

**DW0110**  
**Department of Planning – Capital**

***Capital Budget Summary***

---

**State-owned *Capital Improvement Program***  
**(\$ in Millions)**

<b>Projects</b>	<b>Prior Auth.</b>	<b>2019 Est.</b>	<b>2020 Est.</b>	<b>2021 Est.</b>	<b>2022 Est.</b>	<b>2023 Est.</b>	<b>Beyond CIP</b>
Patterson Center Renovations	\$0.827	\$3.887	\$3.787	\$0.000	\$0.000	\$0.000	\$0.000
Maryland Archaeological Conservation Laboratory – Expansion and Renovation	0.000	0.000	0.427	3.129	3.051	0.000	0.000
<b>Total</b>	<b>\$0.827</b>	<b>\$3.887</b>	<b>\$4.214</b>	<b>\$3.129</b>	<b>\$3.051</b>	<b>\$0.000</b>	<b>\$0.000</b>

<b>Fund Source</b>	<b>Prior Auth.</b>	<b>2019 Est.</b>	<b>2020 Est.</b>	<b>2021 Est.</b>	<b>2022 Est.</b>	<b>2023 Est.</b>	<b>Beyond CIP</b>
GO Bonds	\$0.827	\$3.887	\$4.214	\$3.129	\$3.051	\$0.000	\$0.000
<b>Total</b>	<b>\$0.827</b>	<b>\$3.887</b>	<b>\$4.214</b>	<b>\$3.129</b>	<b>\$3.051</b>	<b>\$0.000</b>	<b>\$0.000</b>

CIP: *Capital Improvement Program*  
GO: general obligation

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

<b>Program</b>	<b>2017 Approp.</b>	<b>2018 Approp.</b>	<b>2019 Request</b>	<b>2020 Est.</b>	<b>2021 Est.</b>	<b>2022 Est.</b>	<b>2023 Est.</b>
Maryland Heritage Structure Rehabilitation Tax Credit Program	\$9.000	\$9.000	\$9.000	\$0.000	\$0.000	\$0.000	\$0.000
Maryland Historical Trust Revolving Loan Fund	0.300	0.300	0.300	0.300	0.300	0.300	0.300
African American Heritage Preservation Grant Program	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Maryland Historical Trust Capital Grant Fund	0.000	0.600	0.600	0.600	0.600	0.600	0.600
<b>Total</b>	<b>\$10.300</b>	<b>\$10.900</b>	<b>\$10.900</b>	<b>\$1.900</b>	<b>\$1.900</b>	<b>\$1.900</b>	<b>\$1.900</b>

<b>Fund Source</b>	<b>2017 Approp.</b>	<b>2018 Approp.</b>	<b>2019 Request</b>	<b>2020 Est.</b>	<b>2021 Est.</b>	<b>2022 Est.</b>	<b>2023 Est.</b>
PAYGO GF	\$9.000	\$9.000	\$8.906	\$0.000	\$0.000	\$0.000	\$0.000
PAYGO SF	0.150	0.300	0.394	0.150	0.150	0.150	0.150
GO Bonds	1.150	1.600	1.600	1.750	1.750	1.750	1.750
<b>Total</b>	<b>\$10.300</b>	<b>\$10.900</b>	<b>\$10.900</b>	<b>\$1.900</b>	<b>\$1.900</b>	<b>\$1.900</b>	<b>\$1.900</b>

GF: general funds  
GO: general obligation  
PAYGO: pay-as-you-go  
SF: special funds

Note: No out-year funding is projected for the Maryland Heritage Structure Rehabilitation Tax Credit Program since the tax credit is not included in the 2018 *Capital Improvement Program*. Chapter 578 of 2016 altered and extended the tax credit through fiscal 2022 but did not specify an amount.

## ***Summary of Recommended PAYGO Actions***

---

1. Concur with Governor's allowance of \$300,000 in special funds for the Maryland Historical Trust Revolving Loan Fund.
2. Concur with Governor's allowance of \$8,905,935 in general funds and \$94,065 in special funds for the Maryland Heritage Structure Rehabilitation Tax Credit Program.

## ***Summary of Recommended Bond Actions***

---

1. Patterson Center Renovations  
  
Approve the \$3,887,000 general obligation bond authorization for the Patterson Center Renovations project.
2. African American Heritage Preservation Grant Program  
  
Approve the \$1,000,000 general obligation bond authorization for the African American Heritage Preservation Program.
3. Maryland Historical Trust Capital Grant Fund  
  
Approve the \$600,000 general obligation bond authorization for the Maryland Historical Trust Capital Grant Fund.
4. SECTION 12 – Maryland Department of Planning – Patterson Center Renovations  
  
Approve the pre-authorization for the Patterson Center Renovations project.

## ***Program Description***

---

The mission of the Maryland Department of Planning (MDP) Preservation Services program is to preserve historical and archeological resources by providing financial incentives to property owners and enforcing regulations. MDP currently has four capital programs that serve to preserve historical and archeological resources: the Maryland Heritage Structure Rehabilitation Tax Credit Program (formerly the Maryland Sustainable Communities Tax Credit Program), the Maryland Historical Trust (MHT) Revolving Loan Fund, the MHT Capital Grant Fund, and the MHT African American Heritage Preservation (AAHP) Grant Program. All four programs seek to promote the acquisition and rehabilitation of historic properties by providing low-interest loans, tax credits, or grants, depending on the program. In addition to funding for all four of the capital grant and loan programs, there is funding programmed in fiscal 2019 for the State-owned Patterson Center Renovations project that is

administered by MDP. The five-year 2018 *Capital Improvement Program* (CIP) also programs future funding for another State-owned project administered by MDP – the Maryland Archaeological Conservation Laboratory – Expansion and Renovation project.

