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# **2013 Session Capital Budget Overview**

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

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*Analysis of the FY 2014 Maryland Executive Budget, 2013*

## ***Summary of Issues/Updates***

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***Public-private Partnerships:*** Legislation to implement a formal public-private partnership (P3) process has been introduced in the 2013 session. The legislation is similar to failed legislation from the 2012 session but with some key differences that should facilitate its passage.

***State Center Update:*** This update examines the status of and potential alternatives for the State Center redevelopment currently stalled by litigation.

***Reliance on GO Bonds for Private Use and Activities Continues After Budget Improves:*** This update examines the State's use of tax-exempt general obligation (GO) bond financing for programs and projects that include some private activity use and could require the issuance of taxable bonds.

***State Support of the InterCounty Connector:*** After more than 50 years of planning and 5 years of construction, the majority of the InterCounty Connector is now open for business. The last remaining portion of the road (from I-95 to US 1) is underway, and completion is scheduled for 2014. Final State bond funding for the project is included in fiscal 2014.

***Additional Authorizations and Use of Bonds as Transfer Replacement Funds:*** This update examines the impact of fund transfer replacement on the GO bond portion of the capital program.

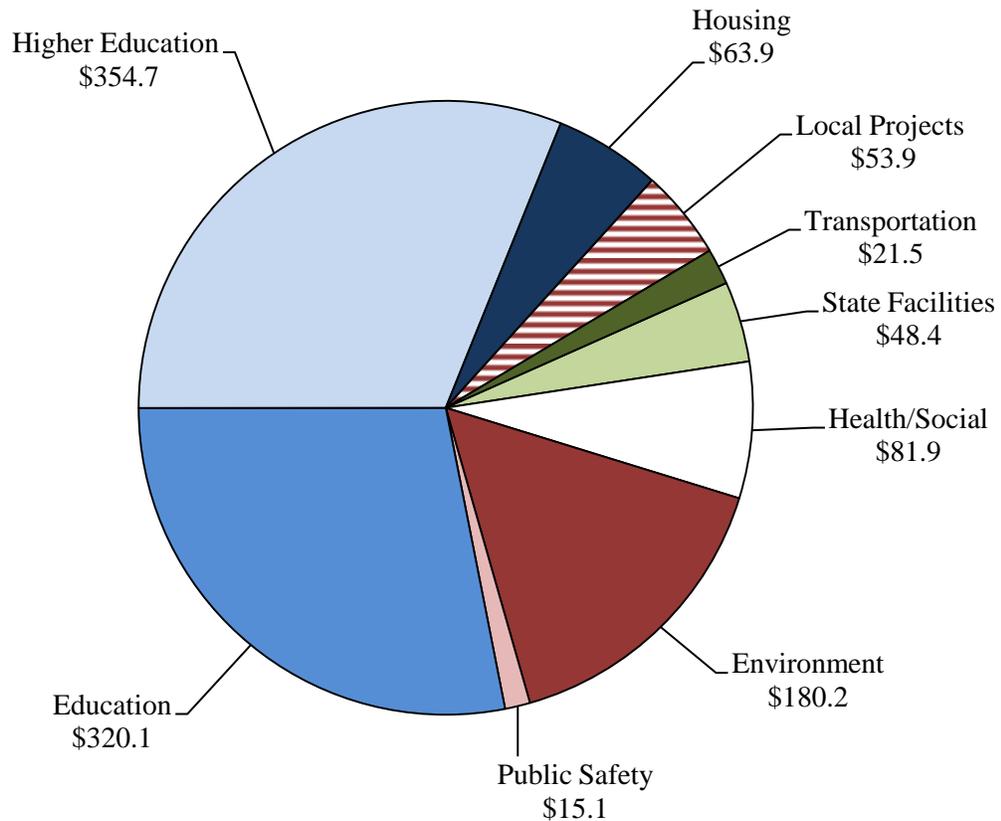
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### **The Fiscal 2014 Nontransportation *Capital Improvement Program* Totals Approximately \$1.56 Billion**

- The program is funded by debt (\$1.139 billion, 73%) and current funds (\$416.8 million, 27%). The Capital Debt Affordability Committee (CDAC) recommended a general obligation (GO) debt limit of \$1.075 billion. CDAC also recommended a \$32.0 million limit for Academic Revenue Bonds. The Spending Affordability Committee concurred with both recommended limits.
- The capital program as introduced includes \$1.075 billion in new GO debt for State-owned facilities and grant and loan programs. An additional \$28.0 million in GO bonds from prior years will be de-authorized, thus increasing the amount of GO debt included in the capital program to \$1.103 billion (**Appendix 1**). The capital budget plan also includes the issuance of \$4.5 million of Qualified Zone Academy Bonds (QZAB) and \$32.0 million of Academic Revenue Bonds, bringing the total amount of debt funding to \$1.139 billion. Of the \$1.103 billion of GO debt, \$64.1 million funds the replacement of prior year and proposed diversion of transfer tax revenues to the general fund; \$224.0 million represents debt pre-authorized in the Maryland Consolidated Capital Bond Loan of 2012, excluding pre-authorized funds for fund balance and revenue transfer replacement; \$310.6 million funds school construction projects, including QZAB and Aging Schools Program funded projects; and \$15.0 million is reserved for legislative community initiatives (**Appendix 2**). **Exhibit 1** illustrates the GO bond distribution.

**Exhibit 1**  
**GO Bond, QZAB, and ARB Distribution**  
**(\$ in Millions)**



ARB: Academic Revenue Bond  
GO: general obligation  
QZAB: Qualified Zone Academy Bond

Source: Department of Budget and Management

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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**  
**Fiscal 2014**

| <u>Project Title</u>   | <u>GO Bond</u>         | <u>Revenue</u>      | <u>Total Funds</u>     |
|--|------------------------|---------------------|------------------------|
| BPW: Public School Construction Program                              | \$300,000,000          | \$0                 | \$300,000,000          |
| CSU: New Science and Technology Center                               | 50,428,000             | 10,000,000          | 60,428,000             |
| MHEC: Community College Facilities Grant Program                     | 52,035,000             | 0                   | 52,035,000             |
| MSU: New School of Business Complex and Bridge                       | 50,514,000             | 0                   | 50,514,000             |
| DNR: Chesapeake Bay 2010 Trust Fund                                  | 36,558,000             | 0                   | 36,558,000             |
| UMBC: New Performing Arts and Humanities Facility                    | 35,216,000             | 0                   | 35,216,000             |
| MDE: Biological Nutrient Removal Program                             | 29,200,000             | 0                   | 29,200,000             |
| DHCD: Rental Housing Programs  | 25,000,000             | 0                   | 25,000,000             |
| UMES: New Engineering and Aviation Sciences Building                 | 22,695,000             | 0                   | 22,695,000             |
| DoIT: Public Safety Communications System                            | 22,300,000             | 0                   | 22,300,000             |
| MISC: InterCounty Connector  | 21,475,000             | 0                   | 21,475,000             |
| DJS: Cheltenham Youth Facility – New Detention Center                | 21,362,000             | 0                   | 21,362,000             |
| MISC: Prince George’s Hospital System New Regional Medical Center    | 20,000,000             | 0                   | 20,000,000             |
| DNR: Program Open Space – Local                                      | 17,846,000             | 0                   | 17,846,000             |
| USMO: Capital Facilities Renewal                                     | 0                      | 17,000,000          | 17,000,000             |
| UMB: Health Sciences Research Facility III and Surge Building        | 16,570,000             | 0                   | 16,570,000             |
| DNR: Program Open Space – Stateside                                  | 15,093,000             | 0                   | 15,093,000             |
| BPW: Facilities Renewal Fund   | 15,000,000             | 0                   | 15,000,000             |
| DNR: Rural Legacy Program  | 14,456,000             | 0                   | 14,456,000             |
| MDA: Agricultural Land Preservation Program                          | 12,653,000             | 0                   | 12,653,000             |
| MISC: High Performance Data Center                                   | 12,000,000             | 0                   | 12,000,000             |
| DNR: Oyster Restoration Program                                      | 10,000,000             | 0                   | 10,000,000             |
| MISC: Prince George’s Hospital System Infrastructure Improvements    | 10,000,000             | 0                   | 10,000,000             |
| UMCP: Campuswide Building System and Infrastructure Improvements     | 5,000,000              | 5,000,000           | 10,000,000             |
| UMMS: New Ambulatory Care Unit and NICU and Labor and Delivery Units | 10,000,000             | 0                   | 10,000,000             |
| <b>Subtotal: Top Funded Programs and Projects</b>                    | <b>\$825,401,000</b>   | <b>\$32,000,000</b> | <b>\$857,401,000</b>   |
| <b>Subtotal: Other Funded Programs and Projects</b>                  | <b>\$282,154,000</b>   | <b>\$0</b>          | <b>\$282,154,000</b>   |
| <b>Grand Total</b>   | <b>\$1,107,555,000</b> | <b>\$32,000,000</b> | <b>\$1,139,555,000</b> |

BPW: Board of Public Works  
 CSU: Coppin State University  
 DHCD: Department of Housing and Community Development  
 DJS: Department of Juvenile Services  
 DNR: Department of Natural Resources  
 DoIT: Department of Information Technology  
 GO: general obligation  
 MDA: Maryland Department of Agriculture  
 MDE: Maryland Department of the Environment  
 MHEC: Maryland Higher Education Commission

MISC: Miscellaneous  
 MSU: Morgan State University  
 NICU: Neonatal Intensive Care Unit  
 UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMMS: University of Maryland Medical System  
 USMO: University System of Maryland Office

