2011 Session
Capital Budget Overview

Department of Legislative Services
Office of Policy Analysis
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2011 Session Capital Budget Overview

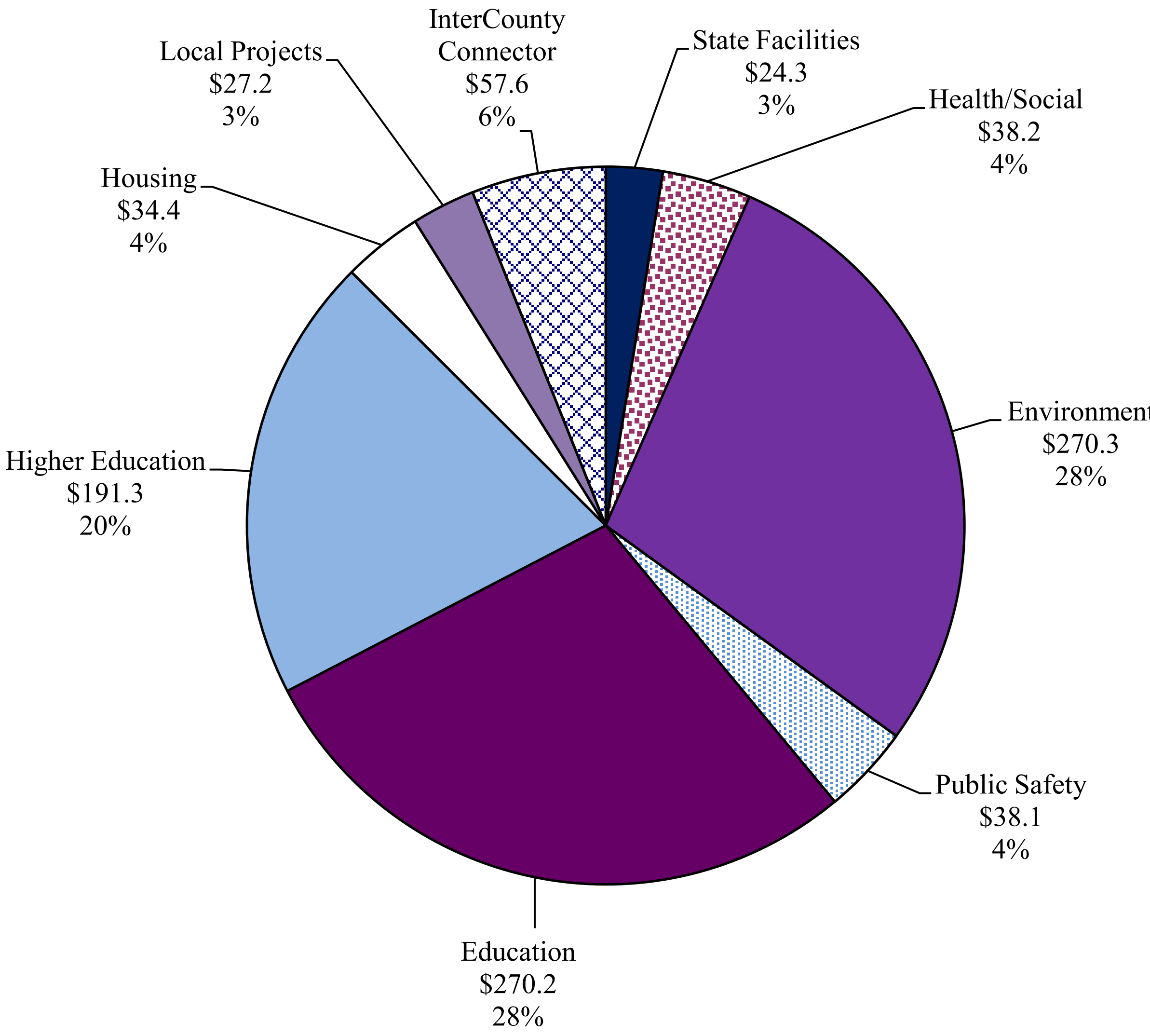
The Fiscal 2012 Non-transportation *Capital Improvement Program* Totals Approximately $1.448 Billion

- The program is funded by debt ($1.158 billion, 80%) and current funds ($289.6 million, 20%).

- The Capital Debt Affordability Committee (CDAC) recommended a general obligation (GO) debt limit of $925.0 million. CDAC also recommended a $27.0 million limit for academic revenue bonds (ARB). The Spending Affordability Committee concurred with the recommended $925.0 million limit for GO debt and $27.0 million ARB limit.

- The capital program as introduced includes $925.0 million in GO debt for State-owned facilities and grant and loan programs. An additional $10.6 million in GO bonds from prior years will be de-authorized, thus increasing the amount of GO debt included in the capital program to $935.6 million. The capital budget plan also includes the issuance of $15.9 million of Qualified Zone Academy Bonds, bringing the total to $951.5 million. Of the $951.5 million of new State tax-supported debt, $212.2 million funds the replacement of the proposed fund balance and fiscal 2011 and 2012 revenue transfers from a variety of environmental and housing program special fund accounts, $188.6 million represents debt pre-authorized in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2010, $57.6 funds construction of the InterCounty Connector (ICC), and $15.0 million is reserved for legislative community initiatives. **Exhibit 1** illustrates the GO bond distribution.

Exhibit 1
GO Bond Distribution
($ in Millions)



Source: Department of Budget and Management

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

Project Title	GO Bond	Revenue	Total GO and Revenue Funds
MDE: Enhanced Nutrient Removal	$146,825,000	$180,000,000	$326,825,000
PSCP: Public School Construction Program	240,344,000	0	240,344,000
MHEC: Community College Facilities Grant Program	60,791,000	0	60,791,000
Miscellaneous: InterCounty Connector	57,630,000	0	57,630,000
USM: New Law School Building	41,493,000	0	41,493,000
USM: New Performing Arts and Humanities Facility	31,200,000	10,000,000	41,200,000
MDE: Biological Nutrient Removal Program	30,900,000	0	30,900,000
USM: Physical Sciences Complex	30,100,000	0	30,100,000
DNR: Program Open Space	28,459,000	0	28,459,000
DSP: Helicopter Replacement	22,650,000	0	22,650,000
USM: Capital Facility Renewal	0	17,000,000	17,000,000
PSCP: Qualified Zone Academy Bond Program	15,902,000	0	15,902,000
Local House and Senate Initiatives	15,000,000	0	15,000,000
DNR: Rural Legacy Program	14,104,000	0	14,104,000
USM: New Center for Communications and Information Technology	10,054,000	0	10,054,000
DoIT: Public Safety Communication System	10,000,000	0	10,000,000
UMMS: Trauma, Critical Care, and Emergency Medicine Services Expansion	10,000,000	0	10,000,000
MDE: Maryland Water Quality Revolving Loan Fund	9,856,000	0	9,856,000
DPSCS: Housing Unit Windows and Heating Systems	9,729,000	0	9,729,000
DHCD: Homeownership Program	8,500,000	0	8,500,000
DHCD: Special Loan Programs	7,400,000	0	7,400,000
Subtotal Top Funded Programs and Projects	**$800,937,000**	**$207,000,000**	**$1,007,937,000**
Subtotal Other Programs and Projects	**$150,583,000**	**$0**	**$150,583,000**
De-authorizations as Introduced	**-$10,618,000**	**$0**	**-$10,618,000**
Total	**$940,902,000**	**$207,000,000**	**$1,147,902,000**

DHCD: Department of Housing and Community Development
DNR: Department of Natural Resources
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
GO: general obligation
MDE: Maryland Department of the Environment
MHEC: Maryland Higher Education Commission
PSCP: Public School Construction Program
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 2011 Session
($ in Millions)

	Bonds		Current Funds (PAYGO)			
Function	**General Obligation**	**Revenue**	**General**	**Special**	**Federal**	**Total**
State Facilities						**$95.9**
Facilities Renewal	$7.1	$0.0	$0.0	$0.0	$0.0	
State Facilities Other	17.2	0.0	0.0	0.0	71.6	
Health/Social						**$38.2**
Health Other	15.6	0.0	0.0	0.0	0.0	
Health State Facilities	6.1	0.0	0.0	0.0	0.0	
Private Hospitals	16.5	0.0	0.0	0.0	0.0	
Environment						**$618.7**
Agriculture	11.9	0.0	0.0	5.4	0.0	
Energy	0.0	0.0	0.0	5.5	0.0	
Environment	197.1	180.0	0.0	97.5	53.7	
Natural Resources	61.3	0.0	0.0	2.9	3.5	
Public Safety						**$38.1**
Local Jails	5.0	0.0	0.0	0.0	0.0	
State Corrections	9.7	0.0	0.0	0.0	0.0	
State Police	23.4	0.0	0.0	0.0	0.0	
Education						**$270.2**
Education Other	7.8	0.0	0.0	0.0	0.0	
School Construction*	262.4	0.0	0.0	0.0	0.0	
Higher Education						**$218.3**
Community Colleges	63.0	0.0	0.0	0.0	0.0	
Morgan State Univ.	5.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	4.0	0.0	0.0	0.0	0.0	
University System	119.3	27.0	0.0	0.0	0.0	
Housing/Community Development						**$83.9**
Housing	32.4	0.0	0.0	19.5	20.0	
Housing Other	2.0	0.0	10.0	0.0	0.0	
Local Projects						**$27.2**
Local Project Administration	12.2	0.0	0.0	0.0	0.0	
Local Project Legislative	15.0	0.0	0.0	0.0	0.0	
Transportation						**$57.6**
Highways	57.6	0.0	0.0	0.0	0.0	
De-authorizations						**-$10.6**
De-authorizations	-10.6	0.0	0.0	0.0	0.0	
Total Fiscal 2012*	**$940.9**	**$207.0**	**$10.0**	**$130.9**	**$148.7**	**$1,437.5**
Fiscal 2010 Deficiencies	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Transportation	**$0.0**	**$335.0**	**$0.0**	**$423.7**	**$827.8**	**$1,586.4**
Grand Total Fiscal 2012	**$940.9**	**$542.0**	**$10.0**	**$554.6**	**$976.5**	**$3,023.9**

*This includes $15.9 million of Qualified Zone Academy Bonds. The total proposed funding level for the Public School Construction program is also supplemented with $9.7 million from the Interagency Committee on School Construction Contingency Fund, bringing the total funding level to $250.0 million.

Source: Department of Budget and Management

Exhibit 4

Capital Program Request for the 2011 Session

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
	State Facilities						
DA0201A	MDOD: Accessibility Modifications	$1,444,000	$0	$0	$0	$0	$1,444,000
DE0201A	BPW: Lowe House of Delegates Building Renovation	7,050,000	0	0	0	0	7,050,000
DH0104	MD: Military Department Armory Program	0	0	0	0	27,823,000	27,823,000
FB04A	DoIT: Public Safety Communication System	10,000,000	0	0	0	0	10,000,000
FB04B	DoIT: One Maryland Broadband Network	5,800,000	0	0	0	43,762,819	49,562,819
	Subject Category Subtotal:	**$24,294,000**	**$0**	**$0**	**$0**	**$71,585,819**	**$95,879,819**
	Health/Social						
MA01A	DHMH: Community Health Facilities Grant Program	$3,568,000	$0	$0	$0	$0	$3,568,000
MA01B	DHMH: Federally Qualified Health Centers Grant Program	2,002,000	0	0	0	0	2,002,000
MI0401A	DHMH: Deer's Head Hospital Center Kidney Dialysis Unit	6,124,000	0	0	0	0	6,124,000
RQ00A	UMMS: Trauma, Critical Care, and Emergency Medicine Services Expansion Project	10,000,000	0	0	0	0	10,000,000
ZA00E	Misc: Johns Hopkins Medicine – Cardiovascular and Critical Care Tower	5,500,000	0	0	0	0	5,500,000
ZA00F	Misc: Kennedy Krieger Institute – Comprehensive Autism Center	1,000,000	0	0	0	0	1,000,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
ZA00N	Misc: Prince George's Hospital System	4,000,000	0	0	0	0	4,000,000
ZA00O	Misc: Sinai Hospital – Neurological Rehabilitation Center	1,000,000	0	0	0	0	1,000,000
ZA01A	Misc: Anne Arundel Medical Center	300,000	0	0	0	0	300,000
ZA01B	Misc: Dorchester General Hospital	1,000,000	0	0	0	0	1,000,000
ZA01C	Misc: Maryland General Hospital	1,000,000	0	0	0	0	1,000,000
ZA01D	Misc: Mercy Medical Center	2,700,000	0	0	0	0	2,700,000
	Subject Category Subtotal:	**$38,194,000**	**$0**	**$0**	**$0**	**$0**	**$38,194,000**
	Environment						
DA1302	MEA: Jane E. Lawton Loan Program	$0	$0	$0	$3,000,000	$0	$3,000,000
DA1303	MEA: State Agency Loan Program	0	0	0	2,500,000	0	2,500,000
KA05A	DNR: Community Parks and Playgrounds	2,500,000	0	0	0	0	2,500,000
KA05B	DNR: Rural Legacy Program	14,104,000	0	0	0	0	14,104,000
KA05C	DNR: Natural Resources Development Fund	3,450,000	0	0	0	0	3,450,000
KA05D	DNR: Program Open Space	28,459,000	0	0	1,500,000	3,000,000	32,959,000
KA05E	DNR: Critical Maintenance Program	3,380,000	0	0	0	0	3,380,000
KA05F	DNR: Dam Rehabilitation Program	1,045,000	0	0	0	0	1,045,000
KA05G	DNR: Ocean City Beach Replenishment Fund	1,000,000	0	0	1,000,000	0	2,000,000
KA05H	DNR: Waterway Improvement Fund	7,347,000	0	0	410,000	500,000	8,257,000
LA11A	MDA: Agricultural Land Preservation Program	4,367,000	0	0	4,200,000	0	8,567,000
LA12A	MDA: Maryland Agricultural Cost-share Program	6,000,000	0	0	0	0	6,000,000
LA15A	MDA: Tobacco Transition Program	1,500,000	0	0	1,238,000	0	2,738,000
UA010312	MDE: Septic System Upgrade Program	0	0	0	8,500,000	0	8,500,000

Budget Code	Project Title	Bonds: General Obligation	Bonds: Revenue	Current Funds (PAYGO): General	Current Funds (PAYGO): Special	Current Funds (PAYGO): Federal	Total Funds
UA01A	MDE: Enhanced Nutrient Removal	146,825,000	180,000,000	0	0	0	326,825,000
UA01B	MDE: Maryland Water Quality Revolving Loan Fund	9,856,000	0	0	83,836,000	47,308,000	141,000,000
UA01C	MDE: Maryland Drinking Water Revolving Loan Fund	1,970,000	0	0	5,182,000	6,348,000	13,500,000
UA04A1	MDE: Biological Nutrient Removal Program	30,900,000	0	0	0	0	30,900,000
UA04A2	MDE: Supplemental Assistance Program	5,000,000	0	0	0	0	5,000,000
UA04B	MDE: Water Supply Financial Assistance Program	2,500,000	0	0	0	0	2,500,000
	Subject Category Subtotal:	**$270,203,000**	**$180,000,000**	**$0**	**$111,366,000**	**$57,156,000**	**$618,725,000**
	Public Safety						
QB0402A	DPSCS: Housing Unit Windows and Heating Systems	$9,729,000	$0	$0	$0	$0	$9,729,000
WA01A	DSP: Barrack P Land Acquisition	760,000	0	0	0	0	760,000
WA01B	DSP: Helicopter Replacement	22,650,000	0	0	0	0	22,650,000
ZB02A	DPSCS: Cecil County Detention Center	4,955,000	0	0	0	0	4,955,000
	Subject Category Subtotal:	**$38,094,000**	**$0**	**$0**	**$0**	**$0**	**$38,094,000**
	Education						
DE0202A	PSCP: Public School Construction Program	$240,344,000	$0	$0	$0	$0	$240,344,000
DE0202AQ	PSCP: Qualified Zone Academy Bond Program	15,902,000	0	0	0	0	15,902,000
DE0202B	PSCP: Aging School Program	6,109,000	0	0	0	0	6,109,000
RA01A	MSDE: Public Library Grant Program	5,000,000	0	0	0	0	5,000,000