- ***Maryland Heritage Structure Rehabilitation Tax Credit Program (Formerly Maryland Sustainable Communities Tax Credit Program):*** The Maryland Heritage Structure Rehabilitation Tax Credit Program was created by the Sustainable Communities Act of 2010 (Chapter 487) as an extension and alteration of the existing Heritage Structure Rehabilitation Tax Credit Program – a budgeted tax credit. Chapter 601 of 2014 (Sustainable Communities Tax Credit Program – Extension and Alteration) altered and extended the program. Most recently, Chapter 578 of 2016 (Heritage Structure Rehabilitation Tax Credit – Alteration and Extension) reestablished the Sustainable Communities Tax Credit Program as the Heritage Structure Rehabilitation Tax Credit Program. The program has a commercial budgeted tax credit and both a small commercial and residential nonbudgeted tax credit. The small commercial nonbudgeted tax credit has a \$4 million overall cap, and the qualified rehabilitation expenditures cannot exceed \$500,000 per project. The tax credits offered are generally equal to 20% of qualified rehabilitation expenditures, not to exceed \$3 million for commercial rehabilitations and \$50,000 for both single-family, owner-occupied residences and small commercial projects. The tax credit is increased to 25% for a commercial rehabilitation that meets specified energy efficiency standards. Funding for the program is required for the commercial credit in fiscal 2018 through 2022. MHT is authorized to award an unlimited amount of residential credits to applications received through June 30, 2022.
- ***MHT Revolving Loan Fund:*** The MHT Revolving Loan Fund provides loans to nonprofit organizations, local jurisdictions, business entities, and private individuals for the purpose of acquiring, rehabilitating, or refinancing all categories of real property listed in or eligible for listing in the Maryland Register of Historic Properties. Short-term financing (up to two years) may also be available for predevelopment work required or recommended by MHT that is to be undertaken in advance of a construction project being funded with federal or State monies. The program may also be used to fund the cost of rehabilitation of historic property owned by MHT and for the acquisition of historic property by MHT. In return for loans, most recipients must convey to MHT a perpetual historic preservation easement on the property.
- ***MHT AAHP Grant Program:*** The MHT AAHP Grant Program was created by the AAHP Program (Chapters 278 and 279 of 2010) to identify and preserve buildings, communities, and sites of historical and cultural importance to the African American experience in Maryland. The program is administered by MHT in partnership with the Commission on African American History and Culture. Chapter 371 of 2015 (AAHP Program – Reestablishment and Revisions) reestablished, with alterations, and made permanent the AAHP Program. For each fiscal year, the Governor must include in the annual operating or capital budget an appropriation of \$1 million to the AAHP Grant Fund, a special fund established by the bill. Grant applications may be submitted by a date established annually by MHT and the Commission on African American History and Culture, and grants may be made to a business entity, individual, political subdivision, or nonprofit organization. In general, grant applications are considered competitively against all other grant applications submitted during the same fiscal year. Factors

considered in granting applications include the public necessity and urgency of a project, the need for additional sources of funding for a project, the estimated cost and timeliness of executing a project, the viability of matching funds for a project, and geographic diversity. Nonprofit organizations are not required to provide matching funding, but for all other recipients, the grant funding requires a match from any combination of federal, county, municipal, or private sources, and State participation must not exceed 50% of the total project cost. Up to 20% of the money available in the AAHP Grant Fund may be awarded to eligible emergency AAHP projects not otherwise applied for during the regular application cycle. Unless waived by the director of MHT as infeasible, grantees must enter into an agreement to preserve and maintain the property. If the property is historic real property, then the agreement must be a recordable historic preservation easement.

- ***MHT Capital Grant Fund:*** The MHT Capital Grant Fund provides grants to nonprofit organizations, local jurisdictions, business entities, and individuals to assist with acquisition, rehabilitation, or restoration of properties listed, or eligible for listing, on the National Register of Historic Places. Nonprofit organizations and local jurisdictions may also receive funding for predevelopment costs directly associated with a project to rehabilitate or restore historic properties. Successful applicants must give MDP a perpetual preservation easement prior to the receipt of funds. The maximum grant offered is \$100,000, and there is a matching requirement for local jurisdictions, business entities, and individuals of either cash or an in-kind contribution in an amount at least equal to the grant.

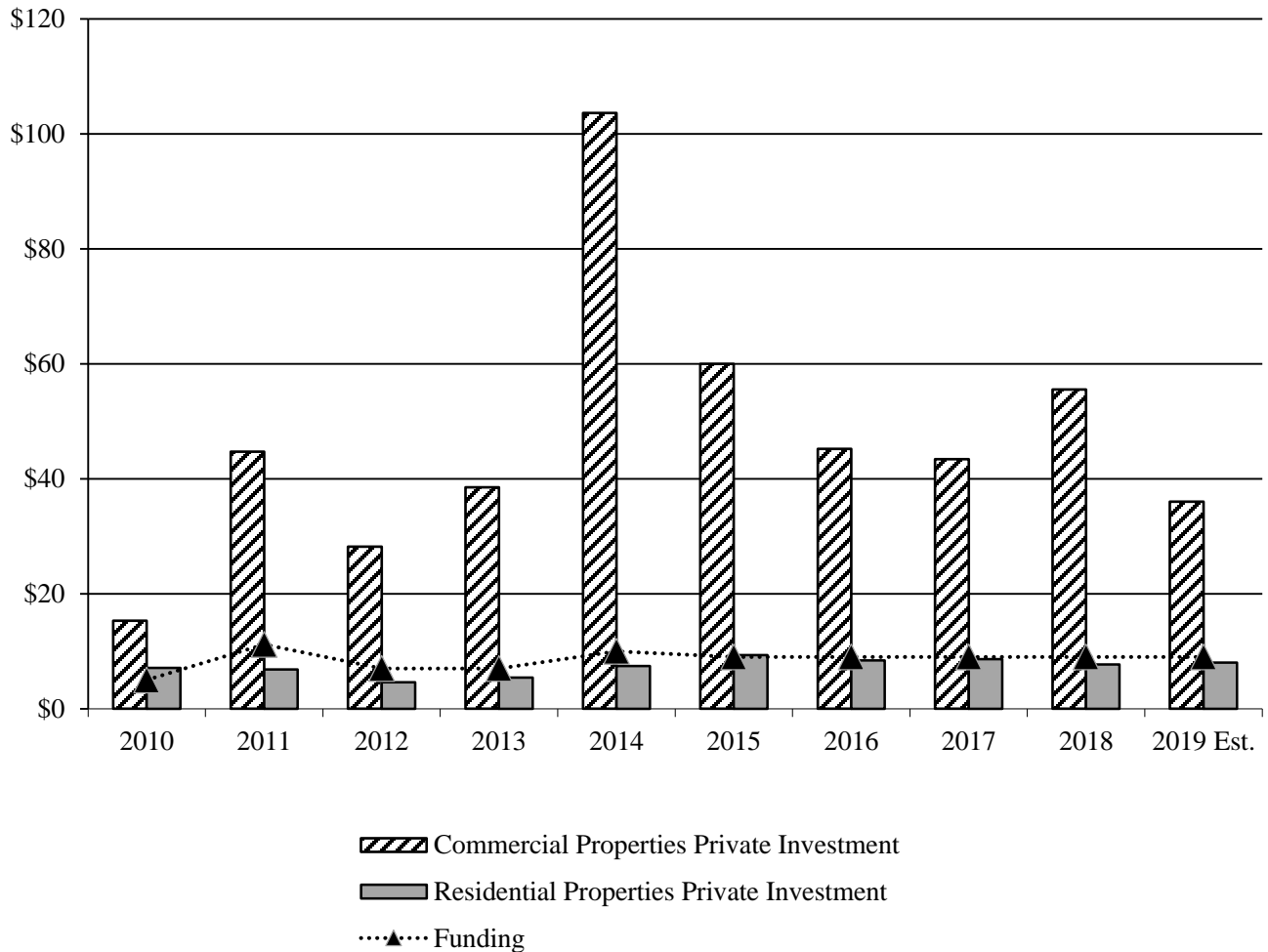
## ***Performance Measures and Outputs***