Source: Department of Budget and Management

**Exhibit 3**  
**Summary of the Capital Program for Fiscal 2014**  
**(\$ in Millions)**

| Function                             | Bonds                     |                | Current Funds (PAYGO) |                |                | Total  |
|--------------------------------------|---------------------------|----------------|-----------------------|----------------|----------------|--------|
|                                      | <u>General Obligation</u> | <u>Revenue</u> | <u>General</u>        | <u>Special</u> | <u>Federal</u> |        |
| <b>State Facilities</b>              |                           |                |                       |                |                | \$66.6 |
| Facilities Renewal                   | \$21.3                    | \$0.0          | \$0.0                 | \$0.0          | \$0.0          |        |
| State Facilities – Other             | 27.1                      | 0.0            | 0.4                   | 0.0            | 17.8           |        |
| <b>Health/Social</b>                 |                           |                |                       |                |                | 81.9   |
| Health – Other                       | 5.9                       | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| Health State Facilities              | 38.2                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| Private Hospitals                    | 37.8                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| <b>Environment</b>                   |                           |                |                       |                |                | 499.3  |
| Agriculture                          | 18.3                      | 0.0            | 0.0                   | 24.4           | 0.0            |        |
| Energy                               | 0.0                       | 0.0            | 11.7                  | 3.0            | 0.7            |        |
| Environment                          | 48.2                      | 0.0            | 0.3                   | 200.7          | 44.6           |        |
| MD Environmental Service             | 5.2                       | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| Natural Resources                    | 108.5                     | 0.0            | 0.0                   | 28.6           | 5.1            |        |
| <b>Public Safety</b>                 |                           |                |                       |                |                | 15.1   |
| State Corrections                    | 5.3                       | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| State Police                         | 9.8                       | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| <b>Education</b>                     |                           |                |                       |                |                | 345.0  |
| Education – Other                    | 9.4                       | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| School Construction                  | 310.7                     | 0.0            | 25.0                  | 0.0            | 0.0            |        |
| <b>Higher Education</b>              |                           |                |                       |                |                | 354.7  |
| Community Colleges                   | 52.0                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| Morgan State University              | 54.7                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| Private Colleges/Universities        | 22.5                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| St. Mary’s College                   | 4.6                       | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| University System                    | 188.9                     | 32.0           | 0.0                   | 0.0            | 0.0            |        |
| <b>Housing/Community Development</b> |                           |                |                       |                |                | 118.4  |
| Housing                              | 62.7                      | 0.0            | 0.0                   | 25.4           | 19.0           |        |
| Housing – Other                      | 1.2                       | 0.0            | 10.0                  | 0.1            | 0.0            |        |
| <b>Local Projects</b>                |                           |                |                       |                |                | 53.9   |
| Local Project Administration         | 38.9                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |
| Local Project Legislative            | 15.0                      | 0.0            | 0.0                   | 0.0            | 0.0            |        |

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|                                 | <b>Bonds</b>     |                | <b>Current Funds (PAYGO)</b> |                |                  |                  |
|---------------------------------|------------------|----------------|------------------------------|----------------|------------------|------------------|
| <b>Transportation</b>           |                  |                |                              |                |                  | 21.5             |
| Highways                        | 21.5             | 0.0            | 0.0                          | 0.0            | 0.0              |                  |
| <b>De-authorizations</b>        |                  |                |                              |                |                  | -28.0            |
| De-authorizations               | -28.0            | 0.0            | 0.0                          | 0.0            | 0.0              |                  |
| <b>Total</b>                    | <b>\$1,079.5</b> | <b>\$32.0</b>  | <b>\$47.4</b>                | <b>\$282.2</b> | <b>\$87.2</b>    | <b>\$1,528.4</b> |
| <b>Fiscal 2012 Deficiencies</b> | <b>\$0.0</b>     | <b>\$0.0</b>   | <b>\$0.0</b>                 | <b>\$0.0</b>   | <b>\$0.0</b>     | <b>\$0.0</b>     |
| <b>Transportation CTP</b>       | <b>\$0.0</b>     | <b>\$395.0</b> | <b>\$0.0</b>                 | <b>\$690.1</b> | <b>\$913.5</b>   | <b>\$1,998.6</b> |
| <b>Grand Total</b>              | <b>\$1,079.5</b> | <b>\$427.0</b> | <b>\$47.4</b>                | <b>\$972.3</b> | <b>\$1,000.7</b> | <b>\$3,527.0</b> |

CTP: *Consolidated Transportation Program*

PAYGO: pay-as-you-go

Source: Department of Budget and Management

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**Exhibit 4  
Capital Program Request for the 2013 Session**

| Budget Code | Project Title  | Bonds               |            | Current Funds (PAYGO) |            |                     | Total Funds         |
|-------------|--|---------------------|------------|-----------------------|------------|---------------------|---------------------|
|             |  | General Obligation  | Revenue    | General               | Special    | Federal             |                     |
|             | <b>State Facilities</b>  |                     |            |                       |            |                     |                     |
| D55P04A     | DVA: Crownsville Veterans Cemetery<br>Burial Expansion Phase II                      | \$0                 | \$0        | \$0                   | \$0        | \$5,983,000         | \$5,983,000         |
| D55P04B     | DVA: Eastern Shore Veterans<br>Cemetery Burial Expansion                             | 0                   | 0          | 414,000               | 0          | 0                   | 414,000             |
| DA0201A     | MDOD: Accessibility Modifications  | 1,600,000           | 0          | 0                     | 0          | 0                   | 1,600,000           |
| DE0201A     | BPW: Old Senate Chamber<br>Reconstruction  | 4,850,000           | 0          | 0                     | 0          | 0                   | 4,850,000           |
| DE0201B     | BPW: Annapolis Post Office<br>Renovation and Addition                                | 351,000             | 0          | 0                     | 0          | 0                   | 351,000             |
| DE0201C     | BPW: Facilities Renewal Fund   | 15,000,000          | 0          | 0                     | 0          | 0                   | 15,000,000          |
| DE0201D     | BPW: Fuel Storage Tank System<br>Replacement Program                                 | 1,400,000           | 0          | 0                     | 0          | 0                   | 1,400,000           |
| DE0201E*    | BPW: Judiciary St. Mary's County<br>District Court and Multi-Service Center          | 300,000             | 0          | 0                     | 0          | 0                   | 300,000             |
| DH0104A     | MD: Gunpowder Military<br>Reservation Firing Range                                   | 1,382,000           | 0          | 0                     | 0          | 1,998,000           | 3,380,000           |
| FB04A       | DoIT: Public Safety<br>Communications System   | 22,300,000          | 0          | 0                     | 0          | 0                   | 22,300,000          |
| FB04B       | DoIT: One Maryland Broadband<br>Network  | 1,200,000           | 0          | 0                     | 0          | 9,837,726           | 11,037,726          |
|             | <b>Subject Category Subtotal</b>   | <b>\$48,383,000</b> | <b>\$0</b> | <b>\$414,000</b>      | <b>\$0</b> | <b>\$17,818,726</b> | <b>\$66,615,726</b> |
|             | <b>Health/Social</b>   |                     |            |                       |            |                     |                     |
| MA01A       | DHMH: Community Health Facilities<br>Grant Program                                   | \$5,250,000         | \$0        | \$0                   | \$0        | \$0                 | \$5,250,000         |
| MA01B       | DHMH: Federally Qualified Health<br>Center Grant Program                             | 660,000             | 0          | 0                     | 0          | 0                   | 660,000             |
| RQ00A       | UMMS: New Ambulatory Care Unit and<br>NICU and Labor and Delivery Units              | 10,000,000          | 0          | 0                     | 0          | 0                   | 10,000,000          |
| RQ00B       | UMMS: Trauma, Critical Care, and<br>Emergency Medicine Services<br>Expansion Project | 5,000,000           | 0          | 0                     | 0          | 0                   | 5,000,000           |
| RQ00C       | UMMS: R Adams Cowley Shock<br>Trauma Center – Phase II                               | 150,000             | 0          | 0                     | 0          | 0                   | 150,000             |
| VE01A       | DJS: Cheltenham Youth Facility –<br>New Detention Center                             | 21,362,000          | 0          | 0                     | 0          | 0                   | 21,362,000          |

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| Budget Code | Project Title   | Bonds               |            | Current Funds (PAYGO) |             |            | Total Funds         |
|-------------|---|---------------------|------------|-----------------------|-------------|------------|---------------------|
|             |   | General Obligation  | Revenue    | General               | Special     | Federal    |                     |
| VE01B       | DJS: New Thomas J. S. Waxter Children's Center                    | 1,670,000           | 0          | 0                     | 0           | 0          | 1,670,000           |
| ZA00M       | MISC: Kennedy Krieger Institute Comprehensive Autism Center       | 2,000,000           | 0          | 0                     | 0           | 0          | 2,000,000           |
| ZA00Y       | MISC: Prince George's Hospital System New Regional Medical Center | 20,000,000          | 0          | 0                     | 0           | 0          | 20,000,000          |
| ZA00Z       | MISC: Prince George's Hospital System Infrastructure Improvements | 10,000,000          | 0          | 0                     | 0           | 0          | 10,000,000          |
| ZA01A       | MISC: Anne Arundel Medical Center                                 | 500,000             | 0          | 0                     | 0           | 0          | 500,000             |
| ZA01B       | MISC: Chester River Hospital Center – Emergency Department        | 900,000             | 0          | 0                     | 0           | 0          | 900,000             |
| ZA01C       | MISC: Holy Cross Germantown Hospital – Perinatal Unit             | 1,300,000           | 0          | 0                     | 0           | 0          | 1,300,000           |
| ZA01D       | MISC: Johns Hopkins Bayview Medical Center                        | 975,000             | 0          | 0                     | 0           | 0          | 975,000             |
| ZA01E       | MISC: Kennedy Krieger Institute                                   | 500,000             | 0          | 0                     | 0           | 0          | 500,000             |
| ZA01F       | MISC: MedStar Good Samaritan Hospital                             | 375,000             | 0          | 0                     | 0           | 0          | 375,000             |
| ZA01G       | MISC: Saint Agnes Hospital – Cardiovascular Services Unit         | 674,000             | 0          | 0                     | 0           | 0          | 674,000             |
| ZA01H       | MISC: Shore Health System – Diagnostic Imaging Center             | 540,000             | 0          | 0                     | 0           | 0          | 540,000             |
|             | <b>Subject Category Subtotal</b>                                  | <b>\$81,856,000</b> | <b>\$0</b> | <b>\$0</b>            | <b>\$0</b>  | <b>\$0</b> | <b>\$81,856,000</b> |
|             | <b>Environment</b>  |                     |            |                       |             |            |                     |
| DA131302    | MEA: Jane E. Lawton Loan Program                                  | \$0                 | \$0        | \$0                   | \$1,750,000 | \$0        | \$1,750,000         |
| DA131303    | MEA: State Agency Loan Program                                    | 0                   | 0          | 0                     | 1,200,000   | 700,000    | 1,900,000           |
| DA131304    | MEA: Maryland Energy Efficiency Grant Program                     | 0                   | 0          | 11,700,000            | 0           | 0          | 11,700,000          |
| KA05A       | DNR: Community Parks and Playgrounds                              | 2,500,000           | 0          | 0                     | 0           | 0          | 2,500,000           |
| KA05B       | DNR: Natural Resources Development Fund                           | 4,562,000           | 0          | 0                     | 0           | 0          | 4,562,000           |
| KA05C1      | DNR: Program Open Space – Stateside                               | 15,093,000          | 0          | 0                     | 10,972,000  | 4,500,000  | 30,565,000          |
| KA05C2      | DNR: Program Open Space – Local                                   | 17,846,000          | 0          | 0                     | 11,863,000  | 0          | 29,709,000          |
| KA05D       | DNR: Critical Maintenance Program                                 | 4,467,000           | 0          | 0                     | 153,000     | 0          | 4,620,000           |