		Bonds		Current Funds (PAYGO)			
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
RA01B	MSDE: Western Maryland Regional Library	2,500,000	0	0	0	0	2,500,000
RE01A	MSDE: New Fire Alarm and Emergency Notification System	332,000	0	0	0	0	332,000
	Subject Category Subtotal:	**$270,187,000**	**$0**	**$0**	**$0**	**$0**	**$270,187,000**
	Higher Education						
RB22A	UMCP: Physical Sciences Complex	$30,100,000	$0	$0	$0	$0	$30,100,000
RB23A	BSU: Campuswide Site Improvements	1,833,000	0	0	0	0	1,833,000
RB23B	BSU: New Fine and Performing Arts Building	1,050,000	0	0	0	0	1,050,000
RB25A	UMES: New Engineering and Aviation Sciences Building	3,600,000	0	0	0	0	3,600,000
RB26A	FSU: New Center for Communications and Information Technology	10,054,000	0	0	0	0	10,054,000
RB28A	UB: New Law School Building	41,493,000	0	0	0	0	41,493,000
RB31A	UMBC: New Performing Arts and Humanities Facility	31,200,000	10,000,000	0	0	0	41,200,000
RB36RB	USMO: Capital Facility Renewal	0	17,000,000	0	0	0	17,000,000
RC00A	BCCC: Main Building Renovation	2,250,000	0	0	0	0	2,250,000
RI00A	MHEC: Community College Facilities Grant Program	60,791,000	0	0	0	0	60,791,000
RM00A	MSU: New Center for the Built Environment	4,000,000	0	0	0	0	4,000,000
RM00B	MSU: New School of Business Complex	921,000	0	0	0	0	921,000
RM00C	MSU: Lillie Carroll Jackson Museum Renovation	50,000	0	0	0	0	50,000
ZA00H	MICUA: Johns Hopkins University	1,000,000	0	0	0	0	1,000,000

		Bonds		Current Funds (PAYGO)			
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
ZA00I	MICUA: Maryland Institute College of Art	1,000,000	0	0	0	0	1,000,000
ZA00J	MICUA: Mount St. Mary's University	1,000,000	0	0	0	0	1,000,000
ZA00K	MICUA: Washington College	1,000,000	0	0	0	0	1,000,000
	Subject Category Subtotal:	**$191,342,000**	**$27,000,000**	**$0**	**$0**	**$0**	**$218,342,000**
	Housing/Community Development						
D40W0111	MDOP: Maryland Historical Preservation Loan Program	$0	$0	$0	$100,000	$0	$100,000
D40W1112	MDOP: Sustainable Communities Tax Credit Program	0	0	10,000,000	0	0	10,000,000
DW0108A	MDOP: Riverside Interpretive Trail and Exhibit Stations	1,001,000	0	0	0	0	1,001,000
DW0110	MDOP: African American Heritage Preservation Program	1,000,000	0	0	0	0	1,000,000
S00A2502	DHCD: Community Development Block Grant Program	0	0	0	0	10,000,000	10,000,000
S00A2507	DHCD: Rental Housing Programs	0	0	0	15,500,000	6,000,000	21,500,000
S00A2514	DHCD: MD-BRAC Preservation Loan Program	0	0	0	4,000,000	0	4,000,000
SA24A	DHCD: Community Legacy Program	4,250,000	0	0	0	0	4,250,000
SA24B	DHCD: Neighborhood Business Development Program	4,250,000	0	0	0	0	4,250,000
SA25A	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	6,000,000
SA25B	DHCD: Homeownership Program	8,500,000	0	0	0	1,000,000	9,500,000
SA25C	DHCD: Shelter and Transitional Housing Facilities Grant Program	2,000,000	0	0	0	0	2,000,000
SA25D	DHCD: Special Loan Programs	7,400,000	0	0	0	3,000,000	10,400,000
	Subject Category Subtotal:	**$34,401,000**	**$0**	**$10,000,000**	**$19,600,000**	**$20,000,000**	**$84,001,000**

		Bonds		Current Funds (PAYGO)			
Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
	Local Projects						
ZA00A	Misc: Baltimore Museum of Art	$2,500,000	$0	$0	$0	$0	$2,500,000
ZA00B	Misc: East Baltimore Biotechnology Park	2,500,000	0	0	0	0	2,500,000
ZA00C	Misc: Charles E. Smith Life Communities	675,000	0	0	0	0	675,000
ZA00G	Misc: Maryland Hall for the Creative Arts	250,000	0	0	0	0	250,000
ZA00L	Misc: Maryland Zoo in Baltimore	2,500,000	0	0	0	0	2,500,000
ZA00M	Misc: National Children's Museum	3,000,000	0	0	0	0	3,000,000
ZA00P	Misc: St. Ann's Infant and Maternity Home	750,000	0	0	0	0	750,000
ZA02	Local House Initiatives	7,500,000	0	0	0	0	7,500,000
ZA03	Local Senate Initiatives	7,500,000	0	0	0	0	7,500,000
	Subject Category Subtotal:	**$27,175,000**	**$0**	**$0**	**$0**	**$0**	**$27,175,000**
	Transportation						
ZA00D	Misc: InterCounty Connector	$57,630,000	$0	$0	$0	$0	$57,630,000
	Subject Category Subtotal:	**$57,630,000**	**$0**	**$0**	**$0**	**$0**	**$57,630,000**
	De-authorizations						
ZF00	De-authorizations as Introduced	-$10,618,000	$0	$0	$0	$0	-$10,618,000
	Subject Category Subtotal:	**-$10,618,000**	**$0**	**$0**	**$0**	**$0**	**-$10,618,000**
	Non-transportation Total	**$940,902,000**	**$207,000,000**	**$10,000,000**	**$130,966,000**	**$148,741,819**	**$1,437,609,819**
	Transportation	**$0**	**$335,000,000**	**$0**	**$423,685,000**	**$827,751,000**	**$1,586,436,000**
	Grand Total	**$940,902,000**	**$542,000,000**	**$10,000,000**	**$554,651,000**	**$976,492,819**	**$3,024,045,819**

BCCC: Baltimore City Community College
BPW: Board of Public Works
BSU: Bowie State University
DHCD: Department of Housing and Community Development
DHMH: Department of Health and Mental Hygiene
DoIT: Department of Information Technology
DNR: Department of Natural Resources
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
FSU: Frostburg State University
MD: Military Department
MD-BRAC: Maryland Base Realignment and Closure
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDOD: Maryland Department of Disabilities
MDOP: Maryland Department of Planning
MEA: Maryland Energy Administration
MHEC: Maryland Higher Education Commission
MICUA: Maryland Independent College and University Association
Misc: Miscellaneous
MSDE: Maryland State Department of Education
MSU: Morgan State University
PAYGO: pay-as-you-go
PSCP: Public School Construction Program
UB: University of Baltimore
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park
UMES: University of Maryland Eastern Shore
USMO: University System of Maryland Office
UMMS: University of Maryland Medical System

Source: Department of Budget and Management

Issues and Updates

1. State Center Redevelopment

Background

State Center is located in Baltimore City and refers to a grouping of office buildings in mid-town Baltimore City, generally bordering Preston Street, that houses a number of State agencies. The complex is sited on 28 acres with close proximity to the State Center Metro stop and the Cultural Center light rail station.

Redevelopment of the center has been under consideration at least since the fall of 2004, in part because the age and condition of the facilities require replacement or renovation. The Maryland Department of Transportation (MDOT) and the Maryland Department of Planning (MDP) had been exploring transit-oriented development (TOD) opportunities within Baltimore City prior to the Department of General Services (DGS) recommending the State Center Complex. TODs involve use of public-private partnerships (P3) to establish mixed use developments, improve transit connections, and economically revitalize areas adjacent to transit stations. According to TOD principles, the multi-phased redevelopment is intended to spur economic revitalization of the currently underutilized State-owned land in the proximity of the existing mass transit at State Center.

The basic concept underpinning the proposed multi-phase development entails the State ground leasing parcels in several phases to State Center LLC, with the State then renting office space from the developer. In addition to office space for the State, the developer proposes to construct private commercial office space, retail space including a grocery store, a mix of low and moderate income rental and market rate for sale housing, and parking.

Recent Contractual/Development Milestones

Master Development Agreement

In June 2009, the State Center Master Development Agreement (MDA) was approved by the Board of Public Works (BPW). This agreement allowed for further ground and occupancy lease negotiations with the developer at each stage of the multi-phased redevelopment project. Although the overall size and scope of the redevelopment is to be undertaken in accordance with certain overall commercial, retail, residential, and State occupied space requirements, as set forth in a Planned Unit Development (PUD) agreement between the developer and Baltimore City, the approved MDA provides the developer with a degree of latitude concerning the amount and mix of space to be developed at each stage, as well as some flexibility on the development timeline. Likewise, the MDA also provides opportunities for the State to negotiate a buy-out and discontinue its participation in the project, should the State determine that the development is no longer viable or in its best interest.

Ground and Occupancy Leases

In July 2010, BPW approved the ground and occupancy leases for the first phase of the development. While the basic terms as they relate to the State are outlined in more detail below, it is important to note that the multi-phased nature of the project and flexible overall development size, scope, and timeline complicate any cost benefit analysis but also allow the project to evolve to meet market conditions in both the supply and demand for office space and housing and access to capital by the developer. The substantial amount of changes made to the size and scope of the first development phase (and changes made in the terms of the proposed ground and occupancy leases since the MDA and Phase I ground and occupancy leases were approved) underscores the degree to which the entire project although loosely bounded by the PUD is somewhat evolutionary and dictated by market forces.

Ground Lease

The ground lease for Phase I extends for up to 90 years to include a 50-year base ground lease, a 25-year extension subject to approval by State Center LLC, and a 15-year extension subject to BPW approval. It is important to note that the first extension is not subject to BPW approval which is a distinction from customary ground leases of this nature. The parties negotiating on the State's behalf explain that this provision is necessary to ensure a sufficient long-term ground lease that will aid the developers' access to lower financing terms and thus cheaper capital costs.

Occupancy Lease and Rent Terms

The first phase entails the development of two new office towers and one underground parking garage on Parcels G and I-2. **Exhibit 5** illustrates the details of this phase. Parcel G would consist of 375,000 square foot (sq. ft.) of State office space, a 50,000 sq. ft. grocery store, 15,000 sq. ft. of retail, and 15,000 sq. ft. of private office space to complete the tower, which will be financed by State Center LLC. A three-level, below-grade, 928-space parking garage will also be sited on Parcel G, financed by the Maryland Economic Development Corporation (MEDCO). The Transportation Trust Fund (TTF) will pay all debt service costs, offset by parking revenue from State employees and other users. It is proposed that State employees will begin paying $56 a month in fiscal 2014, increasing by 3% annually. Parcel I-2 consists of a 125,000 sq. ft. office tower and 5,000 sq. ft. conference center to be occupied by the Maryland Transit Administration, which would move from State-owned space in the Schaefer Tower. This parcel would also include 15,000 sq. ft. of retail space.

Exhibit 5
Proposed Components of the State Center Phase I Operating Lease

	Parcel G	Parcel I-2	Parking Garage
Uses			
State Office	375,000 sq. ft.	125,000 sq. ft.	
State Conference		5,000 sq. ft.	
Private Office	15,000 sq. ft. [1]		
Retail	15,000 sq. ft.	15,000 sq. ft.	
Grocery	50,000 sq. ft.		
Parking			928 spaces

[1]Potential private office space expansion of 125,000 sq. ft. and 150 residential units is planned when market conditions allow.

Source: Department of General Services

The currently negotiated and BPW-approved operating lease includes the following terms:

- a 20-year lease beginning in November 2013 (fiscal 2014) subject to annual appropriation provisions but which cannot be terminated for convenience. The inclusion of a termination for convenience clause is typically a customary provision in State occupancy leases;

- base rent starting at $25.85/sq. ft.;

- pass-through rent starting at an ***estimated*** $11.03/sq. ft., pending building design and negotiation of a payment in lieu of taxes (PILOT) with the Baltimore Development Corporation (BDC) for an estimated $2.50/sq. ft.;

- rent costs will increase 15% every five years; and

- rent start payments to require State payments even if completion is delayed – this provision is said to be needed to provide a definite timeline on the accrual of project revenues needed to secure private market financing.

The Administration is assuming that this structure will be deemed to be an operating lease; the Issue section of this analysis provides further discussion concerning the treatment of the occupancy lease with respect to its potential debt affordability implications. **Exhibit 6** illustrates the estimated base, pass-through, and total rent for the 20-year operating lease. The estimated all-in cost per square foot would be approximately $37/sq. ft. and increase to $56/ sq. ft. for the final 5 years of the 20-year term.

Exhibit 6

Estimated State Operating Lease Payments
Parcels G and I-2 Combined
($ in Millions – Except Square Foot Cost)

Fiscal Years	Base Rent	Pass-through Rent	Total Estimated Rent	Estimated Cost Per Square Foot
2014-2018	$12.529	$5.515	$18.044	$37
2019-2023	14.408	6.342	20.750	42
2024-2028	17.093	7.239	24.332	49
2029-2033	19.657	8.388	28.045	56

Source: Department of General Services

The State would also be responsible for moving expenses, estimated at $2.4 million for this phase only, as well as $5.8 million over four years for mothballing costs for existing State Center space pending renovation by the developer.

Parking Garage

Construction of the 928-space parking garage is estimated to cost approximately $35.0 million, financed by 22-year tax exempt MEDCO bonds. The State would receive 50 spaces on a 24/7 basis for fleet vehicles and have access to 500 additional spaces during business hours. Debt service is estimated to exceed offsetting parking revenue by about $2.3 million annually for a net loss to the TTF.

State Revenues

Under the current proposal, the State would receive revenues from a combination of annual ground lease payments, annual operating cash flows, and a share of capital events. The ground rent revenue structure, based on an initial base rent of $2,000 per acre and annual base rent and increases by 15% every 5 years for the first 20 years, produces rather nominal annual revenue to the State ranging from approximately $127,000 to $192,000 through the first 20 years.

In addition to ground rent payments, the State will be repaid its pre-development costs in an amount up to $1.34 million on Parcel G and up to $379,000 on Parcel I-2 and on a proportional basis with the developer at the closing of the initial construction financing for each parcel. Any unpaid pre-development costs will be reimbursed with any later capital event on the respective parcel, and any State pre-development costs exceeding $1.5 million will be reimbursed in subsequent phases. The more significant considerations that the Department of Legislative Services (DLS) notes were not part of the original agreement but incorporated later as the entire development was vetted in the public forum, include participation rent as follows:

- 7% of annual net operating cash flows after the investors receive repayment of their equity investment, but on par with the investor return; and

- 7% of any capital events, consisting of sale or refinancing. Sale or refinancing by State Center LLC cannot occur until the earlier of:

  - seven years from commencement of the State office lease; or

  - 75% of the private and retail spaces are leased, including the proposed 125,000 sq. ft. private office tower proposed as part of Parcel G.

