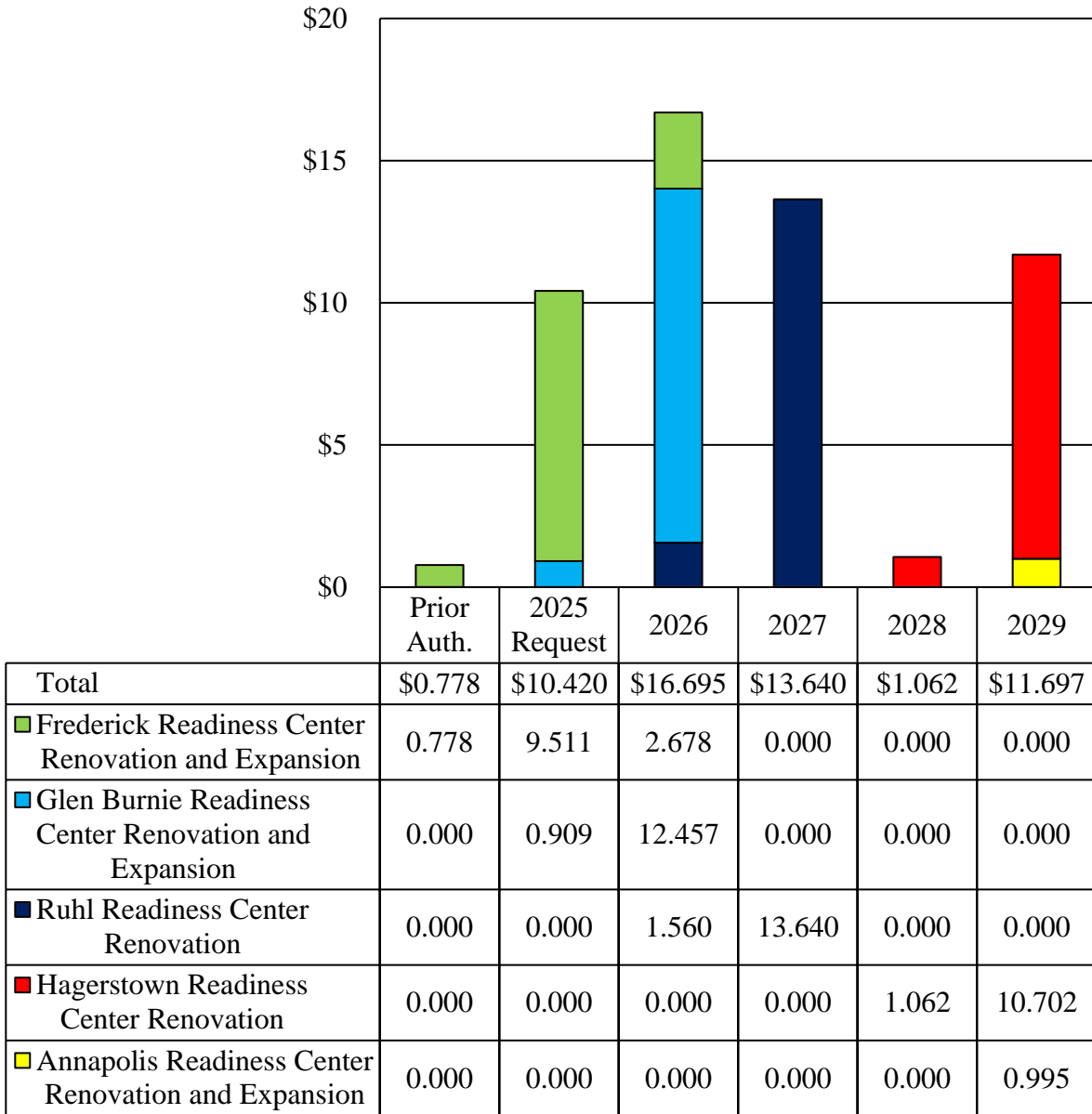


DH01
Military Department – Capital

Capital Budget Summary

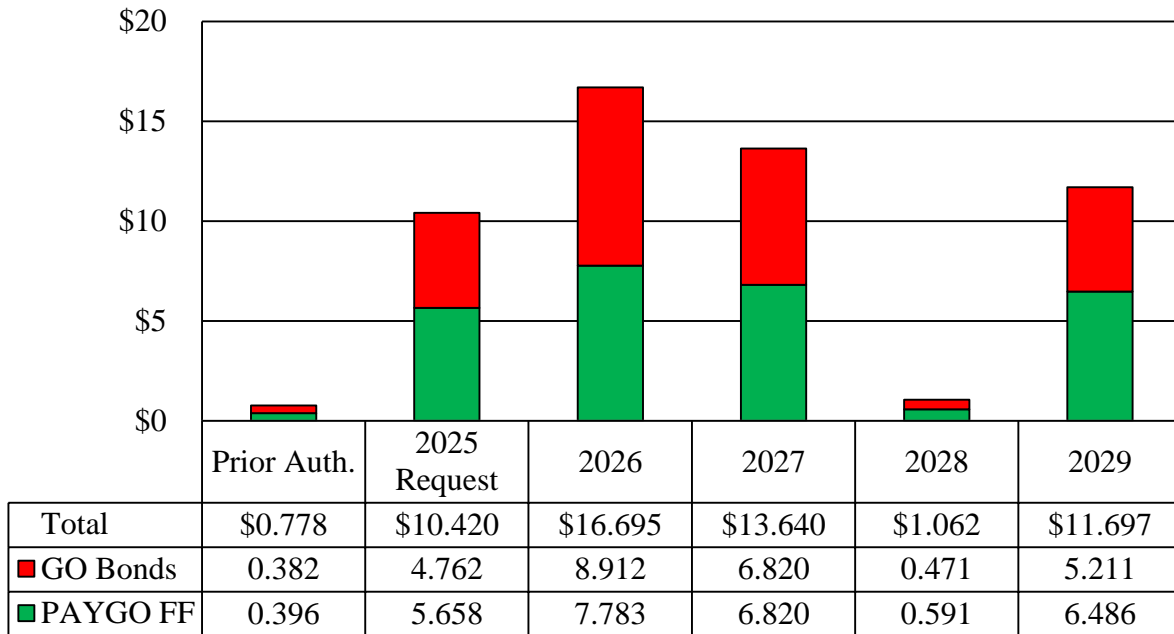
State-owned *Capital Improvement Program*
(\$ in Millions)



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DH01 – Military Department – Capital



FF: federal funds
 GO: general obligation
 PAYGO: pay-as-you-go

Key Observations

- Federal Fund Status:*** Federal funds for the Military Department’s Glen Burnie Readiness Center and Frederick Readiness Center will come from the Operations and Maintenance (O&M) – Facility Sustainment, Restoration, and Modernization (FSRM) Program in the amounts of \$7.5 million and \$5.5 million, respectively, including the out-year projects estimated to start in fiscal 2026 and 2028. The federal funds for the Havre de Grace Combined Support Maintenance Shop (CSMS) Surface Equipment and Automotive Maintenance Facility project are expected to be received from the federal Chief of Staff of the Army Unfunded Priority List (CSA-UPL) Award. However, the Military Department applications for the CSA-UPL Award have been denied multiple times. Although the department expects to be considered for fiscal 2025 or 2026 funding, it is still uncertain.
- Facilities Master Plan Progress:*** The updated agency facilities master plan aims to provide information and updates on the department’s sites and facilities, programs and services, and its capital investment strategies through fiscal 2033. The master plan contract contains four milestones, which include data gathering, draft submission, final submission, and government acceptance. As of February 2024, the Military Department notes that two of the four milestones, data gathering and draft submission, have been met. The initial draft of the master plan was received in October 2023, and the contractor is on schedule to complete the facilities master plan in July 2024.