| Budget Code | Project Title  | Bonds                |            | Current Funds (PAYGO) |                      |                     | Total Funds          |
|-------------|--|----------------------|------------|-----------------------|----------------------|---------------------|----------------------|
|             |  | General Obligation   | Revenue    | General               | Special              | Federal             |                      |
| KA05E       | DNR: Waterway Improvement Fund   | 3,000,000            | 0          | 0                     | 240,000              | 600,000             | 3,840,000            |
| KA05F       | DNR: Rural Legacy Program  | 14,456,000           | 0          | 0                     | 5,364,000            | 0                   | 19,820,000           |
| KA1402A     | DNR: Chesapeake Bay 2010 Trust Fund                                      | 36,558,000           | 0          | 0                     | 0                    | 0                   | 36,558,000           |
| KA17A       | DNR: Oyster Restoration Program  | 10,000,000           | 0          | 0                     | 0                    | 0                   | 10,000,000           |
| LA11A       | MDA: Agricultural Land Preservation Program                              | 12,653,000           | 0          | 0                     | 24,060,000           | 0                   | 36,713,000           |
| LA12A       | MDA: Tobacco Transition Program  | 1,917,000            | 0          | 0                     | 319,000              | 0                   | 2,236,000            |
| LA15A       | MDA: Maryland Agricultural Cost Share Program                            | 3,750,000            | 0          | 0                     | 0                    | 0                   | 3,750,000            |
| UA0104      | MDE: Hazardous Substance Clean-up  | 0                    | 0          | 300,000               | 0                    | 0                   | 300,000              |
| UA0111      | MDE: Enhanced Nutrient Removal Program                                   | 0                    | 0          | 0                     | 88,000,000           | 0                   | 88,000,000           |
| UA0112      | MDE: Septic System Upgrade Program                                       | 0                    | 0          | 0                     | 15,000,000           | 0                   | 15,000,000           |
| UA01A       | MDE: Water Quality Revolving Loan Program                                | 6,840,000            | 0          | 0                     | 88,960,000           | 34,200,000          | 130,000,000          |
| UA01B       | MDE: Drinking Water Revolving Loan Fund                                  | 2,832,000            | 0          | 0                     | 8,770,000            | 10,398,000          | 22,000,000           |
| UA04A1      | MDE: Biological Nutrient Removal Program                                 | 29,200,000           | 0          | 0                     | 0                    | 0                   | 29,200,000           |
| UA04A2      | MDE: Supplemental Assistance Program                                     | 5,925,000            | 0          | 0                     | 0                    | 0                   | 5,925,000            |
| UA04B       | MDE: Water Supply Financial Assistance Program                           | 3,450,000            | 0          | 0                     | 0                    | 0                   | 3,450,000            |
| UB00A1      | MES: Rocky Gap State Park – Wastewater Treatment Plan Improvements       | 2,000,000            | 0          | 0                     | 0                    | 0                   | 2,000,000            |
| UB00A2      | MES: Charlotte Hall Veterans Home Wastewater Treatment Plan Improvements | 1,700,000            | 0          | 0                     | 0                    | 0                   | 1,700,000            |
| UB00A3      | MES: Southern Prerelease Unit – Wastewater Treatment Plan Improvements   | 1,500,000            | 0          | 0                     | 0                    | 0                   | 1,500,000            |
|             | <b>Subject Category Subtotal</b>   | <b>\$180,249,000</b> | <b>\$0</b> | <b>\$12,000,000</b>   | <b>\$256,651,000</b> | <b>\$50,398,000</b> | <b>\$499,298,000</b> |
|             | <b>Public Safety</b>   |                      |            |                       |                      |                     |                      |
| QB02A       | DPSCS: Maryland House of Corrections Deconstruction                      | \$4,306,000          | \$0        | \$0                   | \$0                  | \$0                 | \$4,306,000          |

| Budget Code | Project Title  | Bonds                |            | Current Funds (PAYGO) |            |            | Total Funds          |
|-------------|--|----------------------|------------|-----------------------|------------|------------|----------------------|
|             |  | General Obligation   | Revenue    | General               | Special    | Federal    |                      |
| QB0604A     | DPSCS: Dorsey Run Correctional Facility                                  | 987,000              | 0          | 0                     | 0          | 0          | 987,000              |
| WA01A       | DSP: Helicopter Replacement  | 7,057,000            | 0          | 0                     | 0          | 0          | 7,057,000            |
| WA01B       | DSP: Old Crime Lab – Improvements and Reconfiguration                    | 1,612,000            | 0          | 0                     | 0          | 0          | 1,612,000            |
| WA01C       | DSP: Tactical Services Garage  | 1,174,000            | 0          | 0                     | 0          | 0          | 1,174,000            |
|             | <b>Subject Category Subtotal</b>   | <b>\$15,136,000</b>  | <b>\$0</b> | <b>\$0</b>            | <b>\$0</b> | <b>\$0</b> | <b>\$15,136,000</b>  |
|             | <b>Education</b>   |                      |            |                       |            |            |                      |
| DE0202A     | BPW: Public School Construction Program                                  | \$300,000,000        | \$0        | \$25,000,000          | \$0        | \$0        | \$325,000,000        |
| DE0202B     | BPW: Aging Schools Program   | 6,109,000            | 0          | 0                     | 0          | 0          | 6,109,000            |
| DE0202QZ    | BPW: Qualified Zone Academy Bond Program                                 | 4,549,000            | 0          | 0                     | 0          | 0          | 4,549,000            |
| RA01A       | MSDE: Public Library Capital Grant Program                               | 2,300,000            | 0          | 0                     | 0          | 0          | 2,300,000            |
| RA01B       | MSDE: State Library Resource Center                                      | 1,205,000            | 0          | 0                     | 0          | 0          | 1,205,000            |
| RE01A       | MSD: New Fire Alarm and Emergency Notification System – Frederick Campus | 850,000              | 0          | 0                     | 0          | 0          | 850,000              |
| ZA00R       | MISC: Maryland School for the Blind – LIFE Education Building            | 5,000,000            | 0          | 0                     | 0          | 0          | 5,000,000            |
|             | <b>Subject Category Subtotal</b>   | <b>\$320,013,000</b> | <b>\$0</b> | <b>\$25,000,000</b>   | <b>\$0</b> | <b>\$0</b> | <b>\$345,013,000</b> |
|             | <b>Higher Education</b>  |                      |            |                       |            |            |                      |
| RB21A       | UMB: Health Sciences Research Facility III                               | \$16,570,000         | \$0        | \$0                   | \$0        | \$0        | \$16,570,000         |
| RB22A       | UMCP: Remote Library Storage Facility                                    | 6,107,000            | 0          | 0                     | 0          | 0          | 6,107,000            |
| RB22B       | UMCP: Physical Sciences Complex – Phase I                                | 5,300,000            | 0          | 0                     | 0          | 0          | 5,300,000            |
| RB22C       | UMCP: Campuswide Building System and Infrastructure Improvements         | 5,000,000            | 5,000,000  | 0                     | 0          | 0          | 10,000,000           |
| RB22D       | UMCP: Edward St. John Learning and Teaching Center                       | 3,420,000            | 0          | 0                     | 0          | 0          | 3,420,000            |
| RB22E       | UMCP: H. J. Patterson Hall – Wing I Renovation                           | 878,000              | 0          | 0                     | 0          | 0          | 878,000              |
| RB23A       | BSU: Natural Sciences Center   | 4,500,000            | 0          | 0                     | 0          | 0          | 4,500,000            |

| Budget Code | Project Title  | Bonds              |            | Current Funds (PAYGO) |         |         | Total Funds |
|-------------|--|--------------------|------------|-----------------------|---------|---------|-------------|
|             |  | General Obligation | Revenue    | General               | Special | Federal |             |
| RB24A       | TU: Campuswide Safety and Circulation Improvements   | 7,812,000          | 0          | 0                     | 0       | 0       | 7,812,000   |
| RB24B       | TU: Smith Hall Expansion and Renovation  | 3,200,000          | 0          | 0                     | 0       | 0       | 3,200,000   |
| RB25A       | UMES: New Engineering and Aviation Sciences Building   | 22,695,000         | 0          | 0                     | 0       | 0       | 22,695,000  |
| RB26A       | FSU: New Center for Communications and Information Technology                                | 9,103,000          | 0          | 0                     | 0       | 0       | 9,103,000   |
| RB27A       | CSU: New Science and Technology Center   | 50,428,000         | 10,000,000 | 0                     | 0       | 0       | 60,428,000  |
| RB27B       | CSU: Pedestrian Bridge – ADA Improvements  | 1,786,000          | 0          | 0                     | 0       | 0       | 1,786,000   |
| RB28A       | UB: Langsdale Library  | 1,000,000          | 0          | 0                     | 0       | 0       | 1,000,000   |
| RB29A       | SU: New Academic Commons   | 6,572,000          | 0          | 0                     | 0       | 0       | 6,572,000   |
| RB31A       | UMBC: New Performing Arts and Humanities Facility  | 35,216,000         | 0          | 0                     | 0       | 0       | 35,216,000  |
| RB31B       | UMBC: Campus Traffic Safety and Circulation Improvements                                     | 1,962,000          | 0          | 0                     | 0       | 0       | 1,962,000   |
| RB34A       | UMCES: New Environmental Sustainability Research Laboratory                                  | 2,350,000          | 0          | 0                     | 0       | 0       | 2,350,000   |
| RB36A       | USMO: Shady Grove Educational Center – Biomedical Science and Engineering Education Building | 5,000,000          | 0          | 0                     | 0       | 0       | 5,000,000   |
| RB36RB      | USMO: Capital Facilities Renewal   | 0                  | 17,000,000 | 0                     | 0       | 0       | 17,000,000  |
| RD00A       | SMCM: Anne Arundel Hall Reconstruction   | 4,580,000          | 0          | 0                     | 0       | 0       | 4,580,000   |
| RI00A       | MHEC: Community College Facilities Grant Program   | 52,035,000         | 0          | 0                     | 0       | 0       | 52,035,000  |
| RM00A       | MSU: New School of Business Complex and Bridge   | 50,514,000         | 0          | 0                     | 0       | 0       | 50,514,000  |
| RM00B       | MSU: Soper Library Demolition  | 3,850,000          | 0          | 0                     | 0       | 0       | 3,850,000   |
| RM00C       | MSU: New Jenkins Behavioral and Social Science Center  | 297,000            | 0          | 0                     | 0       | 0       | 297,000     |
| ZA00J       | MISC: High Performance Data Center   | 12,000,000         | 0          | 0                     | 0       | 0       | 12,000,000  |
| ZA00P       | MICUA: Maryland Institute College of Arts Academic Building and Fox Building Renovation      | 4,000,000          | 0          | 0                     | 0       | 0       | 4,000,000   |