Issues

Even after the State's approval of the ground and occupancy leases in July 2010, a number of issues remain that will necessarily affect any final Phase I costs and by extension a final determination as to whether the approved occupancy lease may count against the State's debt limits. As it stands, any development of Phase I, including the parking garage, remains contingent upon (1) the developer obtaining private sector financing; (2) finalization of certain terms of the State's occupancy lease including any absolute rent commencement date necessary for private bond financing and satisfactory liquidation damage provisions to offset any delay in delivering State occupancy space beyond the State's absolute rent start date; and (3) final agreement on the PILOT agreement with Baltimore City for Phase I and finalized terms on the amount of pass-through rent. DLS raises the following issues.

Debt Affordability Implications – Operating vs. Capital Lease

CDAC currently considers tax-supported capital leases but not operating leases in its affordability analysis. While Phase I is assumed by the Administration to constitute an operating lease, based in part on the requirement for annual appropriations in the budget, Chapter 641 of 2010 required the State Treasurer to analyze the impact of P3 agreements such as State Center on the State's affordability limits. The four Government Accounting Standards Board (GASB) criteria for determining the classification of a lease as operating or capital are as follows:

- The lease transfers ownership of the property to the lessee by the end of the lease terms.
- The lease contains a bargain purchase option.
- The lease term is equal to 75.0% or more of the estimated economic impact of the leased property.
- The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90.0% of the fair market value of the leased property. A lessee shall compute the present value of the minimum lease payments using its incremental borrowing rate.

Administration Assumptions: In the absence of final lease terms, the Treasurer's analysis was based exclusively on assumptions provided by the Administration. These included:

- that the first GASB provision does not apply since there is no transfer of ownership of the property at the end of the ***operating*** lease term. However, transfer of all buildings at the complex will transfer from the developer to the State at the end of the ***ground*** lease; and
- in calculating whether the lease payments equal or exceed 90.0% of the fair market value of the property, the Administration assumes a 5.25% discount rate on lease payments based on the assumption that the State would not issue general obligation bonds for the project. Moreover, a cap rate of 7% was assumed. In combination this yields an 88.0% ratio.

Given that the Treasurer based her analysis on the Administration's assumptions, it is premature to make a determination of whether State Center is an operating lease until actual lease and financing terms are made available. However, under GASB accounting provisions, the transfer of ownership at the end of the ground lease suggests that the project is a capital lease. Under the fair market value criterion, there is no basis for assuming that general obligation would not be an issue, thus the discount rate should be lower than the 5.25% assumption. The cap rate cannot be known until actual financing terms are disclosed. Specific to this component, the Administration would need to report what percent of Phase I was funded with cash and discrete debt issuances as well as the rates of return for each component.

DLS recommends that the Treasurer re-examine whether State Center is a capital or operating lease once final lease terms are available.

Net Effect on the General Fund Budget

The Administration assumes that additional rent expenses will be offset by a reduction in the level of current general fund spending for utilities, security, maintenance, and other related expenses. It is unclear if the estimates of savings will actually materialize, which would have a larger net effect on general fund spending. The $11 operating/taxes component of the rent is not finalized, pending the final building design and the agreement on the level of property taxes to be paid. **It is recommended that annual reports should be submitted to the budget committees to document actual general fund savings in the budgets of DGS, the Department of Health and Mental Hygiene (DHMH), MDP, and any other agency where offsetting expense reductions are expected to be found.**

The redevelopment will require the State to pay a PILOT to fund the State's share of the debt service on the tax increment financing (TIF) issued by BDC as a part of the overall project financing structure. The cost of the PILOT needs to be factored into the final all-in rent paid by the State and thus affect the impact such rents will have annually on the general fund since the source of rents under the occupancy lease entail general fund appropriations. **The Administration should report the terms and conditions of the PILOT, as well as the effect on State rent. Furthermore, the Administration should report on the amount and planned use of the TIF to be issued and applied to the Phase I development as it has been reported that only approximately $15 million of TIF financing is to be applied to Phase I.**

It is also assumed that initial rent will begin in fiscal 2014 at approximately $37/sq. ft. Furthermore, the space allocation plan for the agencies that will occupy Phase I State space may not take into account changes in the authorized position levels. **The Administration should report the "all-in" rent cost to the budget committees as soon as it has been determined.**

Oversight of Public-private Partnerships and Pending State Center Litigation

P3s offer opportunities to share resources and project risks with the private sector and access private-sector financial markets. However, P3s also involve significant fiscal considerations, including but not limited to (1) the disposition of State assets; (2) assignment of future revenues to private-sector entities that would otherwise accrue to the State; and (3) the execution of capital and operating leases that obligate the State to long-term general and special fund budget commitments.

Many contracts or legal agreements executed in furtherance of a P3 are negotiated and executed by Executive Branch agencies with little or no oversight from the General Assembly. For instance, the General Assembly's involvement in projects, such as the State Center complex, new DHMH public health laboratory, Seagirt Marine Terminal, and Maryland Transportation Authority (MDTA) welcome centers was fairly minimal and almost non-existent in the early development and initial procurement stages. During the 2009 legislative session, provisions were included in both the capital (Chapter 485 of 2009) and operating (Chapter 484 of 2009) budget bills that sought to establish some P3 reporting requirements and oversight procedures.

These first steps represented the precursor to a much more comprehensive approach to establishing reporting requirements and oversight procedures over P3s which came about with the passage of HB 1370 of 2010 (Chapter 641 of 2010). The legislation principally defined a P3 as a sale or lease agreement between a unit of State government or MDTA and a private entity under which (1) the private entity assumes control of the operation and maintenance of an existing State facility; or (2) the private entity constructs, reconstructs, finances, or operates a State facility or a facility for State use and will collect fees, charges, rents, or tolls for the use of the facility.

In addition, Chapter 641 established reporting requirements for early solicitations and procurements associated with P3s and defined a public notice of solicitation to include a request for expressions of interest, a request for proposals (RFP), a memorandum of understanding, an interim development agreement, a letter of intent, or a preliminary development plan.

While the reporting requirements establish a framework for greater legislative oversight of P3s, the legislation also established a Joint Legislative and Executive Commission on Oversight of Public-private Partnerships to:

- assess the oversight, best practices, and approval processes for P3s in other states, including the Army Enhanced Use Lease Program;

- evaluate the statutory definitions of "public notice of solicitation" and P3 and recommend any amendments to the definitions to enhance their utility and refine their scope;

- make recommendations concerning the appropriate manner of conducting ongoing legislative monitoring and oversight of P3s, including several specified issues; and

- make recommendations concerning broad policy parameters within which P3s should be negotiated, which may include several specified issues.

The commission must submit a final report by December 1, 2011, providing findings and recommendations to the Governor and the General Assembly; however, as of March 2011, the commission had not been appointed. **DLS recommends that the P3 Commission be appointed during the interim to address the issues identified in Chapter 641 of 2010.**

Pending Litigation: There is pending litigation filed by a group of downtown Baltimore City business owners which attempts to halt the State Center redevelopment. One of the principal complaints contained in the lawsuit was that the State did not comply with competitive bidding requirements and procedures. The financing and any groundbreaking for Phase I remain in limbo pending the outcome of the lawsuit.

2. Public Health Lab

DHMH is mandated to maintain a public health laboratory to provide testing, consulting, and regulatory support and to protect the citizens of Maryland against the spread of communicable and infectious diseases (Health-General Article 17-101). The current public health laboratory, located at

201 West Preston Street and occupied by DHMH since 1974, is insufficient to meet the needs of a modern public health laboratory and is currently operating beyond its intended maximum capacity. The existing physical structure and design lacks the flexibility and capacity to add or delete a particular lab function with minimal renovation and disruption to utilities. Moreover, the facility's deteriorated building infrastructure creates poor environmental conditions and potential hazards that could jeopardize accreditation.

In the 2006 session, the General Assembly agreed to move forward with the design and construction of a replacement facility by authorizing $9.4 million of GO bonds to fund preliminary design. In the 2007 session, the prior authorized funds were de-authorized and a pre-authorization provided for the 2008 session to accommodate delays in obtaining and approving a program plan for new facility. In addition, committee narrative adopted in the 2007 session directed DHMH to contract with consultants to address two major concerns: (1) ensure the program of requirements for the new lab adequately addressed long-term public health needs; and (2) ensure the new lab is designed and constructed by experts with experience in the development of state-of-the-art laboratory facilities. Further, given the significant costs, the Senate and House budget committees recommended that DHMH initiate a study on alternate methods to finance the new lab.

While the consultant report made no specific recommendations concerning the funding options studied, during the 2009 session, the Administration proposed a financing approach using MEDCO-issued lease-revenue bonds in conjunction with a private developer rather than utilizing State tax-exempt GO bonds which is the customary method of financing the construction of State-owned buildings. The Administration supported the MEDCO financing alternative, despite greater projected total costs that would be incurred if the project were to be funded with GO bonds, on the premise that it will enable the State to direct its limited GO bond resources to fund other State capital purposes and, if structured as an operating lease between MEDCO and the State, it would not count as State-supported debt within the debt limits.

Late in the 2009 session, the Administration alerted the committees that some initial GO funding would be necessary to initiate predevelopment and design prior to any eventual MEDCO lease-revenue bond issuances to fund remaining design and construction of the new facility. To this end, the General Assembly included a $6.45 million GO bond authorization for the lab in the MCCBL of 2009. The General Assembly added language to the authorization that among other requirements restricted the release and use of the bond funds and otherwise restricted the execution of any contracts that would obligate the State to a particular form of project financing:

- DHMH, the Department of Budget and Management (DBM), and DGS are required to provide the budget committees with a report that outlines the Administration's plans for constructing and financing the new lab; and

- prior to the execution of any contracts that would obligate the State to any ground or occupancy lease or any financing method, CDAC shall first review the proposed financing alternatives for the potential debt affordability impact on the State.

In July 2009, DHMH presented a number of alternative financing proposals for this project, which included funding the project with GO bonds, capital leases, operating leases, and P3 arrangements. Though DLS' and DHMH's analysis did not completely agree, there was a consensus that arrangements that include the project in the debt affordability limits (GO bonds and capital leases) were more cost effective for the State than arrangements that did not (operating leases and P3s). In December 2009, after several years of extensive and intensive analysis, the budget committees authorized DHMH to allow MEDCO to finance the design and construction of the new public health laboratory at the Life Sciences and Technology Park East.

Where Are We Now

In January 2010, BPW approved an Interagency Agreement between DHMH, DGS, and MEDCO, that among other provisions calls for MEDCO to finance and cause the design, development, and management of the new lab. This agreement was the first step in the process and necessary to activate the $6.45 million in pre-development funds appropriated in the MCCBL of 2009.

MEDCO advises that design is almost sufficiently complete to establish a Guaranteed Maximum Price (GMP) for the project. As such, the agreement requires DHMH to present to BPW for approval a future occupancy lease that would be used by MEDCO to obtain the bond financing necessary to construct the new lab. DBM advises that it will be pursuing a 20-year capital lease with annual payments ranging from $11 million to $14 million, as shown in **Exhibit 7**. The lease is expected to be brought to BPW in July 2011 with MEDCO issuing the lease revenue bonds to finance the project shortly thereafter.

Exhibit 7

MEDCO – Public Health Lab Financing Scenario (20-year Term)

Date	Principal	Interest	Capitalized Interest	Total Payment	Principal Balance	Debt Service by Fiscal Year
Loan Amount					$185,150,000	
July 1, 2011		–		–	185,150,000	–
January 1, 2012	–	$3,944,968	-$3,944,968	–	185,150,000	
July 1, 2012	–	3,944,968	-3,944,968	–	185,150,000	–
January 1, 2013	–	3,944,968	-3,944,968	–	185,150,000	
July 1, 2013	–	3,944,968	-3,944,968	–	185,150,000	–
January 1, 2014	–	3,944,968	-3,944,968	–	185,150,000	
July 1, 2014	$7,585,000	3,944,968		$11,529,968	177,565,000	$11,529,968
January 1, 2015	–	3,880,495		3,880,495	177,565,000	
July 1, 2015	7,715,000	3,880,495		11,595,495	169,850,000	15,475,990
January 1, 2016	–	3,795,630		3,795,630	169,850,000	
July 1, 2016	7,880,000	3,795,630		11,675,630	161,970,000	15,471,260
January 1, 2017	–	3,697,130		3,697,130	161,970,000	
July 1, 2017	8,080,000	3,697,130		11,777,130	153,890,000	15,474,260
January 1, 2018	–	3,584,010		3,584,010	153,890,000	

Date	Principal	Interest	Capitalized Interest	Total Payment	Principal Balance	Debt Service by Fiscal Year
July 1, 2018	8,305,000	3,584,010		11,889,010	145,585,000	15,473,020
January 1, 2019	–	3,451,130		3,451,130	145,585,000	
July 1, 2019	8,570,000	3,451,130		12,021,130	137,015,000	15,472,260
January 1, 2020	–	3,299,013		3,299,013	137,015,000	
July 1, 2020	8,875,000	3,299,013		12,174,013	128,140,000	15,473,025
January 1, 2021	–	3,128,169		3,128,169	128,140,000	
July 1, 2021	9,220,000	3,128,169		12,348,169	118,920,000	15,476,338
January 1, 2022	–	2,941,464		2,941,464	118,920,000	
July 1, 2022	9,590,000	2,941,464		12,531,464	109,330,000	15,472,928
January 1, 2023	–	2,735,279		2,735,279	109,330,000	
July 1, 2023	10,005,000	2,735,279		12,740,279	99,325,000	15,475,558
January 1, 2024	–	2,512,668		2,512,668	99,325,000	
July 1, 2024	10,450,000	2,512,668		12,962,668	88,875,000	15,475,335
January 1, 2025	–	2,272,318		2,272,318	88,875,000	
July 1, 2025	10,930,000	2,272,318		13,202,318	77,945,000	15,474,635
January 1, 2026	–	2,012,730		2,012,730	77,945,000	
July 1, 2026	11,450,000	2,012,730		13,462,730	66,495,000	15,475,460
January 1, 2027	–	1,732,205		1,732,205	66,495,000	
July 1, 2027	12,010,000	1,732,205		13,742,205	54,485,000	15,474,410
January 1, 2028	–	1,431,955		1,431,955	54,485,000	
July 1, 2028	12,610,000	1,431,955		14,041,955	41,875,000	15,473,910
January 1, 2029	–	1,110,400		1,110,400	41,875,000	
July 1, 2029	13,255,000	1,110,400		14,365,400	28,620,000	15,475,800
January 1, 2030	–	765,770		765,770	28,620,000	
July 1, 2030	13,940,000	765,770		14,705,770	14,680,000	15,471,540
January 1, 2031	–	396,360		396,360	14,680,000	
July 1, 2031	14,680,000	396,360		15,076,360	–	15,472,720
	$185,150,000	**$109,163,253**	**-$19,724,838**	**$274,588,415**		**$274,588,415**

MEDCO: Maryland Economic Development Corporation

Note: Debt Service is due January 1 and July 1 of each year; lease payment must be made at least 15 days prior to debt service payment, so the July 1, 2013 lease payment will be made in fiscal 2013, for example.

Source: Maryland Economic Development Corporation

Issues

Impact on State Debt

DLS has maintained that whether structured as an operating lease or a capital lease, the annual debt service to finance the MEDCO bonds would be counted as State debt under the GASB accounting principles and by the rating agencies. The State Treasurer's analysis of the treatment of the proposed lease concurred with the DLS position, and in the end, DBM agreed to structure the lease as a capital lease with the understanding that it would count against the State's debt limit. After being notified that the DHMH lab will be financed using a tax-supported capital lease in the approximate amount of $185.2 million, the State Treasurer's Office, after including this debt in the analysis, concluded that the debt service to revenue ratio climbs to 8.04% in 2017 rather than 7.97% which was the ratio without the lab. The highest level of debt service to revenues occurs in 2017 but declines thereafter and reaches 7.34% in 2020 without the lab and 7.40% with the lab.

