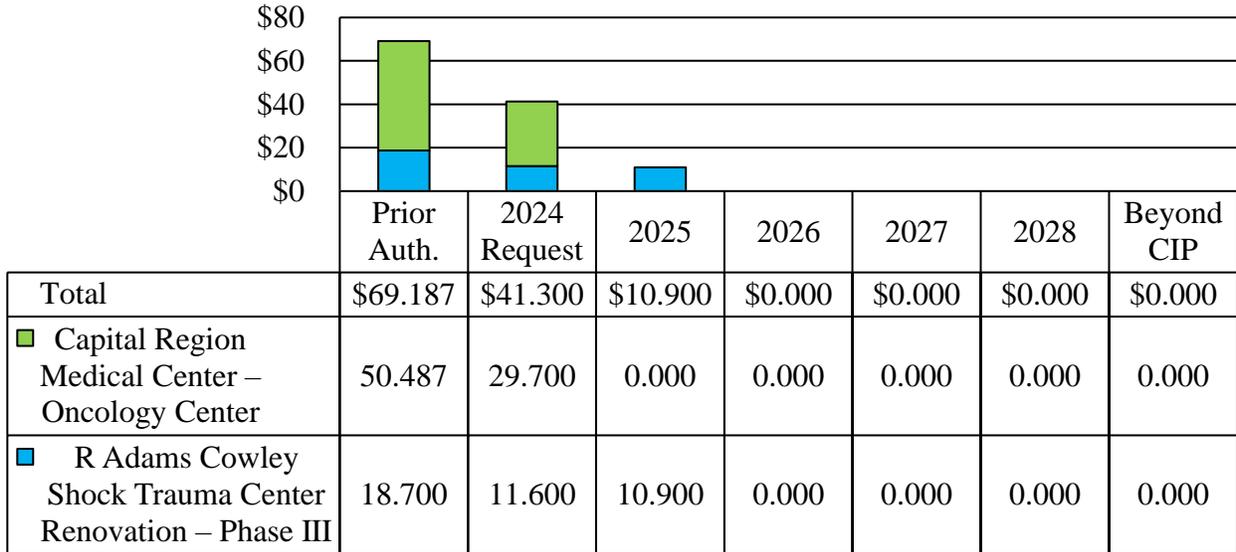


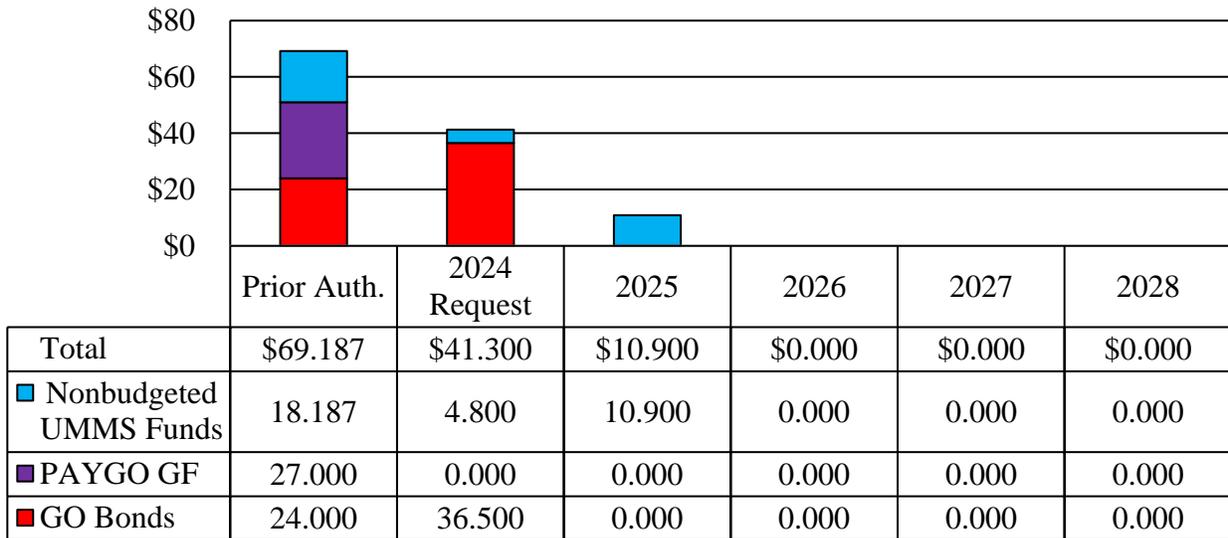
RQ00
University of Maryland Medical System – Capital