| Budget Code | Project Title  | Bonds                |                     | Current Funds (PAYGO) |                     |                     | Total Funds          |
|-------------|--|----------------------|---------------------|-----------------------|---------------------|---------------------|----------------------|
|             |  | General Obligation   | Revenue             | General               | Special             | Federal             |                      |
| ZA00Q       | MICUA: Hood College Hodson Science and Technology Center and Tatem Academic Building Renovations | 2,500,000            | 0                   | 0                     | 0                   | 0                   | 2,500,000            |
| ZA00O       | MICUA: Johns Hopkins University Academic Research Building                                       | 4,000,000            | 0                   | 0                     | 0                   | 0                   | 4,000,000            |
|             | <b>Subject Category Subtotal</b>   | <b>\$322,675,000</b> | <b>\$32,000,000</b> | <b>\$0</b>            | <b>\$0</b>          | <b>\$0</b>          | <b>\$354,675,000</b> |
|             | <b>Housing/Community Development</b>   |                      |                     |                       |                     |                     |                      |
| DW0110A     | MDOP: African American Heritage Preservation Program   | \$1,000,000          | \$0                 | \$0                   | \$0                 | \$0                 | \$1,000,000          |
| DW0110B     | MDOP: Maryland Historical Trust Capital Loan Fund  | 150,000              | 0                   | 0                     | 100,000             | 0                   | 250,000              |
| DW0112      | MDOP: Sustainable Communities Tax Credit   | 0                    | 0                   | 10,000,000            | 0                   | 0                   | 10,000,000           |
| SA2402A     | DHCD: Community Development Block Grant Program  | 0                    | 0                   | 0                     | 0                   | 10,000,000          | 10,000,000           |
| SA24A       | DHCD: Community Legacy Program   | 6,000,000            | 0                   | 0                     | 0                   | 0                   | 6,000,000            |
| SA24B       | DHCD: Neighborhood Business Development Program  | 2,510,000            | 0                   | 0                     | 1,350,000           | 0                   | 3,860,000            |
| SA24C       | DHCD: Strategic Demolition and Smart Growth Impact Project Fund                                  | 7,500,000            | 0                   | 0                     | 0                   | 0                   | 7,500,000            |
| SA2514      | DHCD: Maryland BRAC Preservation Loan Fund   | 0                    | 0                   | 0                     | 2,250,000           | 0                   | 2,250,000            |
| SA25A       | DHCD: Partnership Rental Housing Programs  | 6,000,000            | 0                   | 0                     | 0                   | 0                   | 6,000,000            |
| SA25B       | DHCD: Homeownership Programs   | 7,600,000            | 0                   | 0                     | 900,000             | 0                   | 8,500,000            |
| SA25C       | DHCD: Shelter and Transitional Housing Facilities Grant Program                                  | 1,500,000            | 0                   | 0                     | 0                   | 0                   | 1,500,000            |
| SA25D       | DHCD: Special Loan Programs  | 6,600,000            | 0                   | 0                     | 800,000             | 3,000,000           | 10,400,000           |
| SA25E       | DHCD: Rental Housing Programs  | 25,000,000           | 0                   | 0                     | 20,125,000          | 6,000,000           | 51,125,000           |
|             | <b>Subject Category Subtotal</b>   | <b>\$63,860,000</b>  | <b>\$0</b>          | <b>\$10,000,000</b>   | <b>\$25,525,000</b> | <b>\$19,000,000</b> | <b>\$118,385,000</b> |
|             | <b>Local Projects</b>  |                      |                     |                       |                     |                     |                      |
| ZA00A       | MISC: Alice Ferguson Foundation – Potomac Watershed Study Center                                 | \$1,700,000          | \$0                 | \$0                   | \$0                 | \$0                 | \$1,700,000          |
| ZA00AA      | MISC: Sports Legends Museum Renovations  | 480,000              | 0                   | 0                     | 0                   | 0                   | 480,000              |
| ZA00AB      | MISC: The Walters Art Museum   | 2,500,000            | 0                   | 0                     | 0                   | 0                   | 2,500,000            |
| ZA00B       | MISC: Annapolis High School – Athletic Facilities  | 750,000              | 0                   | 0                     | 0                   | 0                   | 750,000              |

| Budget Code | Project Title  | Bonds               |            | Current Funds (PAYGO) |            |            | Total Funds         |
|-------------|--|---------------------|------------|-----------------------|------------|------------|---------------------|
|             |  | General Obligation  | Revenue    | General               | Special    | Federal    |                     |
| ZA00C       | MISC: Baltimore County War of 1812 Historic Site Improvements      | 250,000             | 0          | 0                     | 0          | 0          | 250,000             |
| ZA00D       | MISC: Baltimore Museum of Art Renovations                          | 3,500,000           | 0          | 0                     | 0          | 0          | 3,500,000           |
| ZA00E       | MISC: The Center for Parks and People at Auchentoroly Terrace      | 1,000,000           | 0          | 0                     | 0          | 0          | 1,000,000           |
| ZA00F       | MISC: Central Baltimore Partnership Renovation Plan                | 3,000,000           | 0          | 0                     | 0          | 0          | 3,000,000           |
| ZA00G       | MISC: National Cryptologic Museum Cyber Center                     | 500,000             | 0          | 0                     | 0          | 0          | 500,000             |
| ZA00H       | MISC: East Baltimore Biotechnology Park                            | 5,000,000           | 0          | 0                     | 0          | 0          | 5,000,000           |
| ZA00I       | MISC: Eastern Shore Conservation Center                            | 1,000,000           | 0          | 0                     | 0          | 0          | 1,000,000           |
| ZA00K       | MISC: Hillel Center for Social Justice                             | 1,000,000           | 0          | 0                     | 0          | 0          | 1,000,000           |
| ZA00N       | MISC: Maryland Hall for the Creative Arts                          | 500,000             | 0          | 0                     | 0          | 0          | 500,000             |
| ZA00S       | MISC: Maryland Zoo in Baltimore Infrastructure Improvements        | 7,000,000           | 0          | 0                     | 0          | 0          | 7,000,000           |
| ZA00T       | MISC: Mount Vernon Place Restoration                               | 1,000,000           | 0          | 0                     | 0          | 0          | 1,000,000           |
| ZA00U       | MISC: National Aquarium in Baltimore – Infrastructure Improvements | 5,000,000           | 0          | 0                     | 0          | 0          | 5,000,000           |
| ZA00V       | MISC: New Horizons Training Center                                 | 200,000             | 0          | 0                     | 0          | 0          | 200,000             |
| ZA00W       | MISC: Ocean City Convention Center Performing Arts Venue           | 3,500,000           | 0          | 0                     | 0          | 0          | 3,500,000           |
| ZA00X       | MISC: Port Discovery Children’s Museum Renovation                  | 1,028,000           | 0          | 0                     | 0          | 0          | 1,028,000           |
| 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           |
|             | <b>Subject Category Subtotal</b>                                   | <b>\$53,908,000</b> | <b>\$0</b> | <b>\$0</b>            | <b>\$0</b> | <b>\$0</b> | <b>\$53,908,000</b> |
|             | <b>Transportation</b>  |                     |            |                       |            |            |                     |
| ZA00L       | MISC: InterCounty Connector  | \$21,475,000        | \$0        | \$0                   | \$0        | \$0        | \$21,475,000        |
|             | <b>Subject Category Subtotal</b>                                   | <b>\$21,475,000</b> | <b>\$0</b> | <b>\$0</b>            | <b>\$0</b> | <b>\$0</b> | <b>\$21,475,000</b> |

| Budget Code | Project Title   | Bonds                  |                      | Current Funds (PAYGO) |                      |                        | Total Funds            |
|-------------|---|------------------------|----------------------|-----------------------|----------------------|------------------------|------------------------|
|             |   | General Obligation     | Revenue              | General               | Special              | Federal                |                        |
|             | <b>De-authorizations</b>                                  |                        |                      |                       |                      |                        |                        |
| ZF00        | De-authorizations as Introduced                           | -\$28,006,000          | \$0                  | \$0                   | \$0                  | \$0                    | -\$28,006,000          |
|             | <i>Subject Category Subtotal</i>                          | <i>-\$28,006,000</i>   | <i>\$0</i>           | <i>\$0</i>            | <i>\$0</i>           | <i>\$0</i>             | <i>-\$28,006,000</i>   |
|             | <b>Current Year Total</b>                                 | <b>\$1,079,549,000</b> | <b>\$32,000,000</b>  | <b>\$47,414,000</b>   | <b>\$282,176,000</b> | <b>\$87,216,726</b>    | <b>\$1,528,355,726</b> |
|             | <b>Transportation Consolidated Transportation Program</b> | <b>\$0</b>             | <b>\$395,000,000</b> | <b>\$0</b>            | <b>\$690,093,810</b> | <b>\$913,475,000</b>   | <b>\$1,998,568,810</b> |
|             | <b>Grand Total</b>  | <b>\$1,079,549,000</b> | <b>\$427,000,000</b> | <b>\$47,414,000</b>   | <b>\$972,269,810</b> | <b>\$1,000,691,726</b> | <b>\$3,526,924,536</b> |

ADA: Americans with Disabilities Act  
 BPW: Board of Public Works  
 BRAC: Base Realignment and Closure  
 BSU: Bowie State University  
 CSU: Coppin State University  
 DHCD: Department of Housing and Community Development  
 DHMH: Department of Health and Mental Hygiene  
 DJS: Department of Juvenile Services  
 DNR: Department of Natural Resources  
 DPSCS: Department of Public Safety and Correctional Services  
 DoIT: Department of Information Technology  
 DSP: Department of State Police  
 DVA: Department of Veteran Affairs  
 FSU: Frostburg State University  
 MD: Military Department  
 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

MES: Maryland Environmental Service  
 MSD: Maryland School for the Deaf  
 MSDE: Maryland State Department of Education  
 MHEC: Maryland Higher Education Commission  
 MICUA: Maryland Independent College and University Association  
 MISC: miscellaneous  
 MSU: Morgan State University  
 NICU: Neo-natal Intensive Care Unit  
 PAYGO: pay as you go  
 SMCM: St. Mary's College of Maryland  
 SU: Salisbury University  
 TU: Towson University  
 UB: University of Baltimore  
 UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCES: University of Maryland Center for Environmental Science  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMMS: University of Maryland Medical System  
 USMO: University System of Maryland Office

## ***Overview Issues/Updates***

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### **1. Public-private Partnerships**

Over the last several years, numerous attempts have been made in Maryland to provide adequate legislative oversight of public-private partnerships (P3s). Chapter 430 of 2004 created a basic reporting requirement for certain transportation contracts. Chapter 383 of 2007 created a statutory definition of transportation P3s and created notification requirements for certain transportation P3s. However, this legislation did not address all transportation P3s nor did it address nontransportation P3s. To address some of these issues, Chapters 640 and 641 of 2010 were enacted to provide a more comprehensive statutory framework for both transportation and nontransportation P3s. Chapters 640 and 641 slightly modified the definition of P3s, created separate titles in the State Finance and Procurement and Transportation articles for P3s, created additional notification requirements for all State agencies, required an analysis of the project's impact on State debt, and established the Joint Legislative and Executive Commission on Oversight of Public-Private Partnerships (commission).