Impact on Operating Budget

Under a MEDCO-issued revenue bond financing structure, general fund appropriations in the DHMH operating budget will be required annually to service the debt until fully retired. As shown in Exhibit 7, the annual impact on the State general fund is estimated at $15.5 million based on a bond issuance of $185.2 million for a 20-year term at an estimated true interest cost (TIC) of 4.67%. By comparison, the TIC on the State's most recent bond sale held on March 9, 2011, resulted in a 3.33% TIC. It could certainly be argued that the difference in the interest rate between a MEDCO-issued lease revenue bond to that of the State's GO bond is marginal and results in a rather modest premium for structuring the financing of the new lab outside the State's traditional GO bond funded program. However, had the lab been funded within the new GO debt authorizations recommended by CDAC and adopted by the Spending Affordability Committee, it would have required no general fund appropriations. Rather, the cost would have been measured in the projects and programs that would have necessarily had to have been deferred to accommodate GO funding for the lab. This comes at a time when the State is faced with an estimated $1.2 billion structural deficit, making it difficult to fund general fund rent payments as well as other ancillary annual costs such as ground rent payments and PILOT payments to Forest City Developers who owns the land at the project site.

Payment in Lieu of Tax

The decision to locate the new lab at the East Baltimore Biotechnology Park rather than at a 35-acre parcel of State-owned land located in Jessup, Maryland will require general fund appropriations to fund a negotiated PILOT to the developer. This payment is based on a pro-rata share of the TIF issued by Baltimore City in support of the larger biopark redevelopment. **Exhibit 8** shows that at an average annual payment of $744,654, the State will have paid $18.6 million over the 25-year term of the TIF bonds.

Exhibit 8
Annual Debt Service Series 2008A and Series 2008C Bonds

Bond Year Ending (September 1)	2008A Bonds Principal	2008A Bonds Interest	2008A Bonds Annual Debt Service	Series 2008C Bonds Annual Debt Service	Annual Debt Service	DHMH Assuming 2013	15% of Debt Service	Years Remaining Bond
2008		$764,321	$764,321		$764,321			
2009		2,779,350	2,779,350		2,779,350			
2010		2,779,350	2,779,350		2,779,350			
2011		2,779,350	2,779,350		2,779,350			
2012		2,779,350	2,779,350		2,779,350			
2013		2,779,350	2,779,350		2,779,350			
2014		2,779,350	2,779,350		2,779,350	$2,779,350	$416,903	1
2015		2,779,350	2,779,350	$1,124,375	3,903,725	3,903,725	585,559	2
2016		2,779,350	2,779,350	1,225,938	4,005,288	4,005,288	600,793	3
2017		2,779,350	2,779,350	1,226,875	4,006,225	4,006,225	600,934	4
2018		2,779,350	2,779,350	1,226,563	4,005,913	4,005,913	600,887	5
2019		2,779,350	2,779,350	1,225,000	4,004,350	4,004,350	600,653	6
2020		2,779,350	2,779,350	1,222,188	4,001,538	4,001,538	600,231	7
2021		2,779,350	2,779,350	1,223,125	4,002,475	4,002,475	600,371	8
2022		2,779,350	2,779,350	1,222,500	4,001,850	4,001,850	600,278	9
2023		2,779,350	2,779,350	1,225,313	4,004,663	4,004,663	600,699	10
2024	$1,095,000	2,779,350	3,874,350	1,226,250	5,100,600	5,100,600	765,090	11
2025	1,250,000	2,702,700	3,952,700	1,225,313	5,178,013	5,178,013	776,702	12
2026	1,420,000	2,615,200	4,035,200	1,222,500	5,257,700	5,257,700	788,655	13
2027	1,600,000	2,515,800	4,115,800	1,222,813	5,338,613	5,338,613	800,792	14
2028	1,790,000	2,403,800	4,193,800	1,225,938	5,419,738	5,419,738	812,961	15
2029	2,000,000	2,278,500	4,278,500	1,226,563	5,505,063	5,505,063	825,759	16
2030	2,225,000	2,138,500	4,363,500	1,224,688	5,588,188	5,588,188	838,228	17
2031	2,470,000	1,982,750	4,452,750	1,225,313	5,678,063	5,678,063	851,709	18
2032	2,730,000	1,809,850	4,539,850	1,223,125	5,762,975	5,762,975	864,446	19
2033	3,015,000	1,618,750	4,633,750	1,223,125	5,856,875	5,856,875	878,531	20
2034	3,315,000	1,407,700	4,722,700	1,225,000	5,947,700	5,947,700	892,155	21
2035	3,645,000	1,175,650	4,820,650	1,223,438	6,044,088	6,044,088	906,613	22

Bond Year Ending (September 1)	2008A Bonds Principal	2008A Bonds Interest	2008A Bonds Annual Debt Service	Series 2008C Bonds Annual Debt Service	Annual Debt Service	DHMH Assuming 2013	15% of Debt Service	Years Remaining Bond
2036	3,995,000	920,500	4,915,500	1,223,438	6,138,938	6,138,938	920,841	23
2037	4,375,000	640,850	5,015,850	1,224,688	6,240,538	6,240,538	936,081	24
2038	4,780,000	334,600	5,114,600	1,221,875	6,336,475	6,336,475	950,471	25
Total	**$39,705,000**	**$69,779,071**	**$109,484,071**	**$29,285,938**	**$138,770,009**	**$124,108,938**	**$18,616,341**	**25**

Remaining Bond Period	25 years
Average Annual Payment	744,654
DHMH Square Foot	225,000
Per Square Foot	$3.31

DHMH: Department of Health and Mental Hygiene

Source: Maryland Economic Development Corporation

The Administration contends that the cost to design and construct the infrastructure needed to support the lab would have otherwise been incurred in the total bond financing had the lab been constructed at the Jessup site. While accurate, it is difficult to assess the variance between the infrastructure costs associated with the two locations since the Jessup site was abandoned prior to any design cost estimate for the site. However, a budget estimate stage cost estimate provided in support of the Jessup location included an estimate for infrastructure costs at $7.5 million. Again these costs would have been supported with State GO bond authorizations but are now to be incurred in the annual operating budget with general funds.

Capitalized Interest

As shown in Exhibit 7, the proposed MEDCO lease revenue bond issuance includes $19.7 million to fund capitalized interest to begin to pay the debt service on the bonds beginning in fiscal 2012. This adds additional principal and interest costs to the project which will be paid from general fund appropriations. In as much as the general fund is the source of payment, the State alternatively could choose to make general fund appropriations for these costs directly rather than financing them over the 20-year term of the bonds. Instead, the Administration has chosen to defer those general fund appropriations and finance them much like a homebuyer would finance closing costs on a house purchase rather than paying for those costs up front out of pocket. While this saves the need for general fund appropriations in the short term, it adds to the total annual debt service payments which will be funded from the general fund and adds to the total financing costs.

In conclusion, now that the State debt is at the debt affordability limit, it is likely that there will be increased pressure to structure project financing so that projects are not included within State debt affordability limits. These decisions can result in increased costs to the State.

3. To Reflect New Austerity, Modifications to the Debt Affordability Process Are Recommended

State debt includes GO bonds, MDOT transportation bonds, Grant Anticipation Revenue Vehicles (GARVEEs) capital leases supported by State revenues, Stadium Authority bonds supported by State revenues, and bay restoration bonds. To manage this State debt, CDAC was created in 1978. The committee sets limits on GO bond issuances. The committee also evaluates the affordability of all State debt. CDAC has two affordability criteria: State debt outstanding cannot exceed 4% of State personal income; and State debt service cannot exceed 8% of State revenues.

Capital programs supported by State debt have evolved. Over the last decade, the State has increased debt authorizations to expand capital spending and to shift funding of capital projects from pay-as-you-go to debt. The State has now reached the affordability limit. After years of increasing authorizations, the GO bond authorization decreases from $1,140 million in fiscal 2011 to $925 million in fiscal 2012.

The reduction in GO bond authorizations is a significant change to the capital program which confirms that, after 11 years of capital spending growth, the State is now facing a period of little or no capital spending growth. This issue:

- examines the implications of the increase in debt over the last decade;
- analyzes potential issues associated with being at the debt limit; and
- recommends changes in State debt management to reflect being at the debt limit.

State Has Expanded Authorizations Since 2000

Since the 2000 legislative session, State debt has been increased by authorizing additional GO and transportation debt and authorizing new kinds of State debt. The State has expanded debt authorizations in 17 separate actions: 11 actions increase GO bond authorizations; 3 actions increase transportation bond authorizations; GARVEEs are authorized; Program Open Space bonds are authorized; and bay restoration bonds are authorized.

These new and expanded authorizations increased the ratio of debt outstanding to personal income. Debt outstanding increased from \$4.7 billion in fiscal 1999 to \$9.4 billion in fiscal 2010. These increased authorizations also result in higher debt service costs. DLS estimates that fiscal 2012 debt service costs would have been \$723 million without the additional authorizations. This is \$156 million less than the current projection, which totals \$878 million. From fiscal 2010 to 2020, debt service costs are projected to increase by 5.5% annually. Without the increased authorizations, the growth rate for GO bond debt service costs would have been 2.5% annually. By fiscal 2020, increased authorizations add \$470 million to debt service costs with debt service costs exceeding \$1.3 billion.

Being at the Limit Poses Challenges

Being at the limit poses some challenges. The State still needs to confront old challenges, such as the amount requested for capital projects exceeding available funding, as well as new challenges. These challenges include:

- ***Proposed Projects Exceed Available Funding:*** As was the case before the State was at the limit, the State has a backlog of unfinished capital projects, and unanticipated projects will be proposed. For example, GO bond project requests total \$8.4 billion from fiscal 2012 to 2016, while debt authorizations are limited to \$4.7 billion. Bay restoration bonds are projected to provide \$530 million to support improvements to wastewater treatment plants. Total project costs are \$537 million more than available from currently projected bonds and revenues.
- ***Distribution of State Debt Reductions:*** As a consequence of reducing GO bond authorizations, GO bond issuances projected in September 2010 are projected to be

$285 million less than issuances projected in October 2009. Over the same period, the issuance of transportation bonds is projected to increase by $195 million.

- ***Risk Concerns:*** When CDAC reduced GO bond authorizations in December 2009, the committee was responding to a change in revenue forecasts. The State was forced to change capital spending plans in response to a change in conditions over which the State had no control. This is an example of the new risks the State will need to manage now that the State is at the debt affordability limit.

- ***Pressure to Move Projects Out of the Capital Program:*** One approach to maintaining capital spending within affordability limits is to redefine capital projects so that they no longer are classified as State debt. Examples include State Center and the DHMH laboratory. DLS estimates that moving these projects to the capital budget increases costs. With respect to the laboratory, DBM advises that it will be pursuing a 20-year capital lease with annual payments ranging from $11 million to $14 million.

Recommendations

CDAC's recommended reduction in GO bond authorizations is a major change in the capital program. Over the past decade, the State has routinely increased capital authorizations. Now the State is limiting capital spending in the foreseeable future. When the State was below the debt affordability limit, authorizations for specific kinds of debt could be increased without affecting other kinds of debt. This is no longer the case. Since the State is at the limit, increasing debt for one program often means that another program is reduced. Also, if revenues underattain, capital program reductions may be necessary. The implication is that various capital programs will now be competing against one another.

CDAC calculates what level of debt is affordable and limits GO bond debt. The committee does not specifically limit other State debt. While this may have been adequate when there was additional debt capacity, it does not reflect the reality that State debt is at the limit. **In December 2010, the Spending Affordability Committee recommended that the budget committees consider and recommend a process that results in a comprehensive spending plan that annually proposes debt limits for all types of State debt that are encompassed within the debt affordability evaluation. Consistent with the committee's recommendation, DLS recommends the following:**

- ***CDAC Should Recommend an Aggregate Debt Limit Encompassing All Types of State Debt:*** The committee was created to manage State debt. Each summer, the committee meets and examines all State debt. The committee includes secretaries from the two largest capital programs (DBM and MDOT) and is supported by all agencies issuing debt. The committee reviews many issues and was created to provide a statewide perspective on debt. Since debt management begins with CDAC, reforming debt policies should also begin with CDAC.

- ***Administration Should Recommend a Specific Debt Limit for Each Type of State Debt:*** Section 8-113 of the State Finance and Procurement Article requires that by November 1 of each year, the Governor determines total new authorizations that the Governor considers advisable. This has been interpreted to be limited to GO bonds and does not include other types of State debt. The definition should be expanded to include other forms of State debt (MDOT bonds, GARVEEs, bay restoration bonds, stadium authority bonds, and capital leases). This would set debt targets that the Spending Affordability Committee could review each fall.

- ***Each Year, the Governor Should Include Limits to All Types of State Debt in the Capital Budget Bill:*** This legislation would give each kind of State debt a statutory limit. The Governor should also include the details about the State's six-year debt plan with the documentation that is submitted with the budget each year.

- ***The Legislature Should Review the Proposed Debt Limits:*** Submitting a bill that limits State debt also provides the legislature with an opportunity to review the various limits. The limits could be amended to reflect the legislature's priorities.

- ***A Process That Allows the Limits to Be Exceeded Under Clearly Defined Circumstances Should Be Developed:*** Although planning is a critical component to a coherent and efficient budget process, all contingencies cannot be foreseen at all times. At times, there may be a compelling need for the State to increase debt issuances in a particular year. Creating a process to increase limits gives the State additional flexibility. However, this process should have specific limits. The limits should define under what conditions debt could be increased (for example, responding to a natural disaster upon a declaration of emergency by BPW) and should require that the Administration demonstrate the fiscal impact of additional debt.

DLS recommends that these changes be adopted during the 2011 legislative session. Amendments to various sections of the State Finance and Procurement Article may be included in the 2011 session capital budget bill to accomplish these objectives.

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. The first segment of the ICC, running from the I-270/I-370 corridor to MD 97/Georgia Avenue opened to traffic in February 2011. The remaining portion of the road is scheduled to open at the end of 2011.

Status of Project

As of December 2010, approximately $1.76 billion of the project's $2.56 billion budget has been expended. **Exhibit 9** provides information on the five major construction contracts associated with the project.

Exhibit 9
Status of Major Contracts

Contract	Location	Cost ($ in Millions)	% Complete	Open to Traffic
A	I-270/I-370 to MD 97	$478.7	100	February 2011
B	MD 97 to US 29	559.7	70	Late 2011
C	US 29 to I-95	513.9	83	Late 2011
D	Collector-distributor roads along I-95	70-85	0	Deferred indefinitely
E	I-95 to US 1	50-65	0	Under review

Source: State Highway Administration, *InterCounty Connector Facts on the Ground*, February 2011

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 TTF 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. Chapter 484 of 2010 again altered the repayment schedule providing final payment in fiscal 2012. To date, MDTA has received $53.0 million in general funds in fiscal 2007, $55.0 million in GO bond proceeds in fiscal 2010, and $89.3 million in GO bond proceeds in fiscal 2011, leaving a remaining balance of $67.6 million to be repaid in fiscal 2012. HB 72, the Budget Reconciliation and Financing Act of 2011, would again alter the repayment schedule to provide the final payment in fiscal 2013. The MCCBL provides $57.6 million in GO bonds in fiscal 2012, and the *Capital Improvement Program* (CIP) reflects a final $10.0 million general fund payment in fiscal 2013 for expenses that are not bond eligible. **DLS recommends concurring with the Governor's allowance.**

5. Energy Performance Contracting

An energy performance contract (EPC) is an agreement between the State and an energy services company (ESCO) to make energy-efficient capital improvements. A typical EPC project is delivered by an ESCO and consists of the following elements:

- ***Turnkey Service:*** The ESCO provides all of the services required to design and implement a comprehensive project at the customer facility, from the initial energy audit through long-term monitoring and verification of project savings.