---

### **Heritage Structure Rehabilitation Tax Credit Program**

As shown in **Exhibit 1**, there was a substantial increase between fiscal 2013 and 2014 in the private investment for both rehabilitation of historic commercial properties and historic owner-occupied residential properties. For the commercial properties, the private investment increased from \$38.5 million to \$103.6 million, or 169%; residential properties' private investment increased from \$5.4 million in fiscal 2013 to \$7.4 million in fiscal 2014, or 37%. MDP has noted that the substantial increase in commercial property private investment between fiscal 2013 and 2014 is due to two large projects that had project costs in excess of the \$15 million in costs eligible for the credit under the \$3 million per project cap: the Baltimore Trust Company Building, with an estimated cost of \$75 million; and the Clipper Mill Project, with an estimated cost of \$17.3 million. The fiscal 2017 data reflects a return to a more normal level of private investment with similarly conservative estimates for fiscal 2018 and 2019.

**Exhibit 1**  
**Heritage Structure Rehabilitation Tax Credit**  
**Measure of Private Investment and Program Funding**  
**Fiscal 2010-2019 Est.**  
**(\$ in Millions)**



Note: The Maryland Heritage Structure Rehabilitation Tax Credit was first budgeted in the State budget as a tax credit in fiscal 2006, became the Maryland Sustainable Communities Tax Credit Program on June 1, 2010, and returned to being called the Maryland Heritage Structure Rehabilitation Tax Credit on June 1, 2016.

Source: Governor’s Budget Books, Fiscal 2009-2016; Maryland Department of Planning

## **MHT Revolving Loan Fund**

While not formally included in its Managing for Results (MFR) measures, MDP does report on the types of projects served by the MHT Revolving Loan Fund. MDP notes that tight commercial lending conditions for small businesses since calendar 2008 and the decline in community banks have made the MHT Revolving Loan Fund marketable. For instance, MDP notes that its loan interest rate – 0.125% greater than the rate for the most recent State bond sale – is well below the national average mortgage interest rate. The most recent State bond sale – August 2017 – had a true interest cost of 2.285%. Therefore, MDP’s rate of 2.41% is well below the 3.75% Freddie Mac 30-year fixed average mortgage rate in September 2017; the Freddie Mac 30-year fixed average mortgage rate has since climbed over 4%. MDP also notes that it remains to be seen what impact, if any, the reintroduction of the MHT Capital Grant program may have on the demand for loans.

The Revolving Loan Fund provided funding for an average of about 1.1 projects per year between fiscal 2010 and 2017, most of which are properties that were rehabilitated, as shown in **Exhibit 2**. For fiscal 2014 to 2017, all approved projects have been executed, which has not necessarily been the case in prior years. In terms of fiscal 2017 projects, the Junior No. 3 Firehouse in Hagerstown in Washington County was approved for a loan of \$312,000 that has since been increased to \$450,000 reflecting both fiscal 2017 and 2018 activity. For fiscal 2018, MDP has received a draft loan application from a nonprofit borrower for an acquisition project, but this loan will probably not move forward until fiscal 2019. For fiscal 2019, MDP is looking at the possibility of using the MHT Revolving Loan Fund to complete the rehabilitation of the Gardener’s Cottage at Jefferson Patterson Park and Museum in order to bring the building into service.

**Exhibit 2**  
**Historic Properties Preserved**  
**Fiscal 2010-2019 Est.**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 Est.</u>	<u>2019 Est.</u>
<b>Applications Received</b>	n/a	n/a	n/a	1	1	3	1	1	2	1
<b>Approved Projects</b>	2	2	2	1	1	1	1	1	2	1
Types of Projects Assisted										
Historic Properties Acquired	0	1	0	1	0	0	0	0	1	0
Historic Properties Rehabilitated	1	1	1	0	1	1	0	1	0	1
Historic Properties Refinanced	0	0	0	0	0	0	1	0	1	0
<b>Projects Executed</b>	1	2	1	1	1	1	1	1	2	1
<b>Value of Loans</b>	n/a	n/a	n/a	\$213,920	\$151,000	\$175,000	\$235,000	\$312,000	\$300,000	\$300,000

Source: Maryland Department of Planning



## AAHP Grant Program

MDP does not report MFR measures for the AAHP Grant Program. MDP has noted that it usually treats non-State investment that is leveraged by a program as a performance measure but that the AAHP Grant Program does not require nonprofit applicants to provide matching funds. Instead, MDP has suggested that the match provided by local governments might be an appropriate alternative measure and that a potential objective would be to leverage a non-State match of more than 50% for each grant awarded to local government applicants.