The commission submitted its final report in January 2012. Legislation introduced in the 2012 session (SB 358/HB 576) embodied the commission's recommendations which broadly stated included creating a statement of public policy for the use of P3s, streamlining and clarifying the legislative oversight process, establishing a number of contract provisions that further State policy objectives that should be included in all P3 agreements, and establishing a set of parameters within which P3s must be negotiated. This legislation did not pass in the 2012 session. Similar legislation has been introduced in the 2013 session (SB 538/HB 560) to once again create a more formal State policy for oversight of P3s. Many of the provisions of the 2012 session bill are included in this session's version of the bill, but there are some important differences. A summary of the 2013 legislation's key provisions are included below.

#### **Provisions of SB 538/HB 560**

- **Definition of P3:** Establishes a definition focused on partnership and the delivery of assets. This year's bill adds to the definition of public notice of solicitation to include requests for qualifications. Additionally, the legislation provides that P3s undertaken by the University System of Maryland, Baltimore City Community College, Morgan State University, and St. Mary's College of Maryland that do not involve State funds are exempted from the provisions of the bill. Also exempted are revenue producing transportation facilities already exempted from procurement under COMAR 21.01.03.03(D). **The Department of Legislative Services (DLS) recommends establishment of an administrative reporting process for exempted higher education entities similar to what is currently in place with the Maryland Department of Transportation.**
- **Statement of State Policy on P3s:** Establishes the public policy of the State to utilize P3s for infrastructure initiatives for (1) furthering the development and maintenance of infrastructure assets; (2) apportioning between the public sector and the private sector the risks involved in

the development, operation, or maintenance of infrastructure assets; (3) fostering the creation of jobs; and (4) promoting the socioeconomic development and competitiveness of Maryland. Important and established State policies concerning minority business enterprises, prevailing and living wage, and high performance building requirements are to be included in every P3 project.

- **Process for Identifying and Evaluating Potential P3s:** Requires State agencies to establish a formal process for reviewing and evaluating P3s and to revise their regulations to reflect the commission's recommendations. The process and revised regulations must be reviewed by the budget committees and the Joint Committee on Administrative, Executive, and Legislative Review. **DLS recommends the establishment of a formal independent P3 office that would work collaboratively with units of State government in the P3 process. Specifically, the P3 office would perform procurement analysis, structure contracts, select bidders, and help implement P3s under consideration.**
- **Process for Legislative Oversight of P3s and Designation by the Board of Public Works:** The legislation creates a legislative oversight process consisting of multiple layers of review split among two distinct phases. Phase I requires agencies to submit a detailed report on a potential P3 and allots 45 days for the budget committees, DLS, the Comptroller, and the Treasurer to review and comment. **A key difference from the 2012 session version of the bill is a provision that requires official P3 designation by the Board of Public Works (BPW). This designation would commence after the initial 45-day review of the pre-solicitation report by the budget committees and prior to the issuance of a public notice of solicitation by the reporting agency. This designation process is intended to provide an early opportunity for BPW to evaluate the purpose and goals of proposed projects earlier in the process than is provided currently. To the extent that the State's official procurement officer is part of BPW, it makes sense for the board's review of an official designation to also include a review and comment of the form of public notice of solicitation method selected or under consideration by the reporting agency.** In some respects, this may help avoid procurement issues that have caused the courts to invalidate the State Center P3. Phase II allots 30 days for the budget committees, DLS, the Comptroller, and the Treasurer to concurrently review and comment on the proposed P3 agreement. During both phases, the report and proposed agreement must be made available for public review while proprietary information may be protected. In this phase, the Treasurer's review is to include an evaluation of the debt affordability implications of any proposed project. Consistent with the 2012 session version, the 2013 P3 legislation requires annual reporting of all P3s, including those under consideration that have not been reviewed by the General Assembly and those already approved and under way.
- **Workforce and P3s:** The legislation includes all provisions of the federal Fair Labor Standards Act and State requirements for prevailing wage, living wage, and protections for State employees in the procurement of services at State-operated facilities apply to P3s. The bill notes that minority business participation is an important State policy and supports its use for P3 projects. One provision in the 2012 session bill that likely hindered its passage was the inclusion of language expressing the intent that project labor agreements (PLA) and

community benefit agreements be considered for incorporation in all P3s. This year's legislation eliminates any direct statement of policy concerning PLAs or community benefit agreements. Instead, the legislation includes somewhat obscure language that a P3 "may include provisions that are necessary to develop and strengthen a public infrastructure asset in conjunction with a public-private partnership." To the extent that these larger objectives become State policy through separate legislation at a later time, their use in P3 projects may be expanded or even required. However, from a practical standpoint, PLA's provisions can already be included in State procurements using the great latitude afforded the Governor under State Finance and Procurement Article 11-201 and COMAR 21.01.01.03. Recently the Administration decided on a PLA strategy that does not make implementation of a PLA a requirement but instead makes it a factor in a technical evaluation used in the evaluation of responses to solicitations.

- **Role of State Financing, Use of Proceeds, and Revenue-sharing:** The State should retain flexibility in the use of State funds and debt and other sources of financing for P3s. Additionally, any proceeds derived from a P3 must be returned to the fund that normally would have received revenues for that project, *i.e.*, proceeds from transportation P3s must be used for transportation. Finally, revenue-sharing agreements should be utilized to ensure that the State receives adequate and fair compensation from any proceeds derived from a P3.
- **Contract Provisions Required in All P3 Contracts:** Essentially unchanged from last year's bill, the 2013 version enumerates a number of contract provisions that must be included in all P3 agreements, including establishing a method for future increases in tolls, fees, and other charges related to the asset; minimum quality standards; oversight and remedies for default; and allowing for State inspection of facilities and audits.
- **Term Length Limits:** P3 agreements may not extend beyond 50 years unless BPW provides an exemption.
- **Procurement Methods:** The bill exempts P3s from Division II of the State Finance and Procurement Article but creates a parallel process for the solicitation, acceptance, and review of both solicited and unsolicited proposals. The bill allows an individual or firm that has submitted an unsolicited proposal to participate in any subsequent procurement despite the fact that it inherently creates an advantage for the firm that has submitted an unsolicited proposal. **With respect to unsolicited proposals, DLS recommends that the language of the bill be amended to clarify that if an unsolicited proposal is deemed acceptable, the next step should not be a competitive sealed bid or competitive sealed proposal but a public notice of solicitation.**
- **Appeals Jurisdiction and Time Requirements:** The proposed 2013 session version of the P3 bill does not include any provisions relating to expedited appeal of a circuit court ruling. The inclusion of this in the 2012 session bill was another factor that contributed to the failure of the bill. Instead, separate legislation (HB 1287) has been introduced that would establish the jurisdiction of the Court of Special Appeals to hear immediate appeals related to the

validity of P3s entered into by the State. Decoupling this issue from the P3 bill will provide for legislative consideration of the concept without potentially hampering the P3 legislation. As introduced, HB 1287 does not include a provision making it retroactive to a circuit court decision prior to the bill's effective date which means that the State Center project circuit court ruling is not subject to the bill's expedited review process.

## **2. State Center Update**

### **Background – Phase I**

State Center is located in Baltimore City and refers to a grouping of office buildings in midtown 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 fall 2004, in part because the age and condition of the facilities require replacement or renovation. 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 rates for sale housing; and parking.

### **Master Development Agreement**

In June 2009, the State Center Master Development Agreement (MDA) was approved by BPW. This agreement allows for further ground and occupancy lease negotiations with the developer at each stage of the multi-phased redevelopment project. 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 Lease**

The ground lease for Phase I, approved by BPW in July 2010, 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.

### **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.

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

|                               | <u>Parcel G</u>             | <u>Parcel I-2</u> | <u>Parking Garage</u> |
|-------------------------------|-----------------------------|-------------------|-----------------------|
| <b>Uses</b>                   |                             |                   |                       |
| State Office                  | 375,000 sq. ft.             | 125,000 sq. ft.   |                       |
| State Conference              |                             | 5,000 sq. ft.     |                       |
| Private Office                | 15,000 sq. ft. <sup>1</sup> |                   |                       |
| Retail and Grocery (Parcel G) | 50,000 sq. ft.              | 15,000 sq. ft.    |                       |
| Parking                       |                             |                   | 928 spaces            |

<sup>1</sup>Potential private office space expansion of 125,000 sq. ft. and 150 residential units are planned when market conditions allow.

Source: Department of General Services

**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 (sq. ft.) 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)**

| <u>Fiscal Years</u> | <u>Base Rent</u> | <u>Pass-through Rent</u> | <u>Total Estimated Rent</u> | <u>Estimated Cost Per Square Foot</u> |
|---------------------|------------------|--------------------------|-----------------------------|---------------------------------------|
| 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                                    |

Note: Pass-through rent includes additional charges for taxes, maintenance, and security. 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.

Source: Department of General Services

## **Parking Garage**

Construction of the 928-space parking garage is estimated to cost approximately \$35.0 million, financed by 20-year tax-exempt Maryland Economic Development Corporation 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 at roughly \$2.5 million per year. Additional costs for garage operations and offsetting parking revenue results in an estimated annual loss of about \$2.0 million to the Transportation Trust Fund (TTF).

## **State Revenues**

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, annual base rent, and 15% increases 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. The State would also receive revenues 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.

## **Fiscal Issues**

### **Debt Affordability Implications – Operating vs. Capital Lease**

CDAC currently considers tax-supported capital leases but not operating leases in its affordability analysis. Phase I is assumed by the Administration to constitute an operating lease, based in part on the requirement for annual appropriations in the budget. However, an analysis performed by the State Treasurer's Office, while stopping short of determining the lease constitutes a capital lease, suggested that applying the Government Accounting Standards Board criteria for determining the classification of a lease as operating or capital could result in the lease being scored as a capital lease and that prudently the State may wish to count it as such to avoid any future complications were the lease to be construed as debt of the State by the rating agencies.

## 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. Even if these offsets do materialize, the Phase I development and all future phases will require a significant amount of annual general fund appropriations that could be avoided if the State were to construct new or renovated space to replace the aging State Center infrastructure.

## Litigation Stalls State Center P3 Redevelopment – Future Options

Efforts to start Phase I of the State Center P3 redevelopment have been stymied due to litigation filed by a group of downtown Baltimore City businesses. One of the principal complaints contained in the lawsuit was that the State did not comply with competitive bidding requirements and procedures. A ruling handed down by the Baltimore City Circuit Court in January 2013 voided the development contract, citing the State's failure to competitively bid the development. Recently, the State Court of Appeals agreed to review the Baltimore Circuit Court ruling, effectively skipping the intermediated appellate court appeal process. As it stands, the financing and any groundbreaking for Phase I remain in limbo pending the outcome of the Court of Appeals review.