- ***Comprehensive Measures:*** The ESCO tailors a comprehensive set of measures to fit the needs of a particular facility which may include energy efficiency, renewable, distributed generation,[1] water conservation, and sustainable materials and operations.

- ***Project Financing:*** Long-term project financing is provided by a third-party financing company generally in the form of a lease.

- ***Project Savings Guarantee:*** The ESCO provides a guarantee (surety bond or letter of credit) that the savings produced by the project will be sufficient to cover the cost of project financing for the life of the project.

Maryland's EPC Program is codified as Section 12-301 through 12-303 of the State Finance and Procurement Article. State law requires a primary procurement unit to consult with the Maryland Energy Administration (MEA) before soliciting RFPs for an EPC. MEA is responsible for reviewing the RFP request to ensure that it satisfies State energy standards, preserves the State's flexibility to investigate and use economically justifiable new technologies, and is in conformance with the unit's energy conservation plan. Although MEA is designated statutorily as the lead agency for energy performance contracting, discussions with DGS and MEA have indicated that the DGS Office of Energy Performance and Conservation has taken the lead role in this effort.

EPC Projects

According to DGS, there are currently 18 EPC projects under construction and 6 projects under development. The majority of these projects are located at facilities operated by MDOT, the Department of Public Safety and Correctional Services (DPSCS), and DGS.

EPC Financing

Maryland's capital program began utilizing lease/leaseback financing for energy conservation projects at State facilities in fiscal 1996. Since that time, the State has entered into multiple agreements to provide master-lease financing for energy conservation projects at State facilities. Section 8-403 of the State Finance and Procurement Article outlines the State Treasurer's authority to enter into a capital lease. Pursuant to Section 8-403, the State Treasurer, with the approval of BPW, may enter into a capital lease on behalf of one or more units of State government. However, prior to submitting a master lease to BPW, the Treasurer must submit to the Legislative Policy Committee (LPC) the total financing request and any supporting information. LPC has 45 days to review the request and provide written comments on the financing before the request can be submitted to BPW.

[1] Distributed generation is electricity production that is on-site or close to the load center and is interconnected to the utility distribution system.

Almost all EPC projects are financed by third-party finance companies (*e.g.*, banks and other financial institutions). A typical EPC project is financed directly with the customer, most of whom comprise the public sector. Customers borrow the money to finance the EPC project, and the payments are assured by an ESCO guarantee that project savings will be sufficient to pay the finance costs. For energy performance projects, lease payments are made from State agencies' annual appropriations utilizing the savings realized from the implementation of the energy conservation projects. Under the project, utility costs will decrease; as the leases are paid off, the savings from these projects will accrue to the State. According to the State's Treasurer's Office, since fiscal 2001, the State of Maryland has financed a total of $159.5 million for EPC projects at State facilities.

Section 12-301 of the State Finance and Procurement Article states that the payments made under an EPC may not exceed the actual energy savings realized as a result of the contract's performance. Ultimately, it is the projected cash flows resulting from anticipated annual energy savings that formulates the financial basis for entering into an EPC agreement. According to DGS, EPC lease payments typically begin one year following project construction. As shown in **Exhibit 10**, EPC payments are made based upon total savings, which include both energy savings and maintenance savings. In recent months, there has been some discussion as to whether "maintenance savings" should be distinguished from "actual energy savings" when determining whether project financing is cost neutral. DGS reports that maintenance savings have always been a component of total savings used to determine project feasibility and, therefore, should continue to be included as part of the calculation used to determine if the project is cost neutral. DGS notes that in order for maintenance savings to be included, they must be quantifiable and directly tied to energy usage. However, it is important to highlight that absent maintenance savings, several of the annual EPC debt payments would exceed the actual energy savings realized from the contract's performance. **DLS recommends that (1) DGS brief the committees on anticipated energy and maintenance savings; (2) Section 12-301 of the State Finance and Procurement Article be amended to clearly delineate that maintenance savings should be excluded from the calculation for determining whether energy savings exceed the annual debt payment; and (3) all subsequent BPW agenda items distinguish actual energy savings from maintenance savings.**

Exhibit 10

Energy Performance Contracts Savings

Energy Lease	Debt Service for Fiscal 2012	Guaranteed Energy Savings	Maintenance Savings	Total Savings	Energy Savings Exceed Debt Service
USM – Baltimore Campus (UMBC)	$543,600	$592,164	$91,016	$683,180	Yes
DGS – District Court and Multiservice Centers	388,320	380,865	1,082,815	1,463,680	No
DGS – State Office Complex	908,233	999,754	240,366	1,240,120	Yes
Multiservice Centers (DGS/MSC)	1,588,714	1,818,967	129,767	1,948,734	Yes
Maryland Department of Military	18,943	80,899	0	80,899	Yes
Tom B. Finan Centers	55,500	74,527	5,065	79,592	Yes
Maryland School for the Deaf	291,257	157,951	395,026	552,977	No
DHMH – Springfield Hospital	637,912	468,860	733,866	1,202,726	No
DPSCS – Hagerstown Prison	488,395	784,389	0	784,389	Yes
DHMH – Deer's Head Hospital	255,946	120,422	312,155	432,577	No
St. Mary's College of Maryland	205,295	397,444	12,649	410,093	Yes
Spring Grove Hospital	2,045,696	2,392,341	382,022	2,774,363	Yes
Department of Agriculture	194,960	243,085	18,526	261,611	Yes
University of Baltimore	649,125	701,240	28,136	729,376	Yes
UMCP	1,882,220	1,746,852	147,715	1,894,567	No
UMCES (Horn Point Lab)	159,338	214,407	5,439	219,846	Yes
State Police	483,258	584,840	351,428	936,268	Yes
Veterans Affairs	56,638	63,092	6,513	69,605	Yes
Workforce Technology	177,401	204,181	100,879	305,060	Yes
Stadium Authority (Ravens)	263,232	443,165	74,569	517,734	Yes
Stadium Authority (Oriole Park)	716,432	1,113,169	140,290	1,253,459	Yes
Maryland Transit Authority	891,894	774,530	183,557	958,087	No
DPSCS – Jessup	1,644,778	1,708,649	236,127	1,944,776	Yes
State Highway Administration – Phase I	2,034,818	1,960,130	274,373	2,234,503	No
UMCES (Chesapeake Lab)	108,215	141,886	0	141,886	Yes
Maryland Transit Administration	549,437	596,337	50,252	646,589	Yes
Maryland Aviation Administration	2,061,302	129,622	2,055,251	2,184,873	No
Total	**$19,300,859**	**$18,893,768**	**$7,057,802**	**$25,951,571**	

DGS: Department of General Services
DHMH: Department of Health and Mental Hygiene
DPSCS: Dept. of Public Safety and Correctional Services
MSC: Multiservice Centers
UMBC: University of Maryland Baltimore County
UMCES: University of Maryland Center for Environmental Science
UMCP: University of Maryland, College Park
USM: University System of Maryland

Source: Department of General Services

State Agency Loan Program

The State Agency Loan Program (SALP) began in 1991 and was initially capitalized with Energy Overcharge Restitution Funds. Under the SALP, a State agency receives a loan for zero interest with a 1% administrative fee for energy conservation projects. The loans are repaid through energy savings achieved by the project. The program is administered by MEA; however, MEA advises that most of the funding (generally 80%) appropriated for the SALP is dedicated for use in combination with EPCs. The relationship between SALP loans and EPC projects managed by DGS has not been defined in statute. The remainder of the SALP funding is used for projects that are too small for an EPC.

The fiscal 2011 allowance for the SALP included $2.5 million (of which $1.1 million was special funds from the revolving loan fund, and $1.4 million was from the State Energy Program funds available from the American Recovery and Reinvestment Act (ARRA) of 2009). Language in the fiscal 2011 budget bill restricted approximately $2.6 million of ARRA funds included for the Jane E. Lawton Conservation Loan Program to be used in the SALP. These funds were transferred to the SALP by budget amendment. In addition, a budget amendment appropriated $3.0 million of ARRA funds that were cancelled in fiscal 2010 for the SALP. In total, the fiscal 2011 appropriation for the SALP is approximately $8.1 million, of which approximately $7.0 million is available from the ARRA. The fiscal 2012 allowance for the SALP is $2.5 million of special funds from the revolving loan funds.

MEA indicates that DGS, as the lead agency in developing and planning for EPCs, determines which projects would benefit from SALP funding and the amount of SALP funding for these projects. DGS also conducts a review of the energy savings on these projects and makes changes as necessary. It should be noted that SALP funding is primarily used to buy down the interest rate on EPC projects, thereby making certain projects more affordable. In some instances, without SALP funding, the EPC project would not be economically affordable due to a higher cost of capital. **Accordingly, DLS recommends that all subsequent BPW items include a line item that reflects project cost and savings exclusive of SALP funding**.

Audit Findings Raise Concern about Energy Savings and Monitoring Verification

For most projects, DGS manages the monitoring and verification phase. During this phase, ESCOs are required to submit an annual reconciliation report outlining actual energy savings. Once a report is submitted, DGS schedules a meeting with the ESCO to review the contents of the report and determine compliance with agreed-upon savings.

The ability to verify energy savings is the cornerstone of the EPC process. Prior to construction, each ESCO is required to conduct an energy audit and certify a certain level of energy cost avoidance savings to be achieved through the financing period by the energy improvements. Typically, these savings, which are generally expressed in both dollars and fuel units, are guaranteed by the ESCO over a specified period of time. In the event that the guaranteed savings are not achieved, the ESCO is contractually liable for the shortfall.

A January 2011 audit of DGS revealed that additional oversight regarding EPC savings and monitoring verification is warranted. Specifically, the audit noted the following:

- ***Propriety of Certain Data Used by ESCOs Was Not Verified:*** DGS did not determine the propriety of certain data used and assumptions made by the ESCOs to calculate facility energy usage and verify that related guaranteed cost savings were realized. Consequently, DGS was unable to verify the accuracy or propriety of the related dollar savings calculation presented by the ESCOs in their monitoring and verification reports and, therefore, lacked assurance that the related guaranteed cost savings from the EPC were realized. For example, DGS did not verify that ESCO baseline data from original proposals (which are incorporated into the EPCs) agreed with baseline data used to calculate the savings realized from completed projects. By using incorrect baseline data, the reported reductions in energy usage may exceed the reductions in usage that would have been reported had the original baseline been used.

- ***DGS Did Not Ensure the Reasonableness of Certain Assumptions:*** DGS did not ensure the reasonableness of subjective assumptions (such as anticipated operating hours of a building and future temperature variances) used in certain critical ESCO calculations of energy costs. Since ESCOs are unable to ensure that all factors and conditions will remain constant during a contract term, the ESCOs use certain assumptions to calculate the amount of the proposed annual energy cost savings that it will guarantee and to calculate the amount of energy savings realized after the project has been completed.

- ***DGS Did Not Obtain or Approve Certain Reports:*** DGS did not obtain or approve certain required monitoring and verification reports from ESCOs. Such reports are generally required to be submitted to DGS within four months of the end of the applicable annual reporting period and are the only mechanism that allows DGS to monitor energy savings.

- ***DGS Waived Certain Monitoring and Verification Requirements:*** DGS permitted an ESCO to forgo performing certain required monitoring and verification services applicable to a specific construction project without reducing the amount paid to the ESCO for such services or obtaining approval from BPW to modify the related EPC. Furthermore, the terms of the aforementioned contract state that any modification to the monitoring and verification methodology and related procedures used must be explicitly approved by the State. However, no contract modification was executed, and the amount to be paid to the ESCO for such services was not renegotiated and reduced. In this regard, State Procurement Regulations require that all contract modifications in excess of $50,000, or that materially change the scope of the original contract, be approved by BPW.

- ***DGS Allowed User Agencies to Enter into Agreements That Used Monitoring and Verification Methods Not Supported by Federal Guidelines:*** DGS allowed user agencies to enter into certain EPCs that permitted the ESCOs to calculate energy cost savings using monitoring and verification methods that were not supported by guidelines promulgated by the federal U.S. Department of Energy and internationally accepted protocols. As a result, contractors had substantial influence over monitoring and verification results. For example, the EPC for a project permitted an ESCO to use a particular monitoring and verification method specifically discouraged by the industry to confirm certain related savings totaling $5 million.

DGS should comment on what efforts it has taken to address the audit findings. DLS recommends committee narrative requiring DGS to submit an annual report summarizing the status of self-audits performed by each ESCO, including whether energy savings guaranteed by each ESCO have materialized. To the extent that funding is available, DLS also recommends that DGS conduct regular, independent third-party energy audits of EPC projects. It should be noted that DGS' operating budget analysis includes committee narrative that addresses the aforementioned recommendations.

Surety Bond and Letter of Credit

Most ESCOs are required to provide a surety instrument (surety bond or letter of credit). A surety bond is a three-party agreement whereby the surety (the entity that is backing the bond) guarantees to the obligee (the State of Maryland) that the principal (ESCO) is capable of performing the contract. In the event of a claim, the issuing surety bonding company has a duty to resolve disputes in an equitable manner and to make payment. The average cost of a surety bond is between 1 to 3% of the contract price depending on the ESCO's credit. An irrevocable letter of credit is issued by a bank on behalf of its principal (ESCO) to a third party (the State of Maryland) as a guarantee of payment for a particular amount of money. The letter of credit is held by the State and upon demand, can generally be called upon with no questions asked. Typically, the performance of the underlying contract has no bearing on the bank's underlying obligation to pay on the letter of credit. Therefore, in the event of a claim, the State can simply draw on the funds held by the letter of credit. A letter of credit, which generally lasts for one year, typically costs 1% of the contract amount covered by the letter of credit. **DGS should comment on its current practice for ensuring that the State is insulated from default by ESCOs. DLS also recommends that (1) all bond sureties and letters of credit be reviewed by the State Treasurer's Office prior to presentation to BPW; (2) all BPW items clearly delineate whether the surety agreement has been reviewed by the State Treasurer's Office prior to submission to the board; and (3) DGS submit an annual status report that includes the dollar value and the anticipated expiration and renewal dates of all surety instruments. It should be noted that DGS' operating budget analysis includes committee narrative that addresses recommendation number three.**

Exclusion of EPC from the Capital Debt Affordability Calculation

In 2010, CDAC established a workgroup to evaluate the feasibility of excluding energy leases from the capital debt affordability analysis. A survey of other states by the CDAC workgroup revealed that states such as North Carolina and Vermont do not include EPC lease payments as a component of capital debt affordability. The rationale for excluding EPC payments was based on the fact that EPC payments are guaranteed by the ESCO and that budgeted savings, not tax dollars, are providing for the lease payment. Given that there is no separate appropriation for debt service for EPC leases, but instead, EPC payments are made from agencies' utility budgets, the workgroup determined that Section 8-405 of the State Finance and Procurement Article should be amended to exclude energy leases from tax-supported debt. If adopted by the legislature, the workgroup also recommended that future CDAC reports include a summary of outstanding energy leases, the current year's debt service obligation, and the rationale for excluding EPC leases from the affordability calculation. It should be noted that HB 1310 of 2010 proposes to exclude EPC leases from the debt affordability calculation. HB 1310 could be used as a vehicle to implement many of the aforementioned proposals.