**Exhibit 3**, which includes information about estimated fiscal 2019 projects, shows two trends: (1) a decline in the amount of non-State matching funds leveraged between fiscal 2012 (approximately \$480,000) and the fiscal 2017 estimate (approximately \$90,000); and (2) relatively few local government applicants in the six years – fiscal 2012 to 2017 – of the program, as shown by the low numbers of applicants required to provide non-State matching funds. MDP has noted in the past that it encourages applications for funding through outreach efforts such as conversations both one-on-one and in grant workshops, relationships formed with African American heritage-oriented organizations, and by responses to public inquiries. Fiscal 2015 was the first year in which an online application was introduced.

---

**Exhibit 3**  
**African American Heritage Preservation Grant Program Measures**  
**Fiscal 2012-2019 Est.**  
**(\$ in Millions)**

<u>Performance Measures</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 Est.</u>
<b>Input:</b>	Applications received	27	24	16	27	34	37	41	40
<b>Output:</b>	Grants awarded	16	15	12	14	13	12	12	13
<b>Input:</b>	Funds requested	\$2.07	\$1.97	\$1.48	\$2.29	\$2.91	\$3.15	\$3.34	\$3.50
<b>Output:</b>	Grants awarded	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
<b>Output:</b>	Non-State matching funds leveraged	\$0.48	\$0.17	\$0.11	\$0.13	\$0.03	\$0.09	\$0.00	\$0.10

Source: Maryland Department of Planning

---

## **MHT Capital Grant Fund**

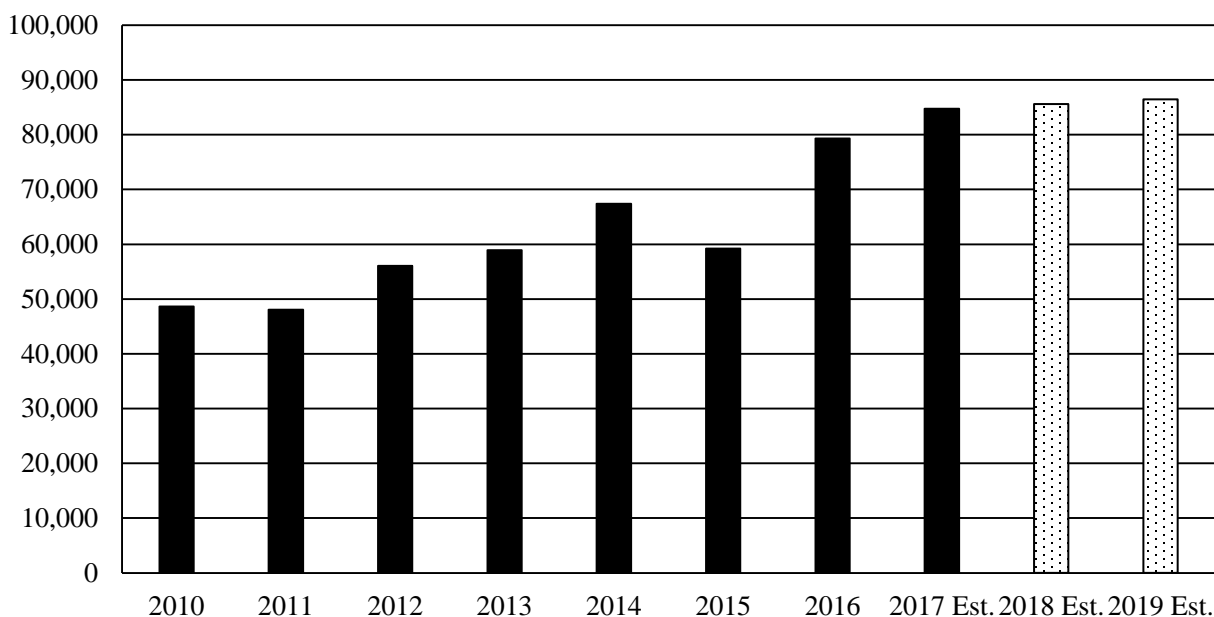
Before fiscal 2018, the MHT Grant Fund’s last funding available was \$151,905 from fiscal 2013 in which MDP used funding from older grants that were canceled or completed under budget. As a result of this round of funding, eight properties were assisted, which leveraged \$77,855; all the projects are now completed. For fiscal 2018 funding, MDP has a due date of February 1 for intent to apply forms with full applications due by March 15. So far, MDP has received 111 intent to apply forms requesting \$7.6 million. Going forward, MDP notes that it may decide to initiate the application process earlier in the year, but this will need to be balanced against the timing of its other programs so that staff that is involved in multiple programs – an assistant Attorney General, paralegal, and fiscal/grant processor – are not overburdened.

## **Patterson Center Renovations**

Attendance is the primary performance measure for the Jefferson Patterson Park and Museum – the home of the Patterson Center. As shown in **Exhibit 4**, the number of visitors increased from 79,303 in fiscal 2016 to 84,752 in fiscal 2017. Of note, last year’s estimate for fiscal 2017 was 60,750 visitors. The estimate for fiscal 2018 has increased from 61,500 to 85,600 and the new fiscal 2019 estimate is 86,456. MDP attributes the increased visitation to the following:

- ***Extended Hours:*** The park hours have been expanded to 362 days each year, from 7:30 a.m. to dusk;
- ***Unseasonable Weather:*** The unseasonably warm weather in what are usually considered out-of-season months (December and March);
- ***Advertising and Technology:*** Social media advertising and online program registration has increased foot traffic;
- ***Programmatic Outreach:*** Programmatic outreach has been expanded to include an Egg Hut and, in fiscal 2018, a Halloween Festival, which add to the existing rental to the Celtic Society for its annual festival in April that annually brings in 7,000 people; and
- ***Rentals:*** Pavilion rentals exceeded expectations in fiscal 2017, and there were an average of three weddings per weekend in July.