### Options – Future of State Center

At some point, whether it be in the present form of the negotiated but stalled P3 redevelopment or under some other redevelopment proposal, the State will need to consider its options as it relates to the State's continued occupancy of the building and facilities located at State Center.

- **Defer Major Reinvestment and Continue with a Band-aid Approach to Extending the Useful Life of the Facilities:** The State could continue to occupy State Center under the current State ownership structure and defer any decision regarding the long-term solution to the problem. This would require continued annual funding to address the center's facility maintenance needs. The State would need to perform some strategic facility renewal of the buildings in order to keep the buildings occupiable and extend the useful life of the facilities until such time that a more comprehensive renovation/infrastructure replacement plan could be considered, funded, and completed. The amount of investment would depend upon the urgency of repairs and an annual assessment of what it would take to keep certain buildings operational. The drawback is that the State would continue to occupy space that is considered less than adequate and functionally inefficient.
- **State Fund the Renovation/Replacement of State Center in a Phased Development Plan:** Another option is for the State to undertake its own infrastructure replacement plan for State Center. This would require a substantial capital investment from the State and a reprioritization of the State's long-term capital infrastructure plans. The current five-year *Capital Improvement Program* (CIP) does not contemplate a State-funded renovation/replacement plan for State Center. Unless the State were to decide to increase the amount of new debt over and above the CDAC-recommended level to accommodate such a

proposal, decisions would have to be made regarding how to fit such a large capital investment within the confines of the recommended annual new debt authorization limits. In as much as the five-year CIP is essentially fully subscribed, such decisions would have ramifications for other projects already in the CIP. Estimates from 2009 put the cost of renovations and some new construction in the ballpark of \$215 million, but these assumptions and estimates would need to be re-evaluated and revised accordingly.

- **Sell Off the State Center Land and Facilities and Rent Office Space:** The State could choose to simply sell off State Center and move the agencies currently occupying the site into leased office space. The State could take advantage of commercial office space vacancies in Baltimore and also potentially negotiate favorable lease terms due to the large amount of space that the State would pursue. Leasing space impacts the operating budget, but these costs could be partially offset by whatever the State collects in the sale of State Center and in the avoidance of any continuing deferred facility renewal and maintenance required to keep the facilities operational. Moreover, in this option, the cost of renovating and replacing the buildings is avoided. The downside is this creates a vast empty large tract of land in Baltimore City, pending any future development of the site.
- **P3 – Transit-oriented Development:** The State could also consider pursuing the current stalled P3 redevelopment or initiate an entirely new redevelopment plan under a new P3 arrangement guided by any legislation passed in the 2013 session concerning the procurement, negotiations, and oversight of P3s. The major advantages to this option are that the project could be unhinged from the capital budgeting and funding process and delivered as either an operating or capital lease. Under a capital lease, the State would take title to the property when the bonds are paid off. However, lease payments in this circumstance would be considered in calculating the State's debt ratios. Under an operating lease, the State would lease facilities from a developer, and the developer in turn would obtain long-term financing. Because of the strength of the State as a tenant, interest rates for this debt would likely be competitive. However, while an operating lease structure may technically not be considered debt, rating agencies may nonetheless consider this in their calculations due to the essentiality of the facility, and that the lease would be a commitment nearly as strong as paying bonds.

### **3. Reliance on GO Bonds for Private Use and Activities Continues After Budget Improves**

The State's capital program supports a number of different public policy objectives, such as health, environmental, public safety, education, housing, and economic development objectives. Federal government regulations allow the State to issue debt that does not require the buyer to pay federal taxes on interest earnings. In cases where investors do not pay federal income taxes, they are willing to settle for lower returns. Investors in taxable debt require higher returns to offset their tax liabilities. Consequently, the State can offer lower interest rates on tax-exempt bonds.

### *2013 Session Capital Budget Overview*

Federal laws and regulations limit the kinds of activities the proceeds from tax-exempt bonds can support. One such requirement limits private activities or private purposes of the bond proceeds to 5% of the bond sales proceeds. Another requirement limits the bonds to \$15 million for business use projects and \$5 million for business loans. Examples of programs that support private activities or uses include the Partnership Rental Housing and Neighborhood Business Development programs of the Department of Housing and Community Development (DHCD); the Public Safety Communications program of the Department of Information Technology (DoIT); and the Physical Sciences Complex at the University of Maryland, College Park.

To avoid exceeding the private activity limits imposed in the federal regulations, the State has previously appropriated funds in the operating budget instead of issuing debt for private purpose programs and projects. Recent years' fiscal constraints have limited the amount of operating funds available for capital projects. To continue these programs, the State authorized GO bonds. In fiscal 2004, private purpose projects increased to approximately \$43 million and remained at a high level through fiscal 2006. As a result of this high level of private purpose projects, the State issued \$65 million in taxable bonds in fiscal 2005 and 2006. In fiscal 2011, the State began migrating private purpose programs from the operating budget into the capital budget, which could impact decisions concerning the need to issue taxable debt in the near future. Furthermore, the fiscal 2013 GO bond program again authorized a substantial amount of private purpose debt; approximately \$54 million is proposed. Considering the strict limits that federal regulations place on private activity projects in tax-exempt debt, the State may need to issue taxable bonds again soon.

The fiscal 2014 allowance, which has the lowest structural deficit since before the Great Recession began, has private activity authorizations increasing to \$64 million. This is the highest, not the lowest level in years. **Exhibit 7** shows that out-year private activity authorizations range from \$31 million in fiscal 2015 to \$21 million in fiscal 2018. Though there is a decline in authorizations, there still is a substantial reliance on GO bond funds to support projects and programs that are traditionally supported by pay-as-you-go (PAYGO) capital funding.

As previously mentioned, federal regulations allow for some private activity in tax-exempt bonds. This allows some flexibility if there are minor changes in the use of infrastructure built or if there are some projects or programs that have a limited private activity component. Most of the agencies that have some private activity in their projects have exposure that can be managed within the federal guidelines.

The concern is that there are large private activity authorizations in DoIT and DHCD. These large authorizations are likely to result in taxable bonds in the out-years. Funding these programs in the operating budget reduces the amount of private activity authorizations to \$2 million or less in the out-years. This is consistent with a normal level of private activity authorizations. **DLS recommends that language be added to limit out-year taxable bond authorizations.**

**Exhibit 7**  
**Private Activity Authorizations by Department**  
**Fiscal 2014 to 2018**  
**(\$ in Thousands)**

|   | <u>2014</u>     | <u>2015</u>     | <u>2016</u>     | <u>2017</u>     | <u>2018</u>     |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Private Loans</b>  |                 |                 |                 |                 |                 |
| Department of Information Technology                            | \$3,345         | \$6,345         | \$5,145         | \$5,175         | \$0             |
| State Department of Education                                   | 12              | 133             | 245             | 234             | 229             |
| Morgan State University   | 505             | 50              | 0               | 0               | 0               |
| University System of Maryland                                   | 2,990           | 611             | 383             | 0               | 0               |
| Johns Hopkins University  | 600             | 750             | 0               | 0               | 0               |
| <b>Total Estimated Private Funds</b>                            | <b>\$7,452</b>  | <b>\$7,889</b>  | <b>\$5,773</b>  | <b>\$5,409</b>  | <b>\$229</b>    |
| <b>Private Business Use</b>                                     |                 |                 |                 |                 |                 |
| Department of Housing and Community Development                 | \$55,810        | \$23,000        | \$21,900        | \$21,000        | \$20,000        |
| Department of the Environment                                   | 484             | 325             | 325             | 325             | 325             |
| Department of Natural Resources                                 | 200             | 0               | 0               | 0               | 0               |
| Department of Planning  | 150             | 150             | 150             | 150             | 150             |
| <b>Total Estimated Private Funds</b>                            | <b>\$56,644</b> | <b>\$23,475</b> | <b>\$22,375</b> | <b>\$21,475</b> | <b>\$20,475</b> |
| <b>Total</b>  | <b>\$64,096</b> | <b>\$31,364</b> | <b>\$28,148</b> | <b>\$26,884</b> | <b>\$20,704</b> |
| <b>Out-year Total without Housing or Information Technology</b> |                 | <b>\$2,019</b>  | <b>\$1,103</b>  | <b>\$709</b>    | <b>\$704</b>    |

Source: Department of Budget and Management, *Capital Improvement Program*, January 2013

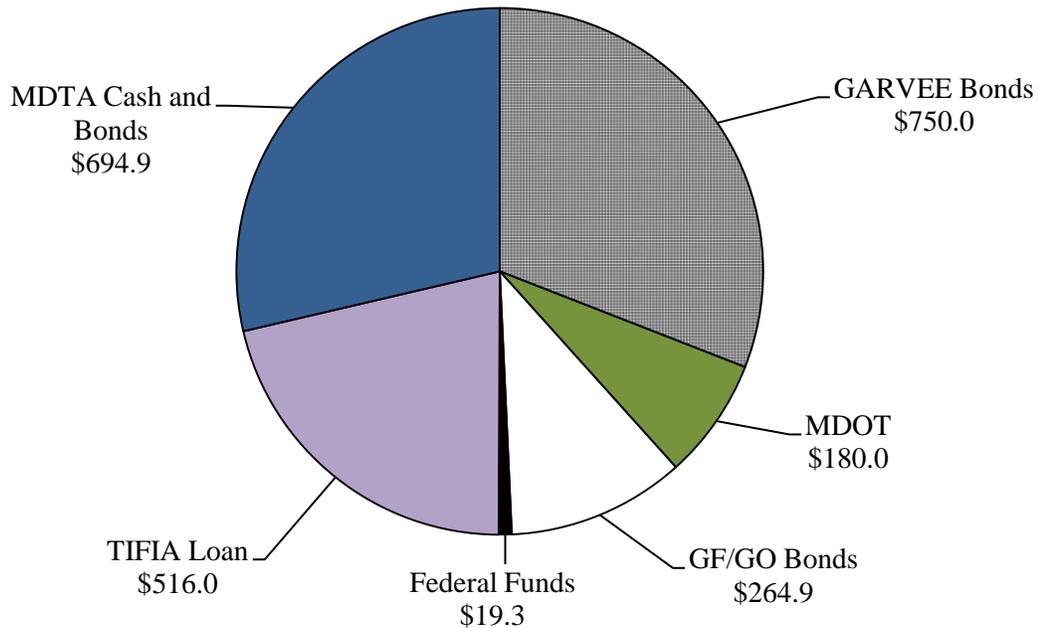
#### **4. State Support of the InterCounty Connector**

After more than 50 years of planning and 5 years of construction, the majority of the InterCounty Connector (ICC) is now open for business. The first segment of the ICC, running from I-270/I-370 to MD 97/Georgia Avenue, opened to traffic on February 23, 2011. On November 22, 2011, the ICC from MD 97 to I-95 opened to traffic. The last remaining portion of the road (from I-95 to US 1) is underway, and completion is scheduled for 2014. Approximately 89% of the total construction value of the project is complete.