Conclusion

In summary, DLS recommends the following:

- **subject to Section 2-1246 of the State Government Article, that DGS submit to the legislature (1) an annual report summarizing the status of self-audits performed by each ESCO, including whether energy savings guaranteed by each ESCO have materialized; (2) a bi-annual report outlining the status of each EPC project, including projects under consideration for financing; and (3) an annual status report that includes the dollar value and the anticipated expiration and renewal dates of all surety instruments;**

- **that Section 12-301 of the State Finance and Procurement Article be amended to clearly delineate that (1) maintenance savings should be excluded from the calculation for determining whether energy savings exceed the annual debt payment; and (2) all subsequent BPW agenda items distinguish actual energy savings from maintenance savings;**

- **that all subsequent BPW items include a line item that reflects project cost and savings exclusive of SALP funding;**

- **that (1) all bond sureties and letters of credit be reviewed by the State Treasurer's Office prior to presentation to BPW; and (2) that all BPW items clearly delineate whether the surety agreement has been reviewed by the State Treasurer's Office prior to submission to the board; and**

- **if adopted, HB 1310 of 2011 be modified to include the CDAC workgroup's recommendation that all subsequent CDAC reports include a summary of outstanding energy leases, the current year's debt service obligation, and the rationale for excluding EPC leases from the affordability calculation.**

6. 2100 Guilford Avenue

In fiscal 2009, the General Assembly approved $3 million in GO bonds to fund the completion of an addition to the 2100 Guilford State Office building, which houses the offices of DPSCS Division of Parole and Probation (DPP) and DGS. However, language in the capital budget restricted these funds pending a final resolution regarding the intended use of the 2100 Guilford State Office building. Discussions with DPSCS have indicated that the department is currently evaluating an alternative site located at 1400 East North Avenue. It should be noted that even if the North Avenue site were to be selected for the relocation of DPP, the proposed site is roughly 24,000 sq. ft., which is about a third of the size of the department's current footprint at the Guilford Avenue facility. Therefore, DPP would only be able to relocate a portion of its Guilford Avenue operations to the North Avenue site. According to DGS, a task force was established in the fall of 2010 to determine the long-term plan for relocating DPSCS. **In light of the continued uncertainty regarding the Guilford Avenue facility, DLS recommends that the fiscal 2009 authorization be de-authorized as it is apparent that DGS and DPSCS are not prepared to proceed with this project at this time. DGS and DPSCS should seek funding from the legislature when the agencies have (1) resolved the issues surrounding the Guilford Avenue facility; or (2) found a suitable alternative site for the relocation of DPSCS.**

7. Timing of Maryland Environmental Service State Projects Questioned

Recent changes in the 2009, 2010, and 2011 CIP for the Maryland Environmental Service (MES) raise questions about the timing of funding for State water and wastewater infrastructure capital improvement needs. One of the major projects affecting the funding changes is the Eastern Correctional Institution (ECI) wastewater treatment plant upgrade.

Capital Improvement Program Changes

In the 2008 legislative session, the budget committees were concerned that MES did not have an infrastructure improvement plan that justified the significant increase in the five-year CIP funding projection for the State Water and Sewer Infrastructure Improvement Fund. Therefore, MES was requested to submit to the budget committees an infrastructure improvement plan for the State water and wastewater facilities it manages that justified the five-year CIP funding projection.

In the submitted plan, MES evaluated 65 facilities that it operates for capital improvement needs under the ranking system and identified 39 specific capital improvement projects. In total, MES projected capital improvement funding needs of $64.6 million between fiscal 2011 and 2021. However, this was less than the total estimated cost of $98.9 million for the upgrades due to the sharing of costs with local jurisdictions and the receipt of some funding in the CIP for the ECI project already.

Since the plan was submitted, MES's funding has been shifted out in the CIP, as shown in **Exhibit 11**. DBM explains that this shift is due to high levels of unencumbered funds and delays in the ECI wastewater treatment plant upgrade.

Exhibit 11
MES *Capital Improvement Program* Changes
Fiscal 2010-2012
($ in Millions)

Capital Improvement Program	**Amount**
Difference 2008 and 2009 CIP for Fiscal 2010	-$11.3
Difference 2009 and 2010 CIP for Fiscal 2011	-$12.5
Difference 2010 and 2011 CIP for Fiscal 2012	-$12.9

CIP: *Capital Improvement Program*
MES: Maryland Environmental Service

Source: Department of Legislative Services

Exhibit 12 reflects the State Water and Sewer Infrastructure Improvement Fund authorization summary as of February 24, 2011.

Exhibit 12
State Water and Sewer Infrastructure Improvement Fund Authorization Summary
Fiscal 2004-2011
($ in Millions)

		Funds		***Balances***	
Fiscal Year	***Authorization***	***Encumbered***	***Expended***	***To Be Encumbered***	***To Be Expended***
2004	$3.637	$3.485	$3.484	$0.152	$0.153
2005	2.957	2.759	2.574	0.198	0.383
2006	2.464	1.461	1.315	1.003	1.149
2007	2.917	2.446	2.195	0.471	0.722
2008	1.007	1.007	0.980	0.000	0.027
2009	12.603	5.433	3.546	7.170	9.057
2010	7.233	1.072	0.591	6.161	6.642
2011	0.000	0.000	0.000	0.000	0.000
Total	**$32.818**	**$17.663**	**$14.685**	**$15.155**	**$18.133**

Note: The Maryland Environmental Service reflects a fiscal 2009 authorization of $12.6 million, which includes $729,000 for the Rocky Gap water treatment plant that was appropriated in the Department of Natural Resources.

Source: Maryland Environmental Service

The majority of the $15.2 million still to be encumbered reflects funding from fiscal 2009 and 2010 for the three projects shown in **Exhibit 13**.

Exhibit 13

Substantial Projects Reflecting High Levels of Encumbered and Expended Funds

Fiscal 2009-2010

Fiscal Year	Project	Description	Authorization Amount	Problem
2009	Eastern Correctional Institution	Design and construct improvements to the wastewater treatment plant	$6,961,000	Rejected drinking water treatment difficulties; space constraints for expansion
2010	Jessup Correctional Complex	Construct improvements to the Dorsey wastewater treatment plant	4,459,000	Bids came in over $6.0 million
2010	Elk Neck State Park	Construct improvements to the wastewater treatment plant	1,151,000	North Bay LLC is unable to pay agreed upon amount for wastewater treatment plant upgrade
Total			**$12,571,000**	

Note: Approximately $1.1 million of the $7.0 million for the Eastern Correctional Institution wastewater treatment plant upgrade funding has been encumbered. The fiscal 2012 capital budget bill includes modifications to two prior authorizations to allow unexpended funds to be used on future projects, in this case the Jessup Correctional Complex's Dorsey wastewater treatment plant. The Maryland Environmental Service (MES) indicates that the $1.2 million in Elk Neck State Park funds, one of the prior year authorizations, would be used for the Dorsey wastewater treatment plant allowing MES to return items to the project scope that were deleted as a result of the high bids. Elk Neck State Park in turn would need to be funded by a future authorization once the current funding challenges experienced by North Bay LLC are resolved.

Source: Department of Legislative Services

Eastern Correctional Institution

The ECI wastewater treatment plant upgrade project has experienced substantial delays. The reason for the delays is that water rejected by the facility's drinking water plant needs to be treated because it is high in ammonia and phosphorus. While not delaying the project, an additional consideration has been the space constraints on the site requiring additional planning on where additional wastewater treatment may be conducted.

The new National Pollutant Discharge and Elimination System permit for the facility's drinking water plant requires the treatment of rejected water, which has high concentrations of contaminants, for both ammonia and phosphorus. In order to do this, a recently completed pilot test found that a combination of processes will be needed, although each phase of the proposed processes can be brought online over time as water demand increases. These processes will be conducted as a separate treatment system from the wastewater treatment plant because the wastewater treatment plant cannot treat certain contaminants – chlorides. The estimated cost for these additional forms of treatment is anticipated to be between $5.5 million and $7.5 million.

The wastewater treatment plant itself has two upgrade components. The first component is to upgrade the first stage of treatment – the headworks – which removes debris before the treatment process begins. The design has been completed for this stage. The second component is the expansion of the plant, which will be accomplished by either buying additional adjacent land for the second treatment process or situating a second treatment process elsewhere on existing property. The latter option would be the equivalent of running a second wastewater treatment plant.

The estimated cost for the total project, including the initial treatment phases for the water rejected from the drinking water plant, is $19.9 million. This reflects an assumption of approximately $7.4 million for the $5.5 million to $7.5 million range discussed above to treat the water rejected from the drinking water plant and the $12.5 million originally planned for the wastewater treatment plant upgrade, which is scheduled in the Governor's CIP for fiscal 2013.

8. Progress of the Department of Juvenile Services Capital Plan

The Department of Juvenile Services (DJS) must provide adequate residential facilities to address three populations: (1) community residential facilities; (2) secure detention facilities; and (3) secure commitment facilities. The department's Facilities Master Plan is guided by three main principles:

- the delivery of services, to the extent practicable, on a regional basis;
- limiting the construction of new secure detention and committed facilities to no more than 48 beds – this principle was established in statute for State-owned committed facilities by Chapter 498 of 2007 and is extended here to include new secure detention facilities; and
- a relatively straightforward methodology to determine future demand for facilities – using the 2007 calendar data as a starting point, the analysis applies a discount rate to the various populations based on the implementation of reforms and the availability of alternative programming to residential placement.

To address its most urgent needs, the Governor's five-year CIP had included funding for four new detention centers and two new treatment facilities. Three projects had been programmed to receive funding in fiscal 2012, as discussed below. The fiscal 2012 capital budget does not provide any funding to support DJS projects. Furthermore, the CIP defers funding for the new Cheltenham Youth Treatment Center and a new detention center at Hickey beyond the current CIP.

Cheltenham Youth Detention Center

This project was originally scheduled to receive $23.2 million in construction funding for a new 72-bed detention center on the grounds of the current detention center. The delay in funding is the result of increasing the capacity from 48 to 72 beds, as directed by language included in Chapter 483 of 2010, the MCCBL of 2010. Design of the new facility began in January 2011 and is expected to last 15 months with an additional 3 months to bid for construction. The agency is employing a construction manager-at-risk to help expedite design for the project, although this means an additional $836,000 will be needed to fully fund design. The additional design funds, as well as the construction funding, is not needed until fiscal 2013. DJS is planning for occupancy of the new facility by early fiscal 2015.

Southern Maryland Regional Detention Center

This project will provide a 48-bed regional detention center in Southern Maryland. DJS had been working with DGS and the Department of Natural Resources to transfer 14.6 acres of land in Charles County to DJS to be used as the site for the new detention center; however, the department recently announced that it is no longer pursuing that site. Limitations in the local water and septic systems, in addition to the close proximity to local residences, have resulted in the agency considering alternative sites. The site must include 10 buildable acres in Anne Arundel, Calvert, Charles, or St. Mary’s counties. Detailed design for this project has been delayed until fiscal 2013 due to issues with identifying a site for the facility. The authorization in the 2011 MCCBL provided nearly $4.7 million to support acquisition and preliminary design once a site is identified.

Baltimore Regional Treatment Center

This project will construct a new 48-bed secure treatment center for committed male youth in the Baltimore region. Funding for this project was de-authorized in the 2010 session due to challenges in identifying a site for this facility within Baltimore City lines. Design funding has been deferred in the CIP to fiscal 2014 due to challenges in identifying a suitable site within Baltimore City lines. The new leadership at DJS is working with the city to revisit potential sites.

Gaps clearly exist between the demands of the department’s juvenile population and the available State resources. The committed population is declining, particularly in the use of residential per diems. Simultaneously, however, more youth are in secure detention waiting for a committed placement, and they are waiting longer in fiscal 2010 than they were in 2009. The number of youth placed out-of-state is also increasing. These placement concerns may be addressed through the capital program, but there is no funding provided to deal with immediate needs. Funding to address treatment capacity is now deferred until fiscal 2014, at the earliest, and only if a site is identified for the Baltimore Regional Treatment Center.

9. Bond Bill Project Requests for the 2011 Session

Each year, legislators are called upon to sponsor bond bills which provide State capital grants to a variety of local organizations. The MCCBL of 2011 sets aside $15.0 million of general obligation bond authorizations for local community initiatives of this type. As shown in **Appendix 2,** a total of 138 grant requests have been made through the introduction of bond bills in the aggregate of $35.9 million of State funding.

Overview Recommended Actions

1. Add the following language:

State Finance and Procurement Article

8-112. Duties of Committee.

(a) *Review of State debts.* – The Committee shall review on a continuing basis the size and condition of the State tax supported debt as well as other debt of State units, including the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Baltimore City Community College.

(b) *Estimate required.* – On or before October 1 of each year, the Committee shall submit to the Governor and the General Assembly the Committee's estimate of:

(1) the total amount of new State debt that prudently may be authorized for the next fiscal year; AND

(2) THE TOTAL AMOUNT OF TAX SUPPORTED DEBT THAT MAY BE OUTSTANDING AT THE END OF THE NEXT FISCAL YEAR.

(c) *Considerations.* – In making the estimate, the Committee shall consider:

(1) the amount of State bonds that, during the next fiscal year:

(i) will be outstanding; and

(ii) will be authorized but unissued;

(2) the capital program prepared by the Department of Budget and Management;

(3) capital improvement and school construction needs during the next 5 fiscal years, as projected by the Interagency Committee on School Construction;

(4) projections of debt service requirements during the next 10 fiscal years;

(5) the criteria that recognized bond rating agencies use to judge the quality of issues of State bonds;

(6) any other factor that is relevant to:

(i) the ability of the State to meet its projected debt service requirements for the next 5 fiscal years; or

(ii) the marketability of State bonds;

(7) the effect of authorizations of new State debt on each of the factors set out in this subsection; and

(8) the amount of issuances, debt outstanding, and debt service requirement of other classes of State tax supported debt as well as other debt of State units, including the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Baltimore City Community College.

(d) *Estimate advisory nonbinding.* – The estimate of the Committee:

(1) is advisory; and

(2) does not bind the General Assembly, the Board, or the Governor.

(e) *Debt of higher education institutions.–*

(1) In addition to its other duties under this section, the Committee shall review on a continuing basis the size and condition of any debt of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Baltimore City Community College.

(2) In preparing an estimate with respect to the authorization of any new State debt, the Committee shall take into account as part of the affordability analysis any debt for academic facilities to be issued by a System.

(3) At the same time that the Committee makes its report as required under subsection (b) of this section, the Committee shall submit to the Governor and the General Assembly the Committee's estimate of the amount of new bonds for academic facilities that prudently may be authorized in the aggregate for the next fiscal year by the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Baltimore City Community College.

(4) For purposes of this subtitle, the terms "System" and "academic facilities" have the meanings stated in 19-101 of the Education Article.

(5) The Committee may request any needed information from a System and shall consider the information in making its estimates, including any information submitted by a System at its own initiative.

(6) This estimate:

(i) is advisory; and

(ii) does not bind the General Assembly, the Board, or the Governor.

8-113. Preliminary determinations of Governor.

On or before November 1 of each year, after considering the current estimate of the Committee, the Governor shall determine:

(1) the total authorizations of new State debt that the Governor considers advisable for the next fiscal year; [and]

(2) the preliminary allocation of new State debt for:

(i) general construction projects;

(ii) school construction projects; and

(iii) other special projects; AND

(3) THE TOTAL AMOUNT OF TAX SUPPORTED DEBT THAT MAY BE OUTSTANDING AT THE END OF THE NEXT FISCAL YEAR FOR EACH TYPE OF TAX SUPPORTED DEBT.