**Exhibit 4  
Jefferson Patterson Park and Museum Attendance  
Fiscal 2010-2019 Est.**



Source: Department of Budget and Management

## ***Budget Overview***

### **Fiscal 2019 Proposed Budget**

All four MDP historic preservation programs are funded in the fiscal 2019 operating and capital budgets as well as the Patterson Center Renovation’s general obligation (GO) bond capital project.

#### **Pay-as-you-go Capital Projects**

- Maryland Heritage Structure Rehabilitation Tax Credit Program:*** The fiscal 2019 allowance includes \$8,905,935 in general funds and \$94,065 in special funds – the funding remaining from the fiscal 2017 appropriation – which is level with the overall fiscal 2018 working appropriation but reflects a fund shift from the \$9,000,000 in general funds budgeted in the fiscal 2018 working appropriation. The Maryland Heritage Structure Rehabilitation Tax Credit Program is not included in the 2018 CIP since the Administration considers it a financing mechanism and not a pay-as-you-go capital program. The eight projects that received \$9,000,000 in tax credit

*DW0110 – Department of Planning – Capital*

funding in fiscal 2018 are shown in the projects section at the end of this analysis. Of note, while the federal historic preservation tax credit was extended by the recent federal tax legislation, its benefits were spread out over five years instead of the previous one-year period. This program change for the federal tax credit somewhat reduces the value of the tax credit as an historic preservation tool since future tax burden reductions are not as financially attractive as current tax burden reductions.

- ***MHT Revolving Loan Fund:*** The fiscal 2019 allowance includes \$300,000 in special funds. The 2017 CIP programmed \$150,000 each in special funds and GO bonds for fiscal 2019, but there is sufficient fund balance available to avoid the need to use GO bonds and level fund the program in fiscal 2019. The most current fund summary for the program shows an available balance of \$310,904 and anticipated special fund revenues that accrue to the fund of \$144,881 for a total of \$454,975 available in fiscal 2019. The expenditures include the \$300,000 appropriation plus \$47,000 in administrative expenses leaving an estimated fiscal 2019 closing balance of \$107,975. Capitalization funding of \$150,000 in GO bonds is programmed in the 2018 CIP for fiscal 2020 and every year thereafter through the end of the five-year planning period.
- ***MHT AAHP Grant Program:*** The fiscal 2019 capital budget bill includes \$1 million in GO bonds for the AAHP Grant Program, which is level with fiscal 2018 and consistent with what was programmed in the 2017 CIP. The 2018 CIP reflects funding for the program through the end of the five-year planning period. The fiscal 2018 projects are shown in the projects section at the end of the analysis. MDP notes that it has developed a policy for receiving and evaluating emergency grant requests but has not received any emergency requests.
- ***MHT Capital Grant Fund:*** The fiscal 2019 allowance includes \$600,000 in GO bonds for the MHT Capital Grant Fund. This is the second year of funding for the program since the hiatus following the \$700,000 authorization in fiscal 2009. The funding level is consistent with what was programmed in the 2017 CIP. The 2018 CIP reflects \$600,000 in GO bond funding annually for the remainder of the five-year planning period. In response to staffing concerns for the program, which at least partially explained the lack of funding in prior years, MDP planned to create a contractual full-time equivalent (FTE) in order to administer the MHT Capital Grant Fund. While not ideal, given that a contractual FTE is not a regular position and the program is considered more or less permanent, MDP noted at the time that this would allow for the administration of funds as soon as it becomes available. As of January 24, 2018, a contractual capital grants administrator started work at MDP. However, this contractual FTE is split funded by the Maryland Heritage Areas Authority and the MHT Board of Trustees; therefore, only half of the contractual FTE's time will be devoted to the MHT Capital Grant Fund. MDP notes that it had 2.5 full-time positions in prior years when it was awarding between \$0.6 million and \$1 million in grants per year for the MHT Capital Grant Fund. **The Department of Legislative Services (DLS) recommends that MDP comment on how it will address the ongoing staffing need of the MHT Capital Grant Fund given that the 2018 CIP reflects \$600,000 in GO bond funding annually for the remainder of the five-year planning period.**

## Go Bond Capital Projects

- Patterson Center Renovations:** The Patterson Center Renovations project consists of renovating three buildings at Jefferson Patterson Park and Museum in Calvert County – the main house, pool house, and garage – in order to fulfill the function of a house museum. Renovations include remediating structural failures; upgrading to meet current codes for fire, electrical, and the Americans with Disabilities Act; and landscaping. Fiscal 2019 funding includes \$3,887,000 in GO bonds for planning (\$100,000), construction (\$3,762,000), and equipment (\$25,000). As shown in **Exhibit 5**, the total cost of the project has increased from \$8,151,000 in the 2017 CIP to \$8,501,000 in the 2018 CIP, an increase of \$350,000 primarily due to an increase of \$311,000 for construction. The increase reflects revised construction cost estimates from Architectural and Engineering at the 50% construction document phase and other adjustments to the escalation rate used by the Department of Budget and Management, which increased from 3% annually to 3.5% annually for projects in the 2018 CIP.