PAYGO Recommended Actions

1. Concur with Governor’s allowance.

GO Bond Recommended Actions

1. Approve all general obligation bonds, proposed deauthorizations, and preauthorization for the Military Department.

Summary of Fiscal 2025 Funded State-owned Projects

The fiscal 2025 capital and operating budgets provide \$4.762 million of State general obligation (GO) bond funds and \$5.658 million of federal funds for two Military Department projects. The Frederick Readiness Center Renovation and Expansion project is an ongoing project having received State and federal funds in fiscal 2023 to start the design phase. The fiscal 2025 budget provides the majority of funds needed for construction with the remainder included in a preauthorization in the Maryland Consolidated Capital Bond Loan of 2024 based on the current project schedule. The Glen Burnie Readiness Center Renovation and Expansion project receives initial design funds in fiscal 2025. The 2024 *Capital Improvement Program* (CIP) schedules the funds estimated to be required for construction for fiscal 2026.

Glen Burnie Readiness Center Renovation and Expansion (Anne Arundel)

Project Summary: This renovation and expansion project will provide modern space for one Maryland Army National Guard Infantry Company, including unit administrative offices, equipment storage areas, locker rooms, toilet/shower facilities, classrooms, soldier training areas, an assembly hall, and other support spaces. It will replace the HVAC system, fire suppression, and plumbing; repair structural damage to the exterior walls and roof; and add lightning protection to the building. Information technology (IT) systems, electric wiring, security systems, and back-up power systems with a new generator will be upgraded. Interior spaces will be demolished and reconfigured to modern standards. Due to increased storage and training space needs, an addition will be constructed to expand heated supply storage and classrooms. Federal funds for this project come from the O&M - FSRM Program.

DH01 – Military Department – Capital

New/Ongoing: New								
Start Date: July 2024					Est. Completion Date: May 2027			
Fund Sources:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
GO Bonds	\$0.000	\$0.398	\$5.454	\$0.000	\$0.000	\$0.000	\$0.000	\$5.852
FF	0.000	0.511	7.003	0.000	0.000	0.000	0.000	7.514
Total	\$0.000	\$0.909	\$12.457	\$0.000	\$0.000	\$0.000	\$0.000	\$13.366
Fund Uses:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
Planning	\$0.000	\$0.909	\$0.610	\$0.000	\$0.000	\$0.000	\$0.000	\$0.909
Construction	0.000	0.000	12.396	0.000	0.000	0.000	0.000	12.396
Total	\$0.000	\$0.909	\$12.457	\$0.000	\$0.000	\$0.000	\$0.000	\$13.366

- **Need:** The Glen Burnie Readiness Center lacks sufficient classroom space, a learning center and library, a multipurpose training area, storage area, and a lactation area. Additionally, some elements of the current facility no longer meet Maryland Army National Guard facility standards due to aging infrastructure.
- **Project Status and Schedule:** The fiscal 2025 budget includes funding to begin design of the project. The current timeline of deliverables includes design solicitation commencement in October 2024. The estimated construction bidding date will be October 2025, with the beginning of construction scheduled for January 2026. Construction is expected to take 18 months with project delivery anticipated in August 2027.
- **Changes:** The estimated project cost has increased from \$7.8 million, as planned in the 2023 CIP, to \$13.4 million based on an updated program plan verification cost estimate for design and construction from the Military Department and the Department of General Services (DGS). The design phase will further inform the total project cost estimate. The schematic design phase estimate should be available for review in the 2025 session at the time the committees will consider the construction funding programmed for fiscal 2026.
- **Other Comments:** The Military Department will request federal construction funding from the National Guard Bureau (NGB) for this project in March 2024 for fiscal 2026.

Frederick Readiness Center Renovation and Expansion (Frederick)

Project Summary: This project will renovate 15,677 net square feet (NSF) and add 1,900 NSF to the current facility. The planned renovations include HVAC upgrades, a new roof, and a fire suppression system. The facility will also be tied into the Frederick County public sewer system, and an existing classroom will be expanded. Federal funds come from the O&M – FSRM Program.