8-114. Consolidated loan budget.

(a) *Preparation.* – The Department of Budget and Management annually shall prepare for the Governor a draft of the part of the consolidated loan budget that relates to general construction projects.

(b) *Duty to submit.* – On or before the 20th day of each regular session of the General Assembly, the Governor shall submit to the General Assembly:

(1) the consolidated loan budget; and

(2) if necessary, 1 or more bills that authorize new State debt to fund the consolidated loan budget.

(c) *Contents.* – The consolidated loan budget shall:

(1) contain a complete plan of the proposed projects that any accompanying bills would fund; [and]

(2) show, by dollar amount and percent, the allocation for:

(i) general construction projects;

(ii) school construction projects; and

(iii) other special projects; AND

(3) A SECTION THAT LIMITS THE TOTAL AMOUNT OF TAX SUPPORTED DEBT THAT MAY BE OUTSTANDING AT THE END OF THE NEXT FISCAL YEAR FOR EACH TYPE OF TAX SUPPORTED DEBT.

(d) *Form of bills.* –

(1) Each bill that the Governor submits under this section shall comply with the requirements of Article III, 34 and 52 of the Maryland Constitution.

(2) An authorization of State debt to fund any part of the consolidated loan budget shall be deemed to be a single work, object, or purpose under Article III, 52 of the Maryland Constitution.

2. Approve.

ZA00D	InterCounty Connector	$57,630,000	GO

DLS Recommendation: Approve the $57.6 million in general obligation bonds in fiscal 2012. The 2011 *Capital Improvement Program* reflects a final $10.0 million general fund payment in fiscal 2013 for expenses that are not bond eligible.

3. Add the following language:

ZF2450	2100 Guilford Avenue	$ 0

DE02.01 BOARD OF PUBLIC WORKS

STATE GOVERNMENT CENTER – BALTIMORE
(Baltimore City)

GENERAL STATE FACILITIES

(C) 2100 Guilford Avenue. Provide supplemental funds to complete the design and construction of an addition and related improvements to State Office Building #3 at 2100 Guilford Avenue, provided that no funds may be expended until the Department of Budget and Management submits a project plan to the budget committees that reflects the final decision regarding the State's intended use of the building. The budget committees shall have 45 days to review and comment on the plan .... **[3,000,000]**
0

Explanation: This action would de-authorize general obligation bond funds authorized in the 2008 session capital budget bill. Use of the funds is currently restricted until a decision is made concerning the State's intended use of the 2100 Guilford Avenue building. Presently, the Department of General Services and the Department of Public Safety and Correctional Services, Division of Parole and Probation occupy the building. For several years, the Administration has pursued options for moving the Parole and Probation office to a new location but has yet to find a suitable site. Until this situation is resolved, any renovations to 2100 Guilford will remain on hold, and the authorized funds will not be used.

4. Add the following language:

RP00.05 MARYLAND PUBLIC BROADCASTING COMMISSION

(B) Back-up Power Supply System. Provide funds to purchase and install a Back-up Power Supply System at the Owings Mills headquarters (Baltimore County).. **[**700,000**]**
~~**589,000**~~
<u>700,000</u>

Explanation: This restores funds that were proposed to be de-authorized. These funds are not available for de-authorization.

5. Add the following language:

RP00.05 MARYLAND PUBLIC BROADCASTING COMMISSION

(A) Digital Interconnection Network System. Provide fund to purchase and install a Statewide Digital Interconnection System**, NOTWITHSTANDING SECTION 1(5) OF THIS ACT, THIS AUTHORIZATION SHALL NOT TERMINATE PRIOR TO JUNE 1, 2013** (Statewide).. **[**500,000**]**
~~**398,000**~~
<u>500,000</u>

Explanation: This strikes the proposed de-authorization and restores the funds so that the Maryland Public Broadcasting Commission can use the funds to purchase components needed to complete the Annapolis Statehouse segments and other projects needed to make the Digital Interconnection System fully functional. This action also extends the termination date.

6. Add the following language:

SECTION 5. AND BE IT FURTHER ENACTED, That~~,~~:

(1) with the approval of the Department of Budget and Management, any appropriation for design provided in this Act may be used to fund construction if the amount of the appropriation exceeds the amount required for design expenses, including allowances for contingencies; and

(2) with the approval of the Department of Budget and Management, any appropriation for construction provided in this Act may be used to purchase capital equipment if the amount of the appropriation exceeds the amount required for construction expenses, including allowance for contingencies.

Explanation: This language allows funds authorized for design expenses that are not necessary to fund contracted design costs to be used to fund construction expenses. Currently, if there are remaining design authorizations that can be applied to the construction phase of a project, an amendment to the design authorizations is required to allow the funds to be applied to construction. This language would eliminate the need to amend the design authorizations so that the funds can be applied to construction expenses.

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

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
DBED: Maryland State Welcome Centers	-$484,000				Project complete.	Concur.
DPSCS: 1024-Cell Housing Units and Support Space (NBCI)	-502,000				Available unencumbered prior authorized funds.	Concur.
MPBC: Back-up Power Supply System	-111,000				Project complete.	Strike proposed de-authorization – funds needed to complete project.
DBED: Smart Growth Economic Development Infrastructure Fund	-365,000				Available unencumbered prior authorized funds.	Concur.
DHMH: Adult Day Care Facilities	-365,000				Available unencumbered prior authorized funds.	Concur.
MES: Infrastructure Improvement Fund					Extend authorization termination date.	Concur.
BPW: Rockville District Court	-179,000				Project complete.	Concur.
DNR: Dam Rehabilitation Program					Extend authorization termination date.	Concur.
DPSCS: 1024-Cell Housing Units and Support Space (NBCI)	-470,000				Available unencumbered prior authorized funds.	Concur.

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
MPBC: Digital Interconnection Network System	-102,000				Project complete.	Strike proposed de-authorization - funds needed to complete project .
MICUA: Columbia Union College					Extend authorization termination date.	Concur.
MICUA: Sojourner Douglass College					Extend authorization termination date.	Concur.
TEDCO: East County Center for Science and Tech	-1,000,000				Project in litigation.	Concur.
MSU: Montebello E-Wing/ Old Power Plan	-400,000				Project complete.	Concur.
MES: Infrastructure Improvement Fund					Expands authorized use.	Concur.
HSMCC: St. John's Archeological Site Exhibit	-299,000				Project complete.	Concur.
SMCM: New Academic Building	-180,000				Project complete.	Concur.
MSD: New Elementary and Family Ed. Center	-709,000				Project complete.	Concur.
MSU: Banneker Hall	-457,000				Project complete.	Concur.
DHMH: New Forensic Medical Center	-2,500,000				Project complete.	Concur.
SMCM: Bruce Davis Theater Renovation	-370,000				Project complete.	Concur.
BPW: Rockville District Court	-1,800,000				Project complete.	Concur.

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
MSU: Demolition Projects	-100,000				Project complete.	Concur.
DSP: New Hagerstown Barrack and Garage	-225,000				Available unencumbered prior authorized funds.	Concur.
UMBC: New Performing Arts and Humanities Bldg					Adds equipment to the authorized use of funds.	Concur.
Misc: Kellam's Field					Amend grantee name.	Concur.
Misc: St. Mary's School and Gymnasium					Amend grantee name.	Concur.
Misc: Southern and Broadneck High School Field					Amend grantee name.	Concur.
Misc: Glen Avenue Firehouse					Amend grantee name.	Concur.
Misc: Milford Mill Academy Sign					Amend grantee name.	Concur.
Misc: North County Park					Amend grantee name.	Concur.
Misc: Randallstown High School					Amend grantee name.	Concur.
Misc: Woodlawn High School					Amend grantee name.	Concur.

Appendix 1 (Cont.)

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
Section 12 and Section 13 MCCBL of 2010					Strikes pre-authorizations for the 2011 session for various projects – funds for these projects have been included in the main body of the bill Section 1(3).	Concur.
Section 12 – DNR: Harriet Tubman Underground Railroad State Park – Visitor Center and Site Improvements		$2,850,000			The State is partnering with the National Park Service. The pre authorization will allow the project to continue using prior authorized funds and the pre-authorized funds to award contracts.	Concur.
DNR: Program Open Space (Stateside and Local)		46,423,000	$14,140,000		This reflects the amount of GO bond replacement funds programmed for fiscal 2012 through 2014, respectively, to replace transfer tax revenues transferred to the general fund.	Concur.

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
DNR: Rural Legacy		4,589,000	4,589,000		This reflects the amount of GO bond replacement funds programmed for fiscal 2012 through 2014, respectively, to replace transfer tax revenues transferred to the general fund.	Concur.
AGR: Maryland Agricultural Land Preservation Program		6,518,000	6,518,999		This reflects the amount of GO bond replacement funds programmed for fiscal 2012 through 2104, respectively, to replace transfer tax revenues transferred to the general fund.	Concur.

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
DPSCS: New Youth Detention Facility (BCDC)		41,100,000	21,700,000		Provides pre-authorizations to continue development of a new Youth Detention Facility. These funds would be used in conjunction with the $17.5 million authorized in the 2010 session to commence construction of the project. The MCCBL of 2010 provided a pre-authorization of $38.0 million and $26.5 million for fiscal 2012 and 2013, respectively. However, the project is currently on hold while the Administration works with advocacy groups to re-scope the project. Should agreement on the project scope be reached during the coming months, the pre-authorized funds will allow the project to be bid for construction during fiscal 2012.	Concur.

Appendix 1 (Cont.)

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
UMCP: Physical Sciences Complex		24,550,000			This adjusts the pre-authorized amount for the 2012 session. The amount pre-authorized for the 2012 session in the MCCBL of 2010 was $10.6 million. While the MCCBL of 2010 also pre-authorized $44.1 million for the 2011, this amount has been reduced to $30.1 million. Therefore, the proposed authorizations have been modified to reflect revised cash flow needs and not revised project costs.	Concur
FSU: New Center for Communications and Information Technology		39,550,000	4,400,000		Provides pre-authorizations for the 2012 and 2013 sessions, respectively, these funds will be combined with the $10,054,000 proposed to be authorized in the 2011 session to allow the project to proceed to construction bid during fiscal 2012.	Concur

Appendix 1 (Cont.)

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
BCCC: Main Building Renovation – Administration Wing – Liberty Campus		7,800,000			The amount pre-authorized for the 2012 session will be used in combination with the $2.3 million proposed to be authorized in the 2011 session to allow the project to proceed to construction bid during fiscal 2012 without committing all the funding necessary to complete construction in fiscal 2011.	Concur.
MHEC: Community College Facilities Grant Program		10,779,000			Provides a pre-authorization to allow the Montgomery College Rockville Science East Renovation ($6,207,000) and the College of Southern Maryland Renovation and Expansion of BU/CE buildings to proceed to construction during fiscal 2012 in conjunction with other State and local project funding.	Amend to add pre-authorizations for supplemental funding for the Harford Susquehanna Center Renovation and for funds deferred from fiscal 2012 to 2013 for the Baltimore County Owings Mills Center.

Project Title	De-authorized Project Funding	2012 Session Pre-authorization Amounts	2013 Session Pre-authorization Amounts	2014 Session Pre-authorization Amounts	Comments Concerning Proposed Changes	DLS Recommendation
DNR: Enhanced Nutrient Removal		18,175,000			Completes the replacement of revenues transferred from the Chesapeake Bay Restoration Fund to the general fund.	Concur.
DSP: Helicopter Replacement		31,400,000	10,800,000	$3,000,000	The pre-authorizations for the 2012 through 2014 sessions, respectively, will allow the State to procure up to 10 helicopters under the current contract recently approved by the Board of Public Works.	Amend to adjust pre-authorization levels based on the cash flow needs of the helicopter replacement which calls for phased delivery as set forth in the contract.
Totals		**$233,734,000**	**$62,147,999**	**$3,000,000**		

AGR: Agriculture
BCCC: Baltimore City Community College
BCDC: Baltimore City Detention Center
BPW: Board of Public Works
BU/CE: Business and Continuing Education
DBED: Department of Business and Economic Development
DHMH: Department of Health and Mental Hygiene
DLS: Department of Legislative Services
DNR: Department of Natural Resources
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
FSU: Frostburg State University
GO: general obligation
HSMCC: Historic St. Mary's City Commission
MCCBL: Maryland Consolidated Capital Bond Loan
MES: Maryland Environmental Service
MHEC: Maryland Higher Education Commission
MICUA: Maryland Independent Colleges and Universities Association
MPBC: Maryland Public Broadcasting Commission
MSU: Morgan State University
NBCI: North Branch Correctional Institution
SMCM: St. Mary's College of Maryland
TEDCO: Maryland Technology Development Corporation
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park

Legislative Projects – 2011 Session As Introduced

(Project Count: 137)

HB#	House Sponsor	SB#	Senate Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match
Statewide								
1267	DeBoy	900	Kasemeyer	X	Maryland Food Bank	Statewide	$500,000	Soft (all)
					Statewide – Subtotal		**$500,000**	
Allegany								
297	Allegany County Delegation	313	Edwards	X	Allegany Museum	Allegany	$400,000	Grant
1216	Allegany County Delegation	874	Edwards	X	Cumberland City Market	Allegany	125,000	Hard
					Allegany – Subtotal		**$525,000**	
Anne Arundel								
776	Love	418	DeGrange	X	Andover Field Renovations	Anne Arundel	$100,000	Soft (all)
459	Busch	184	Astle	X	Annapolis and Anne Arundel County Conference and Visitors Bureau Center	Anne Arundel	50,000	Soft (all)
1220	Busch	936	Astle	X	Annapolis Market House	Anne Arundel	300,000	Soft (all)
290	Busch	197	Astle	X	Arundel Lodge Expansion	Anne Arundel	200,000	Hard
559	Vitale	817	Reilly	X	Blackstone Memorial Amphitheatre	Anne Arundel	50,000	Soft (1,2)
29	McConkey	972	DeGrange	X	Carroll Field Puglise Stadium Field Lights	Anne Arundel	100,000	Soft (2)

HB#	House Sponsor	SB#	Senate Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match
566	Busch	867	Astle	X	Charles Carroll House	Anne Arundel	75,000	Soft (2,3)
90	Kipke	526	Simonaire	X	Chesapeake High School Field Lights	Anne Arundel	100,000	Hard
1247	Busch	935	Astle	X	Clay Street Development	Anne Arundel	250,000	Soft (1,2)
533	Kipke	970	Simonaire	X	Lake Shore Volunteer Fire Company	Anne Arundel	250,000	Hard
672	Beidle	730	DeGrange	X	Reece Road Community Health Center	Anne Arundel	250,000	Soft (1,3)
649	Busch	24	Astle	X	South River High School Media Center	Anne Arundel	80,000	Grant
					Anne Arundel – Subtotal		**$1,805,000**	
Baltimore City								
1301	Stukes			X	Academy of Success Community Empowerment Center	Baltimore City	$400,000	Soft (2,3)
324	McHale	377	Ferguson	X	American Visionary Art Museum	Baltimore City	55,000	Soft (2)
13	Stukes			X	Carroll Park Heritage Center	Baltimore City	500,000	Hard (U)
199	B. Robinson	349	Pugh	X	Coppin Heights Urban Revitalization Project – Phase 1	Baltimore City	140,000	Hard
445	Harrison	930	McFadden	X	Dayspring Square	Baltimore City	100,000	Hard
1346	B. Robinson				Delta Lambda Foundation Head Start Facility	Baltimore City	290,000	Soft (2)
1183	Stukes	911	Jones-Rodwell	X	Doctor Christina Phillips Community Center	Baltimore City	300,000	Soft (U,3)
1187	Mitchell	860	Jones-Rodwell	X	Dr. Bob's Place – A Hospice for Children	Baltimore City	350,000	Soft (all)
352	Haynes	127	Jones-Rodwell	X	Garrett-Jacobs Mansion Ballroom	Baltimore City	500,000	Soft (2,3)
578	Hammen	376	Ferguson	X	Habitat for Humanity of the Chesapeake	Baltimore City	500,000	Hard

Appendix 2 (Cont.)