Average daily traffic on the facility has been in line with traffic forecasts. Forecasts of traffic and revenue on the ICC included a three-year ramp-up period to allow time for users to become aware that the facility was open, adjust their commuting patterns, and understand the new tolling technology. Average daily traffic continues to grow as projected even in the lowest volume segment.

The total cost of the project is \$2.4 billion. **Exhibit 8** provides the funding sources for the ICC.

**Exhibit 8**  
**Funding Sources for the ICC**  
**(\$ in Millions)**



GARVEE: Grant Anticipation Revenue Vehicle  
GF: general fund  
GO: general obligation  
ICC: InterCounty Connector  
MDOT: Maryland Department of Transportation  
MDTA: Maryland Transportation Authority  
TIFIA: Transportation Infrastructure Finance and Innovation Act

Source: Maryland Transportation Authority's January 2012 Financial Forecast, Version 2011-18

Chapters 471 and 472 of 2005 established a finance plan for the ICC. The original finance plan included general fund repayment of \$264.9 million that had been borrowed from the TTF in fiscal 2003 and 2004. Provisions in the Budget Reconciliation and Financing Acts (BRFA) of 2008 through 2011 altered the repayment schedule for this funding and allowed the use of GO bonds to repay this money. Through fiscal 2013, all but \$21.5 million of the required payments have been made, as shown in **Exhibit 9**.

**DLS recommends concurring with the Governor's allowance.**

**Exhibit 9**  
**State Support of the InterCounty Connector**  
**Fiscal 2007-2013**

| <b>Fiscal Year</b> | <b>Original Finance Plan</b>      | <b>Current Finance Plan</b> |
|--------------------|-----------------------------------|-----------------------------|
| 2007               | At least \$50.0 million GF        | \$53.0 million GF           |
| 2008               | At least \$50.0 million GF        |                             |
| 2009               | At least \$50.0 million GF        |                             |
| 2010               | Balance to be repaid <sup>1</sup> | \$55.0 million GO bonds     |
| 2011               |                                   | \$89.3 million GO bonds     |
| 2012               |                                   | \$46.2 million GO bonds     |
| 2013               |                                   | \$21.5 million GO bonds     |

GF: general fund  
GO: general obligation

<sup>1</sup> Chapter 203 of 2003 transferred \$314.9 million from the Transportation Trust Fund to the general fund to address a budget shortfall. After a repayment of \$50.0 million in fiscal 2006, Chapters 471 and 472 of 2005 directed that the remaining balance of \$264.9 million be paid to the Maryland Transportation Authority for construction of the InterCounty Connector. If payments of \$50.0 million had been made in fiscal 2007 through 2009, the balance to be repaid in fiscal 2010 would have been \$114.9 million.

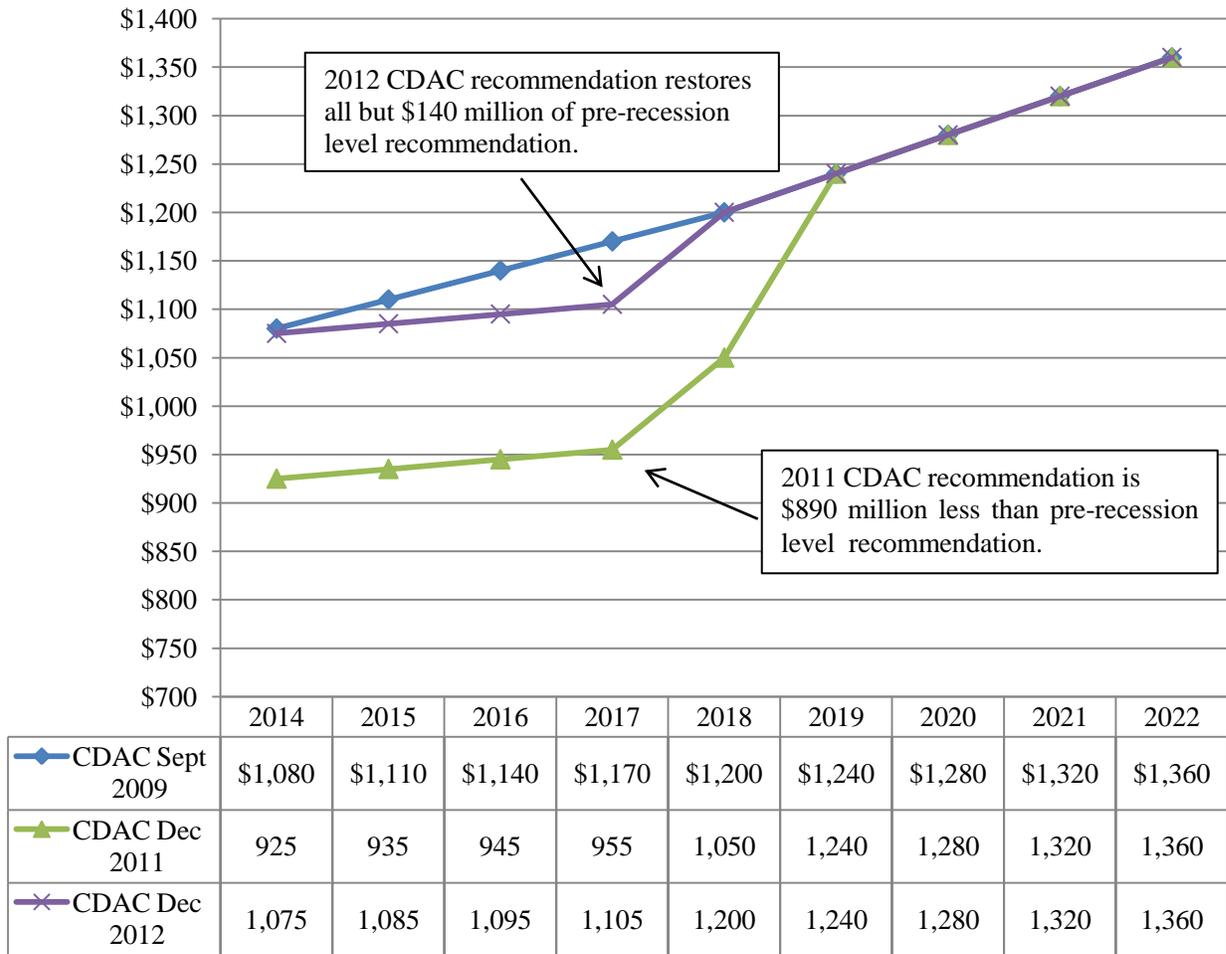
Source: Department of Legislative Services

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**5. Additional Authorizations and Use of Bonds as Transfer Replacement Funds**

- Five-year CIP adds \$150 million annually – \$750 million over next five years.
- The revised out-year GO bond authorization levels illustrated in **Exhibit 10** reflect the restoration of authorizations to pre-recession levels.

**Exhibit 10**  
**Comparison of Recent Capital Debt Affordability Committee**  
**Five-year Recommendations**  
**Fiscal 2014-2022**  
**(\$ in Millions)**



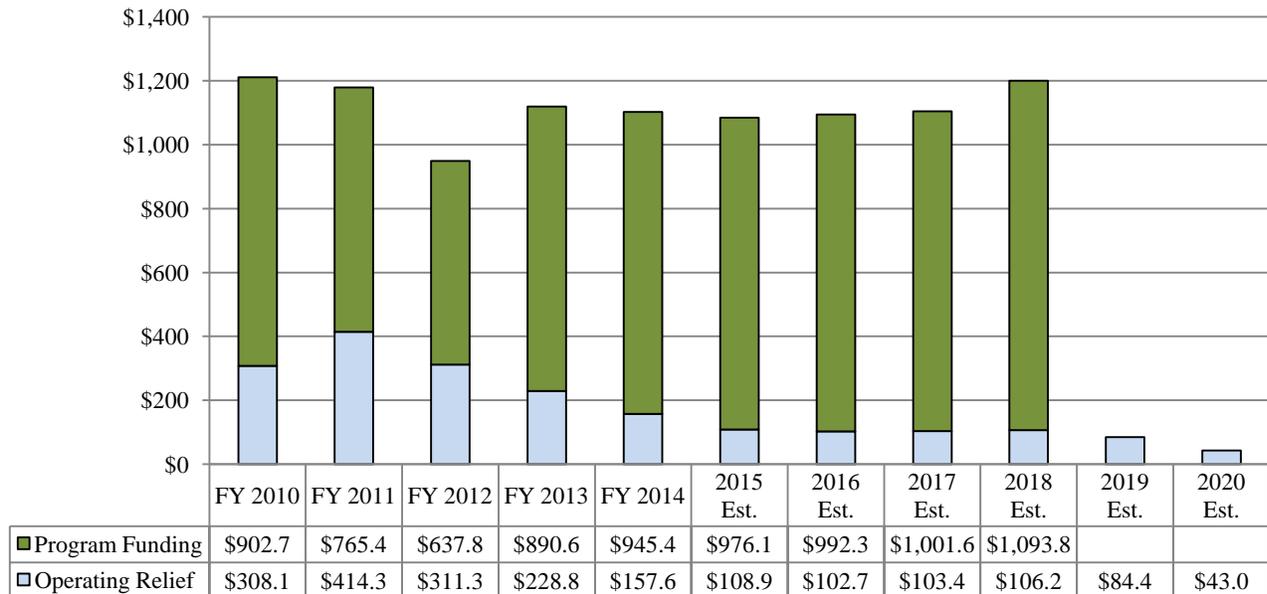
CDAC: Capital Debt Affordability Committee

Source: 2012 Capital Debt Affordability Committee

## Bond Replacement Reduces Amounts Available for Other Infrastructure Needs

**Exhibit 11** shows the recent and proposed use of the GO bond program to provide operating relief which reduces the amount of resources available for other capital priorities. For fiscal 2010 through 2014, approximately 28% of the total GO bond authorizations have been used for operating relief. The impact of bond replacement on future budgets is further impacted by the proposed multi-year diversion of transfer tax included in the BRFA of 2013 which includes a provision for the transfer of \$410.7 million of fiscal 2014 through 2018 transfer tax revenues to the general fund. The Governor’s plan includes the use of \$405.1 million of GO bonds as a means of replacement spread over fiscal 2014 through 2020. In the context of the \$750 million of increased new GO bond authorizations programmed in the five-year CIP, the replacement plan would use \$277.5 million, or 37%, of the new authorizations with another \$127.4 million of bond replacement programmed beyond the five-year CIP planning period.

