll County Senators	1406	Barkley	X	Carroll County Agriculture Center	Carroll	\$250,000	Soft(2,3)	5A – Carroll County
Carroll – Subtotal							\$250,000		

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
Charles									
446	Middleton	495	Charles County Delegation	X	Hospice House	Charles	\$500,000	Soft(all)	28 – Charles County
568	Middleton	414	Charles County Delegation	X	Jaycees Field of Dreams	Charles	50,000	Soft(all)	28 – Charles County
491	Middleton	542	Charles County Delegation	X	Kamp A-Kom-Plish Facility	Charles	80,000	Hard	28 – Charles County
447	Middleton	675	Charles County Delegation		Potomac Heights Housing Complex	Charles	75,000	Grant	
Charles – Subtotal							\$705,000		
Dorchester									
424	Colburn	1055	Eckardt	X	Blackwater National Wildlife Refuge	Dorchester	\$80,000	Soft(2)	37B – Dorchester, Talbot, and Caroline Counties
425	Colburn	355	Dorchester County Delegation	X	Dorchester Center for the Arts Performance Hall	Dorchester	200,000	Soft(2)	37B – Dorchester, Talbot, and Caroline Counties
426	Colburn	737	Dorchester County Delegation	X	Dorchester County Family YMCA	Dorchester	250,000	Soft(all)	37B – Dorchester, Talbot, and Caroline Counties
749	Colburn	741	Dorchester County Delegation		Richardson Maritime Heritage Center	Dorchester	250,000	Soft(1)	
Dorchester – Subtotal							\$780,000		

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
Frederick									
1039	Brinkley	37	G. Clagett	X	Way Station	Frederick	\$500,000	Soft(1,3)	
Frederick – Subtotal							\$500,000		
Garrett									
389	Edwards	428	Beitzel	X	Oakland B&O Museum	Garrett	\$200,000	Soft(all)	1A – Allegany and Garrett Counties
Garrett – Subtotal							\$200,000		
Harford									
		1210	James		Nuttal Avenue Park	Harford	\$100,000	Hard	
		539	James		The Citizens Care and Rehabilitation Center	Harford	500,000	Hard	
Harford – Subtotal							\$600,000		
Howard									
437	Robey	229	Howard County Delegation	X	Alpha Ridge Park	Howard	\$75,000	Hard	9A – Northern Howard County
439	Robey	231	Howard County Delegation	X	Carroll Baldwin Hall	Howard	50,000	Soft(all)	
1070	Robey	1227	Guzzone		Linwood Center	Howard	500,000	Soft(1)	
436	Robey	228	Howard County Delegation		Living Farm Heritage Museum	Howard	35,000	Soft(2,3)	

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
24	Kasemeyer	234	Howard County Delegation	X	Symphony Woods Park	Howard	250,000	Hard	
438	Robey	232	Howard County Delegation	X	Troy Regional Park	Howard	500,000	Hard	
440	Robey	235	Howard County Delegation		Watson Telescope Observatory	Howard	25,000	Soft(all)	
Howard – Subtotal							\$1,435,000		
Montgomery									
12	Garagiola	846	Feldman	X	Cabin John Park Tai Chi Court	Montgomery	\$40,000	Soft(2,3)	16 – Southern Montgomery County
267	Kramer	117	Kaiser	X	Camp Brighton Woods	Montgomery	350,000	Soft(3)	14 – Eastern Montgomery County
588	King	369	Reznik	X	Cinnamon Woods Environmental and Safety Lighting Upgrade	Montgomery	125,000	Hard	39 – North Central Montgomery County
162	Forehand	519	Simmons	X	Garrett Park Community Center	Montgomery	200,000	Soft(U,1,2)	17 – Central Montgomery County
822	Forehand	1178	Gilchrist	X	Identity House	Montgomery	350,000	Soft(1,2)	17 – Central Montgomery County
332	Frosh	330	Rice	X	Ivymount School Annex Building	Montgomery	400,000	Soft(3)	15 – Western Montgomery County
510	Frosh	441	Frick	X	JFGH Activity Center	Montgomery	100,000	Soft(all)	17 – Central Montgomery County
589	King	602	Barkley	X	Lake Whetstone Hillside Stabilization	Montgomery	20,000	Hard	39 – North Central Montgomery County