DH01 – Military Department – Capital

New/Ongoing: Ongoing								
Start Date: March 2023					Est. Completion Date: September 2026			
Fund Sources:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
GO Bonds	\$0.382	\$4.364	\$2.678	\$0.000	\$0.000	\$0.000	\$0.000	\$7.424
FF	0.396	5.147	0.000	0.000	0.000	0.000	0.000	5.543
Total	\$0.778	\$9.511	\$2.678	\$0.000	\$0.000	\$0.000	\$0.000	\$12.967
Fund Uses:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
Planning	\$0.778	\$0.232	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$1.010
Construction	0.000	9.159	2.678	0.000	0.000	0.000	0.000	11.837
Equipment	0.000	0.120	0.000	0.000	0.000	0.000	0.000	0.120
Total	\$0.778	\$9.511	\$2.678	\$0.000	\$0.000	\$0.000	\$0.000	\$12.967

- **Need:** The Frederick Readiness Center suffers from various issues such as a deficiency of authorized classroom space and lack of a learning center or multipurpose training area, and aging infrastructure that does not fully meet federal facilities standards. The building currently has no fire suppression system and a failing septic system.
- **Project Status and Schedule:** The project design was scheduled to start in January 2024. The current timeline of deliverables include design continuing for 12 months to an estimated close in December 2024. Construction is expected to start in March 2025 and end in September 2026.
- **Changes:** The \$9.5 million budgeted for fiscal 2025 is \$395,000 more than the amount planned in the 2023 CIP due to an increase to the amount of requested federal funds and an updated cost estimate for design and construction. The current total project cost estimate of \$13.0 million is \$850,000 more than last session’s estimate following program plan verification. The estimate, however, is not informed by the design effort which was expected to be at or nearing completion when the State authorized design funds in fiscal 2023. The increase in requested federal funds is to meet the required State cost share match for the SRM Program. Additional State funding, above the required federal cost share match, is planned in fiscal 2026 to address inflationary impacts and complete the scope of work planned for this facility.
- **Concerns:** Due to the nature of the federal FSRM Program appropriation process, the Military Department cannot request additional federal funds for the project beyond what is currently programmed. Federal FSRM funding is appropriated in a single fiscal year and must be encumbered in the same fiscal year that it is appropriated. The project received its initial funding in fiscal 2023, but the project’s schedule was updated to start design in January 2024. **The Military Department should brief the committees on the factors resulting in the lengthy delay in securing a design contract. The committees should also be briefed on the status of securing federal funds for the project and whether the**

State funding programmed for fiscal 2026 will be offset by any efforts to secure additional federal funds.

- ***Other Comments:*** The fiscal 2025 capital budget request for the Frederick Readiness Center Renovation and Expansion includes preauthorization of the proposed fiscal 2026 GO bonds amounting to \$2.68 million. This preauthorization is requested to complete construction of the project and meet its estimated project completion date of September 2026.

Summary of Out-year State-owned Projects

Ruhl Readiness Center Renovation (Baltimore County)

This project proposes to renovate the Major General Harry C. Ruhl Readiness Center. This project will replace the HVAC system and boilers, upgrade all interior lighting with energy saving fixtures, remediate asbestos-related issues, and include the installation of a new fire alarm system. This project will also renovate bathrooms, showers, and locker rooms, as well as repair the outside fencing and parking area. The infrastructure is over 40 years old and is no longer up to NGB standards. The estimated cost of the project is \$15.2 million. The project cost will be shared with NGB using the federal FSRM Program. The funding request for the project is expected to start in fiscal 2026.

Hagerstown Readiness Center Renovation (Washington)

This project proposes to renovate the Hagerstown Readiness Center and construct a new addition to the facility. This project will replace the HVAC systems and renovate insufficient bathroom, shower, locker, and classroom space, including improvements to plumbing, fire suppression, IT, electrical systems, and building exterior. The facility is more than 45 years old and is no longer up to NGB standards. Funding for this project comes from a combination of federal FSRM funds as well as State GO bonds. The estimated cost of the project is \$11.8 million, and the funding request for the project is expected to start in fiscal 2028.