**Exhibit 5**  
**Patterson Center Renovations Funding Increases Between 2017 and 2018 CIP**  
**Fiscal 2019-2020**  
**(\$ in Thousands)**

	<u>Prior Authorization</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
<b>2017 CIP</b>				
Planning	\$827	\$61	\$0	\$888
Construction	0	3,606	3,607	\$7,213
Equipment	0	25	25	\$50
<b>Total</b>	<b>\$827</b>	<b>\$3,692</b>	<b>\$3,632</b>	<b>\$8,151</b>
<b>2018 CIP</b>				
Planning	827	\$100	\$0	\$927
Construction	0	3,762	3,762	\$7,524
Equipment	0	25	25	\$50
<b>Total</b>	<b>\$827</b>	<b>\$3,887</b>	<b>\$3,787</b>	<b>\$8,501</b>
<b>Difference</b>				
Planning	\$0	\$39	\$0	\$39
Construction	0	156	155	\$311
Equipment	0	0	0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$195</b>	<b>\$155</b>	<b>\$350</b>

CIP: *Capital Improvement Program*

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

## ***Operating Budget Impact Statement***

### **Executive’s Operating Budget Impact Statement – State-owned Projects (\$ in Millions)**

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Patterson Center Renovations</b>					
Estimated Operating Cost	\$0.256	\$0.183	\$0.363	\$0.282	\$0.289
Estimated Staffing	2.00	2.00	4.00	4.00	4.00
<b>Total Operating Impact</b>					
Estimated Operating Cost	\$0.256	\$0.183	\$0.363	\$0.282	\$0.289
Estimated Staffing	2.00	2.00	4.00	4.00	4.00

Two positions are needed for the Patterson Center Renovations project starting in fiscal 2019 – horticulturist and administrator II – before construction ends. Two additional positions are needed starting in fiscal 2021 – maintenance chief and education specialist. Moving costs are programmed for fiscal 2019 through 2021, and equipment and supply costs for the three buildings comprising the Patterson Center Renovations are programmed primarily for fiscal 2022 and 2023 when public programs are expected to begin. The overall funding needs are as follows:

- **Fiscal 2019** – \$113,328 for salaries and wages, \$127,000 for contractual services, and \$15,500 for supplies and materials;
- **Fiscal 2020** – \$141,411 for salaries and wages and \$42,000 for contractual services;
- **Fiscal 2021** – \$238,005 for salaries and wages and \$125,000 for contractual services;
- **Fiscal 2022** – \$263,509 for salaries and wages, \$10,000 for supplies and materials, \$6,000 for equipment replacement, and \$2,500 for additional equipment; and
- **Fiscal 2023** – \$270,154 for salaries and wages, \$10,000 for supplies and materials, \$6,000 for equipment replacement, and \$2,500 for additional equipment.

**Consolidated Administrative Expenses – All Programs  
(\$ in Millions)**

	<b>FY 2017 Actual</b>	<b>FY 2018 Estimated</b>	<b>FY 2019 Estimated</b>
--	---------------------------	------------------------------	------------------------------

<b>Sources:</b>			
General Funds			
Maryland Heritage Structure Rehabilitation Tax Credit Program	\$27,789	\$23,627	\$23,627
<b>Subtotal – General Funds</b>	<b>\$27,789</b>	<b>\$23,627</b>	<b>\$23,627</b>
Special Funds			
Maryland Heritage Structure Rehabilitation Tax Credit Program	\$226,885	\$305,862	\$309,382
Maryland Historical Trust Revolving Loan Fund	29,542	46,004	46,548
African American Heritage Preservation Grant Program	0	0	0
<b>Subtotal – Special Funds</b>	<b>\$256,427</b>	<b>\$351,866</b>	<b>355,930</b>
<b>Total Funds</b>	<b>\$284,216</b>	<b>\$375,493</b>	<b>\$379,557</b>

<b>Uses:</b>			
Direct Expenses	\$284,216	\$375,493	\$379,557
Indirect Expenses (legal, marketing, and asset management)	0	0	0
<b>Total Direct and Indirect Expenses</b>	<b>\$284,216</b>	<b>\$375,493</b>	<b>\$379,557</b>

Administrative expenses increase from \$284,216 in fiscal 2017 to \$375,493 in fiscal 2018. This primarily reflects funding changes for the Maryland Heritage Structure Rehabilitation Tax Credit Program related to staffing levels. In fiscal 2017, one Tax Credit Program position was vacant for almost the entire year. In addition, a capital grants and loans administrator position – which staffs both the MHT Revolving Loan Fund and the African American Heritage Preservation Grant Program – was vacant for about half the year. These positions were filled either at the end of fiscal 2017 or the beginning of fiscal 2018, so the fiscal 2018 expenses reflect full funding.

## Summary of Other Projects in the Capital Improvement Program

### Maryland Archaeological Conservation Laboratory

The Maryland Archaeological Conservation Laboratory is an archaeological research, conservation, and curation facility housed at Jefferson Patterson Park and Museum. It is a clearinghouse for archaeological collections associated with land-based and underwater projects conducted by State and federal agencies and for major collections acquired through private donation. In terms of recent concerns, mold was discovered at the Maryland Archaeological Conservation Laboratory but has since been remediated as provided through arrangements made by the Department of General Services.

The Maryland Archaeological Conservation Laboratory is programmed in the 2018 CIP to receive funding in fiscal 2020 through 2022 for design, construction, and equipping of improvements including the expansion of archival storage capacity and upgrades to the heating, air conditioning, and ventilation and humidity controls. As shown in **Exhibit 6**, the 2018 CIP reflects an overall increase in the project cost from \$5,188,000 in the 2017 CIP to \$6,607,000 in the 2018 CIP. The largest component of the cost increase estimate is the \$1,300,000 for construction. MDP notes that the cost increased to provide design and construction funds for an additional chiller.

**Exhibit 6**  
**Maryland Archaeological Conservation Laboratory – Expansion Funding**  
**Changes Between 2017 and 2018 CIP**  
**Fiscal 2020-2022**  
**(\$ in Thousands)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
<b>2017 CIP</b>				
Planning	\$329	\$72	\$0	\$401
Construction	0	2,361	2,361	4,722
Equipment	0	25	40	65
<b>Total</b>	<b>\$329</b>	<b>\$2,458</b>	<b>\$2,401</b>	<b>\$5,188</b>
<b>2018 CIP</b>				
Planning	\$427	\$93	\$0	\$520
Construction	0	3,011	3,011	6,022
Equipment	0	25	40	65
<b>Total</b>	<b>\$427</b>	<b>\$3,129</b>	<b>\$3,051</b>	<b>\$6,607</b>



*DW0110 – Department of Planning – Capital*

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
<i>Difference</i>				
Planning	\$98	\$21	\$0	\$119
Construction	0	650	650	1,300
Equipment	0	0	0	0
<b>Total</b>	<b>\$98</b>	<b>\$671</b>	<b>\$650</b>	<b>\$1,419</b>