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
1093	Kramer	389	Taylor		Maydale Nature Center	Montgomery	55,000	Soft(U,2)	
830	Madaleno	651	Carr	X	MCAD Parkland	Montgomery	500,000	Hard	18 – Southeastern Central Montgomery County
587	King	477	Barkley	X	Montgomery Village Martin Roy Park Pavilion	Montgomery	30,000	Hard	
936	Kramer	1104	Ali	X	Muslim Community Center Youth Multipurpose Facility	Montgomery	200,000	Soft(all)	14 – Eastern Montgomery County
687	Raskin	183	Hucker	X	National Labor College Academic Services Building	Montgomery	250,000	Soft(3)	
586	King	890	Reznik	X	RCI Group Home Renovations	Montgomery	100,000	Hard	39 – North Central Montgomery County
961	Forehand	1208	Barve		Rockville Fitness Center and Exercise Room Expansion	Montgomery	240,000	Soft(all)	
737	Kramer	396	Montgomery		Sandy Spring Museum	Montgomery	140,000	Soft(2,3)	
1062	Madaleno	1448	Heller	X	Threshold Services Group Home Renovations	Montgomery	50,000	Soft(all)	19 – Eastern Central Montgomery County
572	Madaleno	652	Carr	X	Warner Manor	Montgomery	1,000,000	Hard	18 – Southeastern Central Montgomery County
Montgomery – Subtotal							\$4,150,000		
Prince George’s									
	Pinsky	641	Gaines		3505 Hamilton Street	Prince George’s	\$300,000	Soft(1,3)	
490	Peters	1144	Holmes	X	Allen Pond Park	Prince George’s	100,000	Hard	
1090	Harrington	1495	Ivey		Bladensburg Market Square II	Prince George’s	100,000	Soft(all)	

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
489	Peters	545	Hubbard		Bowie Interfaith Pantry	Prince George's	25,000	Soft(2)	
		1437	Vaughn		Capitol Heights Green Initiative	Prince George's	200,000	Hard	
949	Raskin	1071	Hixson	X	CASA Multi-cultural Service Center	Prince George's	500,000	Soft(2)	47 – Eastern Prince George's County
150	Pinsky	326	Gaines	X	Community Forklift Facility	Prince George's	450,000	Hard	22 – Central Northern Prince George's County
869	Muse	884	V. Turner	X	Daughter for the Day	Prince George's	100,000	Soft(2)	
1085	Currie	1434	Braveboy	X	District Heights Field Renovation	Prince George's	220,000	Hard(U)	25 – Central Prince George's County
736	Rosapepe	1196	Frush	X	Dorset Road Reconstruction	Prince George's	1,440,000	Soft(all)	21 – Northwestern Prince George's County
965	Muse	1332	Walker		Evangel Assembly Family Life Center	Prince George's	200,000	Soft(2)	
941	Currie	1130	Davis		Forestville Military Academy Track	Prince George's	180,000	Grant	
1010	Exum	1461	Vaughn		Glenarden Senior Center	Prince George's	50,000	Grant	
963	Muse	1460	V. Turner		Hope Institute	Prince George's	100,000	Soft(2)	
127	Exum	129	Benson	X	John E. Feggans Center Renovation	Prince George's	250,000	Hard	25 – Central Prince George's County
861	Pinsky	941	Ross	X	La Vida Sana (Healthy Living Farm)	Prince George's	200,000	Soft(all)	22 – Central Northern Prince George's County
872	Currie	1456	Davis		Largo High School PTSA Track Renovation	Prince George's	180,000	Grant	