Annapolis Readiness Center Renovation and Expansion (Anne Arundel)

This project proposes to renovate the Annapolis Readiness Center. This project will install a fire suppression system; upgrade the HVAC system, roof, septic system, bathrooms, and plumbing; and repair structural damage to the exterior walls. The estimated cost of the project is \$13.8 million, and the funding request for the project is expected to start in fiscal 2029. This project is a new addition to the list of Military Department projects programmed in the 2024 CIP.

Updates

1. Current Status of Military Department Divestitures

The Military Department has several properties that are pending divestiture, described below.

- ***Cascade Readiness Center (Washington):*** This property is in the process of being transferred back to the U.S. Army Corps of Engineers. The environmental impacts as per the National Environmental Policy Act is in progress.
- ***Catonsville Readiness Center (Baltimore County):*** DGS will put out a request for bid (RFB) to take the site to public sale.
- ***Cade Readiness Center (Baltimore City):*** The Environmental Section’s comments for the Clearinghouse Packet have been received. The Military Department is waiting for further guidance before submitting to Clearinghouse.
- ***Greenbelt Readiness Center (Prince George’s):*** Prince George’s County forwarded the recorded deed of sale/transfer to the Military Department on February 13, 2024. The Military Department has completed the divestiture actions in PRIDE-Web, a real property system of record in the Maryland Army National Guard.

2. Multiple Projects Removed from Fiscal 2025 Capital Improvement Program

- ***White Oak Readiness Center Renovation and Expansion Project:*** The fiscal 2024 capital budget authorized \$593,000 in GO bonds for the White Oak Readiness Center Renovation and Expansion project. However, the project has been removed from the CIP because the federal funding for the project was eliminated from the Future Years Defense Program due to federal budget constraints. Although the federal construction funds have been eliminated, NGB has still provided the Military Department the design funds for the project. The department plans to move forward with the design of the project to compete for fiscal 2026 Chief of Staff of the Army Unfunded Priority List (CSA-UPL) funding. A requirement of the CSA-UPL program is the project must have at least 35% design drawings completed in order to compete for construction funds.
- ***Civil Support Team Ready Building:*** The Civil Support Team Ready Building has been removed from the CIP at the request of the Military Department because it is changing strategies to pursue this project through a federal procurement process.

3. Deauthorization of Available Fund Balances for Freedom Readiness Center

The Freedom Readiness Center in Carroll County was completed on June 3, 2021. As such, the fiscal 2025 capital budget bill includes three separate, partial deauthorizations of funds remaining from prior GO bond authorizations that are no longer needed to complete the project. In the aggregate, these deauthorizations total \$4.3 million.

4. Havre de Grace CSMS Surface Equipment and Automotive Maintenance Facility (Harford)

This project was first authorized federal funds of \$10 million in fiscal 2018 and GO bonds of \$1.6 million in fiscal 2020. Since then, a total of \$11.6 million in GO bonds and \$25 million in federal funds were appropriated for the project until fiscal 2023. In August 2022, the Board of Public Works approved the construction contract for the majority of the approved project scope. The Military Department requested the authorization of \$10 million in federal funds in the State fiscal 2024 budget in anticipation of receiving the CSA-UPL Award funding. However, the application was denied. The fiscal 2024 budget authorized an additional \$10 million in GO bonds to ensure that the lack of federal funds does not impact the project schedule. The Military Department notes that the design funds to begin federal reimbursement have been received. The project will be submitted for reimbursement once the 35% design is approved through the federal fiscal year 2025 CSA-UPL program. According to the agency, the reimbursement notification would occur around February 2025 if the project is selected. The Military Department cannot compete for federal fiscal 2026 funding due to conflict with the White Oak Readiness Center project. After fiscal 2026, the Military Department will no longer compete for federal reimbursement because the project construction will be completed. **Since the department's application for federal funding has been denied multiple times, the Military Department should brief the committees on its contingency plan to reimburse the additional funding authorized in fiscal 2024 if federal funds do not materialize in fiscal 2025 or 2026.**