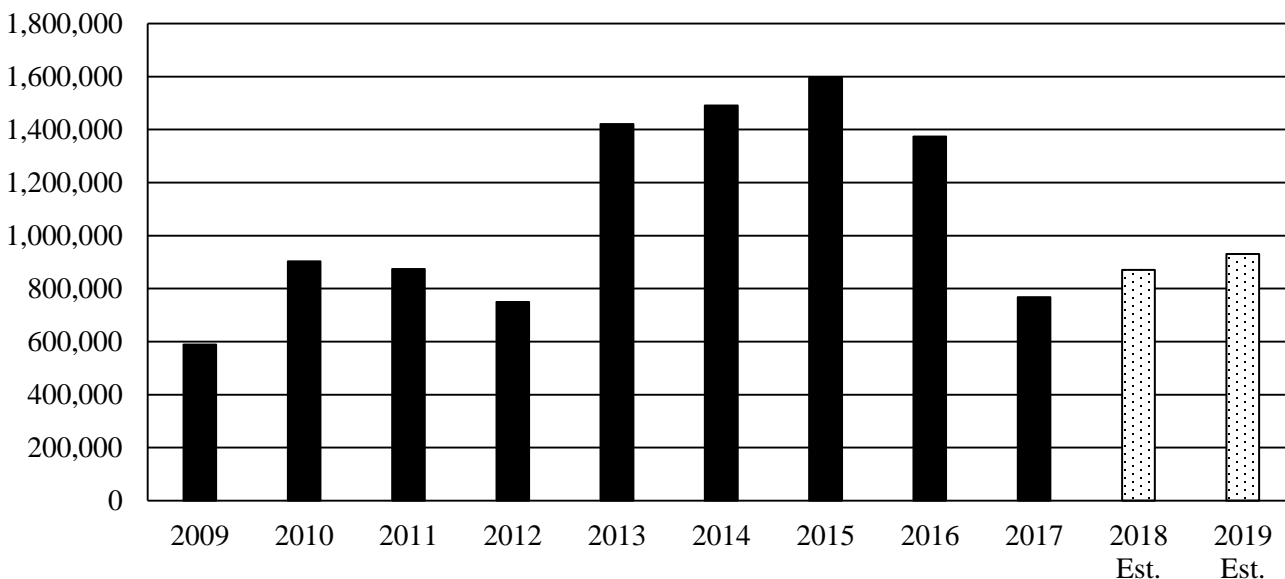
CIP: Capital Improvement Program

Source: Department of Budget and Management

---

MDP noted in September 2016 that it was estimated that the Maryland Archaeological Conservation Laboratory would reach capacity at the end of calendar 2022. **Exhibit 7** reflects artifacts and documents accessed and treated at the Maryland Archaeological Conservation Laboratory. MDP notes that the fiscal 2017 actual number of artifacts treated is lower than the number in previous years because of two archaeological field technician contractual FTE vacancies, which reduced the archaeological field season work and thus the number of artifacts generated. MDP also notes that it does not anticipate being able to hire for these 2 contractual FTEs in the near future – presumably because the State Highway Administration grant that originally funded the positions is no longer available – which reduces the number of artifacts generated for the fiscal 2018 and 2019 estimates. Despite the reduced pace of artifact generation, MDP still expects to receive collections from the Baltimore Center for Urban Archaeology and other collections and, thus, now expects the Maryland Archaeological Conservation Laboratory to be nearing capacity by January 2021.

**Exhibit 7**  
**Artifacts and Documents Accessed and Treated at the Maryland Archaeological Conservation Laboratory**  
**Fiscal 2009-2019 Est.**



Source: Department of Budget and Management

***Encumbrances and Expenditures***

**Exhibit 8** reflects the encumbrance and expenditure schedule for the AAHP Grant Program. As can be seen, the majority of funding to be encumbered is from the fiscal 2018 authorization, while the majority of the amounts to be expended are split between fiscal 2017 and 2018. The \$3.3 million still to be expended is rather sizeable given the relatively short period of the program’s existence, and it has increased slightly from the \$3 million to be expended noted in last year’s analysis. There is \$110,460 still to be encumbered and \$461,208 still to be expended from before fiscal 2014. MDP notes that it still has a few active grant projects from before fiscal 2014 but that these projects are on track to be completed. For fiscal 2012 funding, there were two projects that did not move forward, and four projects that were completed but returned unspent funds, which now consist of \$110,460 that will be used to fund approved fiscal 2018 grants.

MDP has noted in the past that projects are normally given a two-year window but that very few projects meet this schedule due to the following: inexperience on the part of the nonprofit applicants; lack of design team involvement; limited available qualified preservation contractors; and the time required to convey an historic preservation easement to MHT. MDP has also noted in the past

that if a project is clearly not moving forward, then it has the option to cancel a grant or not to extend the project completion date on the grant agreement and that MHT has greater flexibility in reusing funds from canceled projects, which will provide an incentive to be more aggressive in canceling grants.

---

**Exhibit 8**  
**African American Heritage Preservation Grant Program**  
**Program Inception through January 2018**  
**(\$ in Millions)**

Fiscal Year	Authorization	Funds		Balances	
		Encumbered	Expended	To Be Encumbered	To Be Expended
Prior Years	\$1.000	\$0.890	\$0.784	\$0.110	\$0.216
2013	1.000	1.000	0.841	0.000	0.159
2014	1.000	0.949	0.776	0.051	0.224
2015	1.000	0.993	0.749	0.007	0.251
2016	1.000	0.989	0.573	0.011	0.427
2017	1.000	0.900	0.006	0.100	0.994
2018	1.000	0.000	0.000	1.000	1.000
<b>Total</b>	<b>\$7.000</b>	<b>\$5.721</b>	<b>\$3.729</b>	<b>\$1.279</b>	<b>\$3.271</b>

Source: Maryland Department of Planning

---

## ***Pre-authorizations and De-authorizations***

---

As shown in **Exhibit 9**, the fiscal 2019 capital budget bill includes the pre-authorization of \$3,762,000 in GO bonds in order to complete construction of renovations to the Patterson Center at the Jefferson Patterson Park and Museum. **DLS recommends that the \$3,762,000 GO bond pre-authorization for the Patterson Center Renovations be approved.**

---

### **Exhibit 9 Pre-authorizations**

<b><u>Project</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>Reason</u></b>
Patterson Center Renovations	\$3,762,000	\$0	\$0	\$0	Complete construction of renovations to the Patterson Center at the Jefferson Patterson Park and Museum.