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
381	Rosapepe	146	Pena-Melnyk	X	LARS Facility Renovation	Prince George's	100,000	Hard	21 – Northwestern Prince George's County
668	Rosapepe	433	Barnes	X	Laurel Boys and Girls Club	Prince George's	500,000	Soft(all)	
734	Rosapepe	1419	Barnes		Laurel Police Department Facility – Community Space	Prince George's	1,300,000	Soft(3)	
669	Peters	1143	Holmes	X	Marlboro Meadows Senior Center	Prince George's	50,000	Soft(1,2)	23B – Eastern Prince George's County
917	Peters	1054	Hubbard		Marleigh Community Safety and Surveillance System	Prince George's	20,000	Hard(U)	
		1198	Braveboy	X	Olde Mill Community and Teaching Center	Prince George's	50,000	Soft(1)	
860	Pinsky	586	Ross	X	SEED Recreation Center	Prince George's	150,000	Hard	22 – Central Northern Prince George's County
595	Exum	507	Howard		Sheriff Road Village Center	Prince George's	250,000	Soft(all)	
607	Miller	935	Proctor		South County Community Center	Prince George's	300,000	Soft(1,3)	
918	Peters	1258	Holmes		St. Mary's School Gymnasium and Multi-purpose Room	Prince George's	25,000	Hard	
488	Peters	548	Hubbard		Thomas Johnson Middle School Sign Board	Prince George's	25,000	Soft(2)	
603	Currie	49	Braveboy		Walker Mill Daycare and Training Center	Prince George's	250,000	Soft(2)	
868	Muse	1483	Valderrama		Youth Fitness Facility	Prince George's	20,000	Hard	
Prince George's – Subtotal							\$7,635,000		

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
Queen Anne's									
996	Pipkin	1092	Queen Anne's County Delegation	X	Cross County Trail Phase I	Queen Anne's	\$470,000	Soft(2)	36 – Kent, Queen Anne's and Caroline Counties
999	Pipkin	1115	Queen Anne's County Delegation	X	Hospice of Queen Anne's	Queen Anne's	40,000	Hard	36 – Kent, Queen Anne's and Caroline Counties
753	Pipkin	321	Queen Anne's County Delegation	X	Kennard High School Restoration	Queen Anne's	150,000	Soft(2)	36 – Kent, Queen Anne's and Caroline Counties
997	Pipkin	1116	Queen Anne's County Delegation	X	Queen Anne's County YMCA	Queen Anne's	3,000,000	Soft(1)	36 – Kent, Queen Anne's and Caroline Counties
Queen Anne's – Subtotal							\$3,660,000		
St. Mary's									
136	Dyson		Bohanan	X	United States Colored Troops Memorial Monument	St. Mary's	\$250,000	Soft(all)	
St. Mary's – Subtotal							\$250,000		
Talbot									
427	Colburn	141	Haddaway	X	Family Support Center	Talbot	\$300,000	Soft(1,2)	37B – Dorchester, Talbot and Caroline Counties
Talbot – Subtotal							\$300,000		

SB#	Senate Sponsor	HB#	House Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match	District #
Washington									
487	Munson	170	Donoghue	X	Deafnet Building	Washington	\$250,000	Soft(3)	
1058	Munson	1474	Donoghue	X	Museum of Fine Arts	Washington	150,000	Hard	2A – Washington County
486	Munson	1057	Washington County Delegation	X	Rural Heritage Transportation Museum	Washington	75,000	Hard	2B – Washington County
Washington – Subtotal							\$475,000		
Wicomico									
1069	Stoltzfus	1313	Conway	X	Parsonsborg Volunteer Fire Company Community Center	Wicomico	\$300,000	Soft(all)	38B – Wicomico and Worcester Counties
1072	Colburn	1462	Conway	X	Salisbury Zoological Park Animal Health Clinic	Wicomico	300,000	Soft(3)	38B – Wicomico and Worcester Counties
Wicomico – Subtotal							\$600,000		
Worcester									
1068	Stoltzfus	1308	Conway	X	Pocomoke City Volunteer Fire Company Community Center	Worcester	\$300,000	Soft(all)	38B – Wicomico and Worcester Counties
Worcester – Subtotal							\$300,000		
Grand Total:							\$36,085,000		