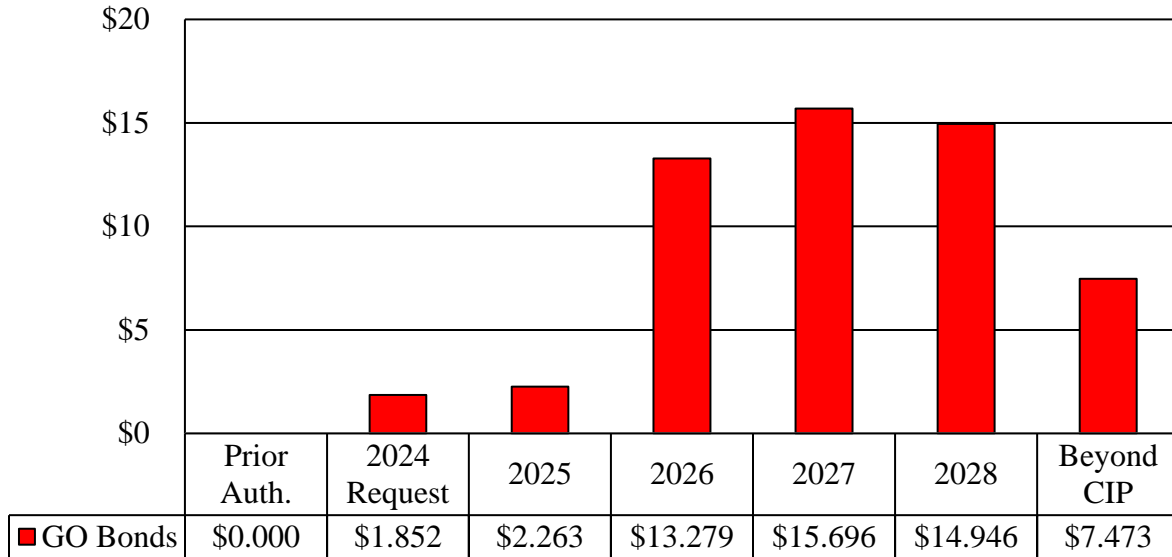


RE01
Maryland School for the Deaf – Capital

Capital Budget Summary

State-owned *Capital Improvement Program*
High School and Middle School Residences – Frederick Campus
(\$ in Millions)



CIP: *Capital Improvement Program*
GO: general obligation

Key Observations

- Frederick Campus Residences Project Costs Increase by 84%:*** The fiscal 2024 capital budget provides \$1.9 million in general obligation (GO) bonds for planning and design in the project’s first year of funding. The 2022 *Capital Improvement Program* (CIP) identified a total project cost of \$30.2 million, while the 2023 CIP estimates total costs of \$55.5 million. The increase is due to higher than anticipated costs of demolition, increased square footage, and increased escalation and project construction contingency allowances.

GO Bond Recommended Actions

1. Approve the general obligation bond authorization for the Maryland School for the Deaf.

Updates

- ***Veditz Building:*** A total of \$18.8 million was provided through fiscal 2023 for the construction and renovation of the Veditz Building at Maryland School for the Deaf’s (MSD) Frederick campus, including \$6.0 million in GO bond authorizations and \$12.8 million in pay-as-you-go general funds. As of last year’s CIP, construction was expected to begin in May 2022, and the project was scheduled to be completed by May 2023. However, the construction contract has still not been awarded as of February 2023. MSD advises that bid solicitation is underway with a due date in early March 2023, and construction is now anticipated to last from May 2023 to April 2024.
- ***Columbia Campus Emergency Notification System:*** The fiscal 2019 and 2021 capital budgets included a total of \$4.6 million in GO bonds for design and construction of a new visual emergency notification system at MSD’s Columbia campus. The project has continued to experience delays due to difficulties with the procurement process, and as of February 2023, the solicitation has not yet been advertised. The Department of General Services (DGS) is in the process of making adjustments to the procurement as required by their assistant Attorney General.

DGS should comment on the reasons for continued delays with the procurements for both the Veditz Building and the Emergency Notification System projects and whether the funding provided for each is still expected to be sufficient given high construction escalation factors. DGS should provide updated cost estimates for each project.

Summary of Fiscal 2024 Funded State-owned Projects

High School and Middle School Residences – Frederick Campus

Project Summary: The project consists of the construction of three new dormitory buildings on MSD’s Frederick campus that include space for a health center, student center, and administrative offices. The project also includes the demolition of three obsolete dormitory buildings.

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| | | | | | | | | |
|-----------------------------------|--------------------|----------------|----------------|-----------------|--|-----------------|-------------------|-----------------|
| New/Ongoing: New | | | | | | | | |
| Start Date: September 2023 | | | | | Est. Completion Date: November 2029 | | | |
| Fund Sources: | | | | | | | | |
| (\$ in Millions) | Prior Auth. | 2024 | 2025 | 2026 | 2027 | 2028 | Beyond CIP | Total |
| GO Bonds | \$0.000 | \$1.852 | \$2.263 | \$13.279 | \$15.696 | \$14.946 | \$7.473 | \$55.509 |
| Total | \$0.000 | \$1.852 | \$2.263 | \$13.279 | \$15.696 | \$14.946 | \$7.473 | \$55.509 |
| Fund Uses: | | | | | | | | |
| (\$ in Millions) | Prior Auth. | 2024 | 2025 | 2026 | 2027 | 2028 | Beyond CIP | Total |
| Planning | \$0.000 | \$1.852 | \$2.263 | \$1.069 | \$0.000 | \$0.000 | \$0.000 | \$5.184 |
| Construction | 0.000 | 0.000 | 0.000 | 11.210 | 14.946 | 14.946 | 7.473 | 48.575 |
| Equipment | 0.000 | 0.000 | 0.000 | 1.000 | 0.750 | 0.000 | 0.000 | 1.750 |
| Total | \$0.000 | \$1.852 | \$2.263 | \$13.279 | \$15.696 | \$14.946 | \$7.473 | \$55.509 |