Source: Department of Budget and Management, 2018 *Capital Improvement Program*

---

## ***PAYGO Recommended Actions***

---

1. Concur with Governor's allowance of \$300,000 in special funds for the Maryland Historical Trust Revolving Loan Fund.
2. Concur with Governor's allowance of \$8,905,935 in general funds and \$94,065 in special funds for the Maryland Heritage Structure Rehabilitation Tax Credit Program.

## ***GO Bond Recommended Actions***

---

1. Approve the \$3,887,000 general obligation bond authorization to continue planning and begin constructing and equipping renovations to the Patterson Center at the Jefferson Patterson Park and Museum.
2. Approve the \$1,000,000 general obligation bond authorization for the African American Heritage Preservation Grant Program to assist in the protection of properties with cultural and historic significance to the African American community.
3. Approve the \$600,000 general obligation bond authorization to be credited to the Maryland Historical Trust Capital Grant Fund for historical preservation and museum assistance.
4. Approve the pre-authorization of \$3,762,000 in general obligation bonds for fiscal 2020 for the Patterson Center Renovations project to complete construction of renovations to the Patterson Center at the Jefferson Patterson Park and Museum.

***Maryland Heritage Structure Rehabilitation Tax Credit  
Fiscal 2018 Projects***

---

<u>Project Name</u>	<u>County</u>	<u>Description</u>	<u>Estimated Project Costs</u>	<u>Credit Amount</u>
Power Plant, Music Practice Hall, and Fire House	Montgomery	Conversion of former National Park Seminary to new residential apartments.	\$6,726,573	\$1,681,643
Hearn Hardware Company	Dorchester	Conversion of former business building to rental apartment housing and commercial spaces.	5,400,000	1,080,000
3840 Bank Street	Baltimore City	Renovation of an industrial building to be the headquarters of Barcoding Inc.	3,975,000	795,000
Belnord Theatre	Baltimore City	Rehabilitation of a building to serve as the home of The CASA of Baltimore Neighborhood Center.	8,341,008	2,085,252
Kensett House	Baltimore City	Rehabilitation of a building for new rental apartments.	2,500,000	500,000
Alex Brown Building	Baltimore City	Conversion of the former banking house to use as a 170-seat restaurant and office spaces.	9,000,000	1,800,000
McCrary's 5 & 10 Cent Store	Frederick	Conversion of a former "dime store" to use as a state of the art theatre, event spaces, studios, and retail spaces.	3,360,000	672,000
Union Brothers Furniture Company	Baltimore City	Rehabilitation of a former furniture factory to a mixed-use development for restaurants and office suites.	6,300,000	386,105
<b>Total</b>			<b>\$45,152,581</b>	<b>\$9,000,000</b>

CASA: Court Appointed Special Advocates

## ***African American Heritage Preservation Program Fiscal 2018 Projects***

---

<b><u>Recipient</u></b>	<b><u>Project Name</u></b>	<b><u>Location</u></b>	<b><u>Jurisdiction</u></b>	<b><u>Description</u></b>	<b><u>Award Amount</u></b>
Jane Gates Heritage House, Inc.	Jane Gates Heritage House	Cumberland	Allegany County	Convert the house into a museum and community center (first phase of rehabilitation).	\$100,000
St. Stephens African Methodist Episcopal Church	St. Stephens A.M.E. Church	Easton	Talbot County	Rehabilitate the exterior of the church and interpretation of the cemetery.	100,000
Pleasant View United Methodist Church	Pleasant View Methodist Episcopal Church	Gaithersburg	Montgomery County	Rehabilitate the exterior of the church (first phase).	100,000
Community Civic League of Federalsburg, Inc.	Laurel Grove Road School	Federalsburg	Caroline County	Construct improvements to bring the school up to code (second phase).	96,000
Historic Easton, Incorporated	Asbury Methodist Episcopal Church	Easton	Talbot County	Rehabilitate the building exterior.	100,000
Bethel Outreach Center, Inc.	Bethel Community Empowerment and Wellness Center	Baltimore City	Baltimore City	Rehabilitate the building as a community resource center, as well as a café, culinary arts training location, and community nutrition program provider.	100,000



*DW0110 – Department of Planning – Capital*

<u>Recipient</u>	<u>Project Name</u>	<u>Location</u>	<u>Jurisdiction</u>	<u>Description</u>	<u>Award Amount</u>
The Chipman Foundation, Inc.	Charles H. Chipman Cultural Center	Salisbury	Wicomico County	Rehabilitate for fire safety upgrades, roof replacement, and repair of interior plaster and trim (next phase of rehabilitation).	100,000
Mount Zion United Methodist Church	Magothy Elementary Rosenwald School	Pasadena	Anne Arundel County	Rehabilitate with roof and siding replacement and interior repairs.	100,000
The Friends of Stanley Institute, Inc.	Stanley Institute	Cambridge	Dorchester County	Rehabilitate the exterior of the building, including window repair, painting, and repairs to the American with Disabilities Act ramp.	24,000
Ebenezer African Methodist Episcopal Church	Church and Parish House	Baltimore City	Baltimore City	Replace the roof.	100,000
Mt. Gilboa African Methodist Episcopal Church	Mt. Gilboa A.M.E. Church	Catonsville	Baltimore County	Rehabilitate the building exterior and repair the foundation.	72,000
St. Paul Church Historical, Revitalization, and Maintenance, Inc.	St. Paul Church	Denton	Caroline County	Rehabilitate the building including re-roofing and window repair.	8,000
<b>Total</b>					<b>\$1,000,000</b>