5. Freestate Challenge Academy Renovations

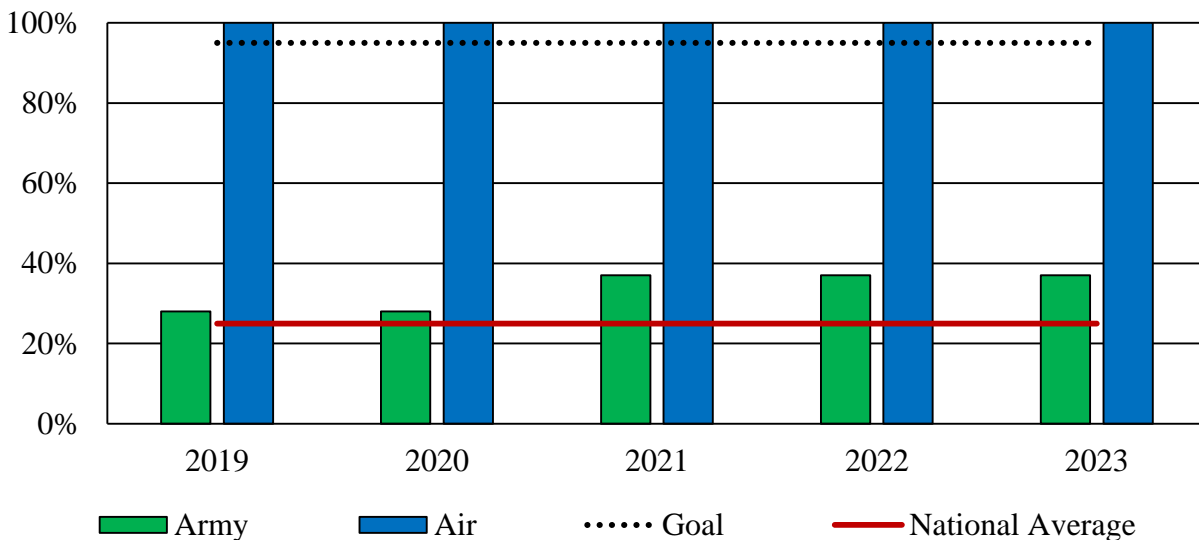
Phase 1 of the project is 95% complete, which includes renovation of the second and third floors, and is expected to be fully completed by April 2024. Design for Phase 2 of the project is underway, which includes water heater, switchgear and water instruction, sprinkler system, standpipe, windows, and security system upgrades. As of September 2023, \$3.7 million of total invoices have been paid. Approximately \$4.3 million of the project's total funding is remaining to be expended.

Performance Measures and Outputs

All Maryland National Guard (MDNG) facilities and real property support the operational and training needs of MDNG and the ability to respond to State and local emergencies. One of the responsibilities of the Military Department is to build and maintain the armories or readiness centers and other facilities used by MDNG. MDNG has approximately 250 buildings on 71 acres throughout the State to support the operational and training needs of its troops. The Military Department Army Operations and Maintenance Program oversees the construction, maintenance, and divestiture of MDNG facilities. Through a cooperative agreement with NGB, maintenance funding is split between federal and State funds, depending on the facility.

Exhibit 1 shows the percentage of the State’s major air and army facilities in fully functional status between fiscal 2019 and 2023. Maryland Air National Guard facilities have consistently maintained 100% functionality in recent years, because they are fully federally funded. Maryland Army National Guard facilities have improved in recent years, from 28% in fiscal 2019 to 37% in fiscal 2023. Though currently better than the national average, the percentage of fully functional Maryland Army National Guard facilities is far below the 95% goal. As the capital program is implemented and unused properties are divested, the department expects the percentage of functional properties to improve over time.

Exhibit 1
Functional Status of National Guard Facilities
Fiscal 2019-2023



Source: Department of Budget and Management