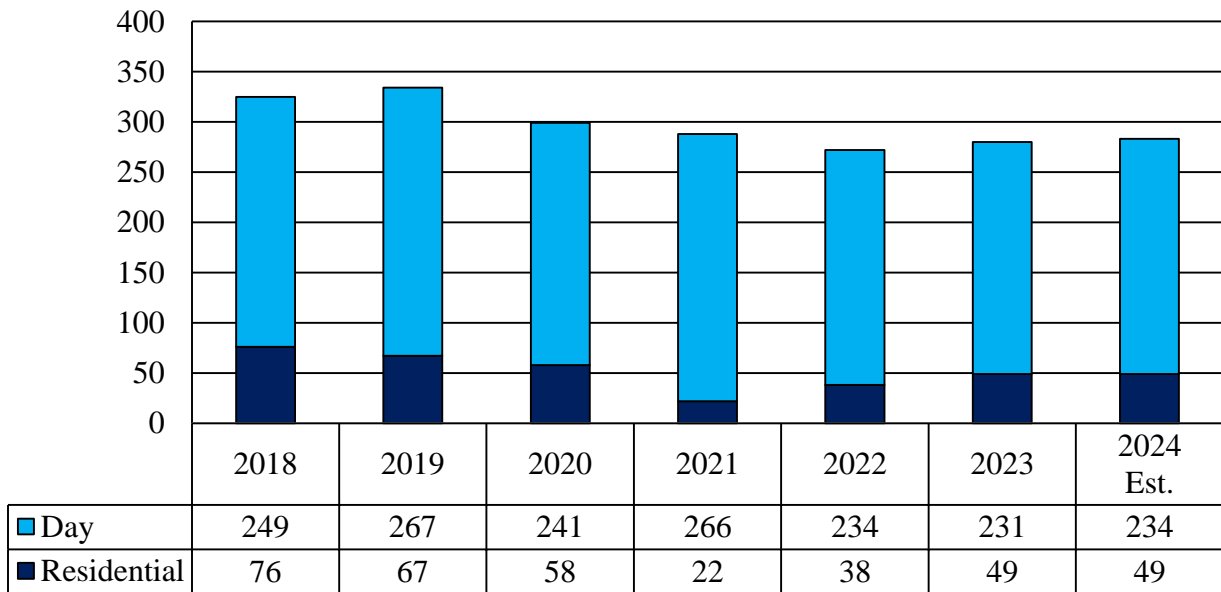
- Need:** Existing dormitories are not compliant with the Americans with Disabilities Act and have inadequate building systems, including air conditioning, electrical, and plumbing deficiencies. The dormitories also exceed the necessary capacity and are not set up for adequate supervision of students, and the new residences will also provide a more home-like environment for students.
- Project Status and Schedule:** The project is expected to be completed across three phases: (1) construction of one new dormitory building; (2) demolition of an existing building and replacing it with a second dormitory; and (3) demolition of another existing building and replacing it with a third dormitory, followed by demolition of the third dormitory building, which will be replaced with outdoor space. Design of the master plan is expected to last into the second quarter of calendar 2024, followed by design for phase 1 through April 2025, with construction anticipated to begin in July 2025. The project is expected to be completed by November 2029. The overall schedule has been moved up compared to last year’s CIP, which anticipated construction beginning in December 2025 and ending in June 2030.
- Changes:** Total project costs are estimated at \$55.5 million, which is an increase of \$25.3 million, or 84%, compared to the 2022 CIP. The fiscal 2024 request of \$1.9 million also exceeds the \$0.9 million planned for fiscal 2024 in last year’s CIP. As the Part II Facility Program was completed, the cost estimate increased for several reasons, including:

 - project total square footage increased from 57,600 to 68,800 in order to better accommodate the needs of deaf students in line with established “deaf space” guidelines, and the cost per square foot also increased;
 - escalation is set at 9.0% in fiscal 2022 and 5.0% in subsequent years, which represents a significant increase compared to prior year estimates. The construction contingency was also increased from 5.0% to 10.0%, increasing estimated costs by \$3.0 million;

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- estimated costs for demolition increased by \$2.0 million because of the phased demolition schedule and additional expense to demolish buildings built primarily of concrete. The cost estimate also includes a further \$1.0 million for asbestos remediation that was not previously anticipated; and
 - equipment costs increased by \$1.4 million.
- **Other Comments:** Residential students account for 18% of students enrolled at the Frederick campus in fiscal 2023. **Exhibit 1** shows total enrollment at the Frederick campus and the share of residential students. The share of residential students decreased during the COVID-19 pandemic but has returned to near pre-pandemic levels. Improved dormitory spaces are anticipated to result in a higher share of residential students.

**Exhibit 1
Frederick Campus Enrollment by Residential Status
Fiscal 2018-2024 Est.**



Source: Maryland School for the Deaf