**Exhibit 11**  
**Use of Bond Program for Operating Budget Relief**  
**Fiscal 2010-2020**  
**(\$ in Millions)**



Source: Department of Budget and Management; Department of Legislative Services

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

| <u>Budget Code</u>  | <u>Project Title</u>  | <u>De-authorized Amount</u> |
|---|---|-----------------------------|
| <b>Chapter 46 of the Acts of 2006</b>   |   |                             |
|   | CSU: Coppin State University Lutheran Hospital Site           | -\$325,000                  |
| <b>Chapter 488 of the Acts of 2007</b>  |   |                             |
|   | BPW: Underground Heating Oil Storage Tank Replacement Program | -\$100,000                  |
| <b>Chapter 488 of the Acts of 2007, as amended by Chapter 336 of the Acts of 2008</b> |   |                             |
|   | DJS: Department of Juvenile Services Facilities Grant Program | -\$1,027,000                |
| <b>Chapter 336 of the Acts of 2008</b>  |   |                             |
|   | DNR: Rural Legacy Program                                     | -\$1,000,000                |
|   | DPSCS: Vocational Education Building                          | -118,000                    |
|   | DPSCS: New Women’s Detention Facility                         | -2,568,000                  |
|   | MISC: WestSide Revitalization Project                         | Amends to eliminate match   |
| <b>Chapter 336 of the Acts of 2008, as amended by Chapter 396 of the Acts of 2011</b> |   |                             |
|   | DHMH: New Forensic Medical Center                             | -\$750,000                  |
| <b>Chapter 336 of the Acts of 2008, as amended by Chapter 444 of the Acts of 2012</b> |   |                             |
|   | BPW: Ethanol Fueling Stations                                 | -\$50,000                   |
| <b>Chapter 485 of the Acts of 2009</b>  |   |                             |
|   | BPW: Underground Heating Oil Storage Tank Replacement Program | -\$1,250,000                |
|   | DNR: Program Open Space Capital Development                   | -653,000                    |
|   | DHMH: New Forensic Medical Center                             | -753,000                    |
|   | DPSCS: Public Safety Education and Training Center            | -250,000                    |
|   | DPSCS: New Women’s Detention Facility                         | -4,055,000                  |
|   | DPSCS: New Youth Detention Facility                           | -8,458,000                  |
|   | MISC: WestSide Revitalization Project                         | Amends to eliminate match   |
| <b>Chapter 485 of the Acts of 2009, as amended by Chapter 483 of the Acts of 2010</b> |   |                             |
|   | Military Department Salisbury Armory                          | -\$650,000                  |

| <u>Budget Code</u>  | <u>Project Title</u>  | <u>De-authorized Amount</u> |   |
|---|---|-----------------------------|---|
| <b>Chapter 485 of the Acts of 2009, as amended by Chapter 483 of the Acts of 2010 and Chapter 444 of the Acts of 2012</b> |   |                             |   |
|   | Maryland School for the Deaf New Cafeteria                  | -\$200,000                  |   |
| <b>Chapter 485 of the Acts of 2009, as amended by Chapter 396 of the Acts of 2011 and Chapter 444 of the Acts of 2012</b> |   |                             |   |
|   | DPSCS: Vocational Education Building                        | -\$145,000                  |   |
| <b>Chapter 485 of the Acts of 2009, as amended by Chapter 444 of the Acts of 2012</b>                                     |   |                             |   |
|   | Maryland School for the Deaf Main Building                  | -\$275,000                  |   |
|   | Parking Lot and Athletic Field                              |                             |   |
| <b>Chapter 483 of the Acts of 2010, as amended by Chapter 396 of the Acts of 2011 and Chapter 444 of the Acts of 2012</b> |   |                             |   |
|   | DPSCS: New Youth Detention Facility                         | -\$597,000                  |   |
| <b>Chapter 483 of the Acts of 2010, as amended by Chapter 444 of the Acts of 2012</b>                                     |   |                             |   |
|   | DJS: Southern Maryland Children’s Center                    | -\$4,650,000                |   |
| <b>Chapter 396 of the Acts of 2011</b>  |   |                             |   |
|   | SU: Salisbury University Gymnasium Repairs                  | -\$132,000                  |   |
| <b>Chapter 444 of the Acts of 2012</b>  |   |                             |   |
| ZF3100  | UMCES: New Environmental Sustainability Research Laboratory |                             | Technical change  |
| ZF3200  | DJS: Baltimore Regional Treatment Center                    |                             | Amend to allow more time to acquire property            |
| ZF3300  | MISC: Baltimore Museum of Art                               |                             | Extend termination                                      |
| ZF3400  | MISC: Prince George’s Hospital System                       |                             | Technical change  |
|   | <b>Total De-authorizations</b>                              | <b>-\$28,006,000</b>        |   |
|   |   |                             |   |
| BPW:  | Board of Public Works                                       | DPSCS:                      | Department of Public Safety and Correctional Services   |
| CSU:  | Coppin State University                                     | MISC:                       | miscellaneous   |
| DHMH:   | Department of Health and Mental Hygiene                     | SU:                         | Salisbury University                                    |
| DJS:  | Department of Juvenile Services                             | UMCES:                      | University of Maryland Center for Environmental Science |
| DNR:  | Department of Natural Resources                             |                             |   |

**Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan  
2015-2020 MCCBL**

| <b><u>Budget Code</u></b> | <b><u>Project Title</u></b>                                   | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> |
|---------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Section 12</b>         |   |                    |                    |                    |                    |                    |                    |
|                           | DNR: Program Open Space                                       | \$41,635,000       |                    |                    |                    |                    |                    |
|                           | DNR: Rural Legacy Program                                     | 10,231,000         |                    |                    |                    |                    |                    |
|                           | Agriculture Maryland Agricultural Land Preservation Program   | 15,188,000         |                    |                    |                    |                    |                    |
|                           | DHMH: Henryton Center   | 3,600,000          |                    |                    |                    |                    |                    |
|                           | UMB: Health Sciences Research Facility III and Surge Building | 49,000,000         |                    |                    |                    |                    |                    |
|                           | UMES: New Engineering and Aviation Science Building           | 56,850,000         |                    |                    |                    |                    |                    |
|                           | SU : New Academic Commons                                     | 59,250,000         |                    |                    |                    |                    |                    |
|                           | UMBC: Campus Traffic Safety and Circulation Improvements      | 10,000,000         |                    |                    |                    |                    |                    |
|                           | St. Mary's College of Maryland: Anne Arundel Hall             | 17,700,000         |                    |                    |                    |                    |                    |
|                           | MSD: New Fire Alarm   | 1,700,000          |                    |                    |                    |                    |                    |
|                           | MHEC: Community College Facilities Grant Program              | 66,854,000         |                    |                    |                    |                    |                    |
|                           | MES: Infrastructure Improvement Fund                          | 5,430,000          |                    |                    |                    |                    |                    |
|                           | MSU: New School of Business Complex                           | 3,000,000          |                    |                    |                    |                    |                    |
|                           | MSU: Soper Library Demolition                                 | 2,100,000          |                    |                    |                    |                    |                    |
|                           | DJS: Cheltenham Youth Facility                                | 31,000,000         |                    |                    |                    |                    |                    |
|                           | DSP: Helicopter Replacement                                   | 12,900,000         |                    |                    |                    |                    |                    |
|                           | MISC: High Performance Computing Data Center                  | 7,000,000          |                    |                    |                    |                    |                    |
| <b>Section 13</b>         |   |                    |                    |                    |                    |                    |                    |
|                           | Program Open Space  |                    | \$43,718,000       |                    |                    |                    |                    |
|                           | DNR: Rural Legacy Program                                     |                    | 9,718,000          |                    |                    |                    |                    |
|                           | Agricultural Land Preservation                                |                    | 16,967,000         |                    |                    |                    |                    |
|                           | UMB: Health Sciences Research Facility III and Surge Building |                    | 80,000,000         |                    |                    |                    |                    |
|                           | UMES: Engineering and Aviation Science Building               |                    | 350,000            |                    |                    |                    |                    |
|                           | SU: New Academic Commons                                      |                    | 37,750,000         |                    |                    |                    |                    |
|                           | St. Mary's College of Maryland: Anne Arundel Hall             |                    | 8,900,000          |                    |                    |                    |                    |

| <u>Budget Code</u> | <u>Project Title</u>                    | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>         | <u>2018</u>         | <u>2019</u>         |
|--------------------|---|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>Section 14</b>  |   |                      |                      |                      |                     |                     |                     |
|                    | DNR: Program Open Space                 |                      |                      | \$42,558,000         |                     |                     |                     |
|                    | DNR: Rural Legacy Program               |                      |                      | 8,785,000            |                     |                     |                     |
|                    | Agricultural Land Preservation Program  |                      |                      | 16,093,000           |                     |                     |                     |
|                    | UMB: Health Sciences Research Facility  |                      |                      | 53,000,000           |                     |                     |                     |
| <b>Section 15</b>  |   |                      |                      |                      |                     |                     |                     |
|                    | DNR: Program Open Space                 |                      |                      |                      | \$44,928,000        |                     |                     |
|                    | DNR: Rural Legacy Program               |                      |                      |                      | 9,017,000           |                     |                     |
|                    | Agricultural Land Preservation          |                      |                      |                      | 16,877,000          |                     |                     |
|                    | UMB: Health Sciences Research Facility  |                      |                      |                      | 1,000,000           |                     |                     |
| <b>Section 16</b>  |   |                      |                      |                      |                     |                     |                     |
|                    | DNR: Program Open Space                 |                      |                      |                      |                     | \$47,505,000        |                     |
|                    | DNR: Rural Legacy Program               |                      |                      |                      |                     | 9,268,000           |                     |
|                    | Agricultural Land Preservation          |                      |                      |                      |                     | 17,727,000          |                     |
| <b>Section 17</b>  |   |                      |                      |                      |                     |                     |                     |
|                    | Program Open Space                      |                      |                      |                      |                     |                     | \$24,251,000        |
|                    | Rural Legacy Program                    |                      |                      |                      |                     |                     | 4,683,000           |
|                    | Maryland Agricultural Land Preservation |                      |                      |                      |                     |                     | 9,029,000           |
|                    |   | <b>\$393,438,000</b> | <b>\$197,403,000</b> | <b>\$120,436,000</b> | <b>\$71,822,000</b> | <b>\$74,500,000</b> | <b>\$37,963,000</b> |

DJS: Department of Juvenile Services  
 DSP: Department of State Police  
 MES: Maryland Environmental Service  
 MHEC: Maryland Higher Education Commission  
 MISC: miscellaneous  
 MSD: Maryland School for the Deaf

MSU: Morgan State University  
 SU: Salisbury University  
 UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMES: University of Maryland Eastern Shore