HB#	House Sponsor	SB#	Senate Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match
443	Harrison	931	McFadden	X	Historic Diamond Press Building	Baltimore City	100,000	Grant
248	Rosenberg	13	Gladden	X	In Our House Homeless Youth Center	Baltimore City	300,000	Grant
1191	McIntosh	923	Conway	X	Junior League of Baltimore Thrift Store	Baltimore City	350,000	Soft (all)
1298	Harrison	39	McFadden	X	Mary Harvin Transformation Center	Baltimore City	1,000,000	Soft (all)
81	Mitchell	49	Jones-Rodwell		Maryland Center of Veterans Education and Training	Baltimore City	500,000	Soft (U,2)
553	Branch	774	Conway	X	Mattie B. Uzzle Outreach Center	Baltimore City	375,000	Soft (all)
629	Hammen	110	Ferguson	X	Meals on Wheels Green Building	Baltimore City	150,000	Soft (3)
259	Tarrant	564	Pugh		Morgan Mill Facility	Baltimore City	350,000	Hard
1262	Glenn	945	McFadden	X	Mount Pleasant Family Life Center	Baltimore City	300,000	Soft (all)
1194	Haynes	795	Jones-Rodwell	X	Mount Vernon Place Conservancy	Baltimore City	500,000	Hard
814	McHale	779	Ferguson		Museum of Industry Visitor Services Improvements	Baltimore City	200,000	Soft (1,2)
464	Clippinger	378	Ferguson	X	National Aquarium Capital Infrastructure	Baltimore City	250,000	Soft (2,3)
207	Tarrant	126	Pugh	X	Park Heights Women and Children Center	Baltimore City	500,000	Hard
283	B. Robinson	348	Pugh	X	Parks and People Headquarters at Auchentoroly Terrace	Baltimore City	300,000	Hard
1125	McHale	777	Ferguson	X	Port Discovery	Baltimore City	250,000	Hard
296	Tarrant	565	Pugh	X	Roland Water Tower Stabilization	Baltimore City	250,000	Soft (2,3)
1189	Washington	924	Conway	X	St. Elizabeth School Roof Replacement	Baltimore City	100,000	Soft (3)

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1299	Harrison	40	McFadden	X	St. Francis Xavier Head Start	Baltimore City	250,000	Soft (all)
550	Haynes	835	Jones-Rodwell		St. James Academy Comprehensive Educational Center	Baltimore City	610,000	Soft (all)
800	Clippinger	375	Ferguson	X	Star-Spangled Banner Flag House	Baltimore City	150,000	Soft (all)
193	B. Robinson	350	Pugh	X	Substance Abuse, Medical Home, and Clinical Building	Baltimore City	150,000	Hard
551	Clippinger	778	Ferguson	X	The Children's Guild Elevator for Children with Multiple Disabilities	Baltimore City	100,000	Hard
593	Mitchell	797	Jones-Rodwell	X	Town Theatre Renovation	Baltimore City	500,000	Soft (1,3)
1195	Haynes	868	Jones-Rodwell	X	Women's Veteran's Center	Baltimore City	200,000	Soft (1,3)
					Baltimore City – Subtotal		**$10,870,000**	
Baltimore								
42	Jones	11	Kelley	X	Augsburg Lutheran Home of Maryland	Baltimore	$300,000	Hard
77	Nathan-Pulliam	265	Kelley	X	Career Development Center	Baltimore	250,000	Hard
686	Malone			X	Comet Booster Club Concession Stand	Baltimore	67,500	Hard
236	DeBoy	54	Kasemeyer	X	Good Shepherd Student Courtyard Renovation	Baltimore	100,000	Soft (2)
1260	Morhaim	811	Zirkin	X	Jewish Community Services Addition	Baltimore	250,000	Hard
238	DeBoy	16	Kasemeyer	X	Little Sisters of the Poor – Boiler Room	Baltimore	250,000	Soft (all)
1065	Olszewski	748	Stone	X	Todd's Inheritance	Baltimore	300,000	Soft (1)

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92	Morhaim	137	Kasemeyer	X	United Cerebral Palsy Adult Daycare Facility	Baltimore	125,000	Grant
					Baltimore – Subtotal		**$1,642,500**	
Calvert								
		858	Miller	X	North Beach Public Works Building	Calvert	$200,000	Soft (1)
					Calvert – Subtotal		**$200,000**	
Caroline								
		106	Pipkin	X	Caroline High School Culinary Center	Caroline	$400,000	Soft (3)
					Caroline – Subtotal		**$400,000**	
Cecil								
569	James	427	Jacobs	X	Girl Scouts Conowingo Water System	Cecil	$300,000	Soft (all)
1158	Rudolph	872	Jacobs	X	Plumpton Park Zoological Garden	Cecil	100,000	Soft (2)
					Cecil – Subtotal		**$400,000**	
Charles								
		907	Middleton	X	Bel Alton High School Community Development Center	Charles	$100,000	Soft (1,2)
1348	Charles County Delegation	968	Middleton	X	Greater Baden Medical Services Facility	Charles	400,000	Grant
572	Charles County Delegation	920	Middleton	X	Maryland Veterans Memorial Museum	Charles	100,000	Soft (2)
					Charles – Subtotal		**$600,000**	

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Dorchester								
1152	Cane	912	Colburn		Cambridge City Hall Renovation	Dorchester	$200,000	Soft (1,2)
144	Eckardt	158	Colburn	X	Chesapeake Grove – Senior Housing and Intergenerational Center	Dorchester	500,000	Soft (1)
95	Eckardt	27	Colburn	X	Dorchester Center for the Arts – Atrium Entrance	Dorchester	75,000	Soft (2)
21	Cane	26	Colburn	X	Replica Choptank River Lighthouse	Dorchester	300,000	Soft (2,3)
					Dorchester – Subtotal		**$1,075,000**	
Frederick								
269	Clagett	386	Young	X	Cultural Arts Center	Frederick	$200,000	Soft (all)
260	Clagett	164	Brinkley	X	Frederick Alliance For Youth – Youth and Community Center	Frederick	500,000	Hard
261	Clagett	385	Young	X	Weinberg Center for the Arts	Frederick	200,000	Soft (all)
					Frederick – Subtotal		**$900,000**	
Garrett								
		738	Edwards	X	HART Animal Adoption Center	Garrett	$300,000	Hard
					Garrett – Subtotal		**$300,000**	
Harford								
240	DeBoy	267	Glassman	X	Broad Creek Maryland Boy Scouts of America Ecology Conservation Learning Center	Harford	$500,000	Soft (2)
					Harford – Subtotal		**$500,000**	
Howard								
106	Howard County Delegation	34	Robey	X	Blandair Regional Park	Howard	$500,000	Hard

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699	Howard County Delegation	38	Robey	X	Former Ellicott City Post Office	Howard	450,000	Soft (2)
886	Guzzone	522	Robey	X	Linwood Center	Howard	500,000	Hard
243	Howard County Delegation	35	Robey	X	Mount Pleasant Farm House	Howard	125,000	Hard
107	Howard County Delegation	36	Robey	X	The Arc of Howard County – Graeloch Home Renovation	Howard	144,000	Soft (2)
242	Howard County Delegation	37	Robey	X	Troy Regional Park	Howard	500,000	Hard
					Howard – Subtotal		**$2,219,000**	
Kent								
409	Bohanan	461	Pipkin	X	Camp Fairlee Manor	Kent	$300,000	Soft (2)
					Kent – Subtotal		**$300,000**	
Montgomery								
277	Hixson	598	Raskin	X	American Film Institute Silver Theatre and Cultural Center	Montgomery	$375,000	Soft (2)
225	Reznik	233	King	X	Battleridge Place Stream Valley Restoration	Montgomery	20,000	Hard
1122	Kramer	784	Manno	X	Cardinal McCarrick Center	Montgomery	125,000	Hard
1162	Dumais	865	Garagiola	X	Discovery Sports Center	Montgomery	60,000	Hard
246	S. Robinson	231	King	X	Glenbrooke Stormwater Management Pond Renovation	Montgomery	30,000	Hard
788	Kramer	273	Manno	X	Homecrest House	Montgomery	225,000	Hard
438	Lee	219	Frosh	X	Imagination Stage	Montgomery	300,000	Soft (3)

HB#	House Sponsor	SB#	Senate Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match
323	Feldman	445	Garagiola	X	Ivymount School Annex Building	Montgomery	400,000	Soft (all)
350	Frick	195	Garagiola	X	JCCGW Theatre Renovation	Montgomery	250,000	Hard
490	A. Kelly	216	Frosh	X	Jewish Social Service Agency	Montgomery	335,000	Hard
184	Barkley	232	King	X	Lewisberry Corridor Lighting Improvement	Montgomery	30,000	Hard
1239	Gutierrez	624	Madaleno	X	MacDonald Knolls Center	Montgomery	275,000	Soft (U,2)
846	Gilchrist	325	Forehand	X	Mental Health Association HVAC Replacement	Montgomery	75,000	Grant
813	Gutierrez	894	Madaleno	X	Noyes Children's Library Renovations	Montgomery	50,000	Hard
365	Zucker	280	Montgomery	X	Olney Theatre Center	Montgomery	500,000	Soft (3)
1230	Kramer	871	Manno	X	Orthodox Congregation of Silver Spring Preschool Building Repair	Montgomery	48,000	Soft (2,3)
1293	A. Miller	903	Garagiola	X	Poole’s Store Restoration	Montgomery	100,000	Soft (all)
271	Kaiser	842	Montgomery	X	Renovation of Falling Green at OBGC Park	Montgomery	350,000	Soft (all)
394	Gilchrist	326	Forehand	X	Rockville Swim and Fitness Center – Renovation of Locker Room Facility	Montgomery	250,000	Soft (all)
694	Barkley	802	King	X	Seneca Park North	Montgomery	18,500	Hard
1319	Carr	957	Madaleno	X	Warner Manor	Montgomery	250,000	Soft (all)
467	Barve	345	Forehand	X	Water Park at Bohrer Park	Montgomery	450,000	Hard
					Montgomery – Subtotal		**$4,516,500**	
Prince George’s								
772	Summers	590	Ramirez	X	African American Museum and Cultural Center	Prince George’s	$150,000	Soft (2)
725	Griffith	831	Currie	X	Arthur & Mary E. Ridgley, Sr. Museum Phase I	Prince George’s	150,000	Soft (1)

HB#	House Sponsor	SB#	Senate Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match
1200	Niemann	591	Ramirez	X	Battle of Bladensburg Visitor Center and Monument	Prince George's	500,000	Soft (1,3)
1046	Braveboy	819	Currie	X	Berkshire Neighborhood Park Renovation	Prince George's	200,000	Soft (1,3)
1007	Vaughn	987	Benson	X	Capital Heights Seat Pleasant Boys and Girls Club Initiative	Prince George's	100,000	Soft (all)
979	Vaughn	955	Benson	X	City of Seat Pleasant Public Works Facility	Prince George's	500,000	Soft (3)
1199	Niemann	588	Ramirez	X	Civic Center Design Drawings	Prince George's	250,000	Soft (1)
554	Hubbard	318	Peters	X	Community Safety and Surveillance Systems	Prince George's	120,000	Grant
1306	V. Turner	668	Muse	X	Crossland High School	Prince George's	30,000	Hard
1302	Walker	942	Muse		Friendly High School Turf Field	Prince George's	150,000	Hard
1179	Gaines	862	Pinsky	X	Greenbelt Arts Center	Prince George's	25,000	Soft (all)
1057	Ivey	589	Ramirez	X	Joe's Movement Emporium	Prince George's	50,000	Soft (2)
433	Frush	440	Rosapepe	X	Laurel Armory Anderson Murphy Community Center	Prince George's	200,000	Soft (3)
726	Barnes	439	Rosapepe	X	Laurel Boys and Girls Club	Prince George's	500,000	Soft (all)
702	Barnes	432	Rosapepe	X	Laurel Police Department Facility – Community Space	Prince George's	350,000	Soft (3)
1217	Proctor	933	Miller	X	M-NCPPC's Field Lights	Prince George's	300,000	Hard
1287	Walker	665	Muse	X	My Sister's Keeper Group Homes	Prince George's	150,000	Soft (1)
1160	Holmes			X	New Horizons Disability Job Training and Recycling Center	Prince George's	200,000	Hard (U)
		437	Rosapepe	X	Parkland Acquisition	Prince George's	350,000	Soft (all)
432	Frush	435	Rosapepe	X	Parks and Recreation Facility Renovation	Prince George's	500,000	Soft (all)
314	Gaines	194	Pinsky	X	Riverdale Park Town Hall Expansion	Prince George's	400,000	Hard

HB#	House Sponsor	SB#	Senate Sponsor	Fact Sheet	Project Title	Jurisdiction	Request Amount	Match
1009	Vaughn	986	Benson	X	Suitland and Capitol Heights Green Initiative	Prince George's	200,000	Soft (2)
		956	Benson	X	Vesta Glenarden Facility	Prince George's	100,000	Hard
315	Niemann				War of 1812 Monument – Interpretive Marker	Prince George's	500,000	Soft (1)
555	Hubbard	250	Peters	X	Whitemarsh Turf Field	Prince George's	100,000	Hard
					Prince George's – Subtotal		**$6,075,000**	
Queen Anne's								
		525	Pipkin	X	Centre for the Arts Renovation	Queen Anne's	$50,000	Soft (2)
		869	Pipkin	X	Chesterwye Center – Jessie's House	Queen Anne's	125,000	Soft (all)
		405	Pipkin	X	Kennard High School Restoration	Queen Anne's	150,000	Soft (2)
					Queen Anne's – Subtotal		**$325,000**	
Somerset								
		719	Mathias	X	Teackle Mansion and the Sarah Martin Done House	Somerset	$200,000	Soft (1,3)
					Somerset – Subtotal		**$200,000**	
Talbot								
30	Haddaway-Riccio	28	Colburn	X	Chesapeake Bay Maritime Museum Bulkhead Replacement	Talbot	$250,000	Soft (1)
		915	Colburn		Shore UP Head Start – Easton Elementary School	Talbot	800,000	Hard
56	Haddaway-Riccio	29	Colburn	X	Talbot Hospice Expansion	Talbot	250,000	Hard
					Talbot – Subtotal		**$1,300,000**	

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Washington								
185	Donoghue			X	Antietam Fire Company	Washington	$200,000	Hard (U)
					Washington – Subtotal		**$200,000**	
Wicomico								
84	Conway	307	Mathias	X	Salisbury Zoological Park Animal Health Clinic Phase II and III	Wicomico	$200,000	Soft (3)
85	Conway	319	Mathias	X	Tri-County Multi-Purpose Center	Wicomico	300,000	Hard
					Wicomico – Subtotal		**$500,000**	
					Grand Total		**$35,353,000**	

Match Key: 1 = Real Property; 2 = In Kind Contributions; 3 = Prior Expended Funds; U = Unequal Match