Capital Budget Summary

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



CIP: Capital Improvement Program



GF: general funds
 GO: general obligation

PAYGO: pay-as-you-go
 UMMS: University of Maryland Medical System

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Key Observations

- ***Fiscal 2024 Capital Appropriation Completes Planned State Contribution for Two Projects:*** The fiscal 2024 capital budget provides \$36.5 million in general obligation (GO) bonds for two projects in partnership with the University of Maryland Medical System (UMMS). Both projects receive the remaining planned State contribution in the budget as introduced thus completing the total State contributions of \$67.5 million for the Capital Region Medical Center – Oncology Center project and \$20 million for the R Adams Cowley Shock Trauma Center (Shock Trauma Center) Renovation project. Increased GO bonds allocated to the Shock Trauma Center in fiscal 2024 compared to spending plans in prior *Capital Improvement Programs* (CIP) accelerate State support for that project by one fiscal year.

GO Bond Recommended Actions

1. Approve the proposed general obligation bond authorizations for the Capital Region Medical Center – Oncology Center and R Adams Cowley Shock Trauma Center Renovation – Phase III projects.

Updates

- ***Comprehensive Cancer Treatment and Organ Transplant Center:*** UMMS received \$125 million in total State support through fiscal 2023 for the Marlene and Stewart Greenebaum Comprehensive Cancer Center and other high-acuity ambulatory and inpatient programs located in Baltimore City. This capital project includes (1) expanding the existing North Hospital Building; (2) constructing a new building for an ambulatory care center and parking expansion; and (3) expanding parking on the site of an existing parking garage.

Under the 2022 CIP, this project was scheduled to receive State funding incrementally through fiscal 2026 until reaching the \$125 million State contribution. As introduced, the fiscal 2023 budget provided \$25 million, which at the time brought the State contribution to \$50 million. During budget deliberations, the Administration introduced Supplemental Budget No. 5 that provided an additional \$75 million to complete the State’s funding contribution three years earlier than planned. It should be noted that the language in prior year capital and operating budget bills expressed the General Assembly’s intent that the State commitment to this project total \$175 million, although this language was not included in the fiscal 2023 capital and operating budget bills. The 2023 CIP does not provide additional State funds for this project.

Summary of Fiscal 2024 Funded State-owned Projects

Capital Region Medical Center – Oncology Center

Project Summary: This project funds the construction and equipping of a comprehensive cancer center located at the Capital Region Medical Center in Prince George’s County. The new cancer center will be affiliated with the Marlene and Stewart Greenebaum Comprehensive Cancer Center and will first focus on breast, colorectal, lung, and prostate cancers.

New/Ongoing: Ongoing								
Start Date: May 2018 (Design); March 2022 (Construction)						Est. Completion Date: March 2024		
Fund Sources:								
(\$ in Millions)	Prior Auth.	2024	2025	2026	2027	2028	Beyond CIP	Total
GO Bonds	\$13.500	\$27.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$40.500
GF	27.000	0.000	0.000	0.000	0.000	0.000	0.000	27.000
UMMS Funds	9.987	2.700	0.000	0.000	0.000	0.000	0.000	12.687
Total	\$50.487	\$29.700	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$80.187
Fund Uses:								
(\$ in Millions)	Prior Auth.	2024	2025	2026	2027	2028	Beyond CIP	Total
Planning	\$5.192	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$5.192
Construction	43.529	16.200	0.000	0.000	0.000	0.000	0.000	59.729
Equipment	1.766	13.500	0.000	0.000	0.000	0.000	0.000	15.266
Total	\$50.487	\$29.700	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$80.187

- **Need:** The new comprehensive cancer center at the Capital Region Medical Center will allow Prince George’s County residents and residents of surrounding jurisdictions to access cancer services, such as screening and early detection, outpatient chemotherapy infusion, and radiation therapy, closer to their homes.
- **Project Status and Schedule:** The fiscal 2024 capital budget provides all remaining State-fund support for construction and equipment costs programmed in the 2023 CIP in alignment with the project’s current estimated completion date of March 2024. State support for the project was not programmed in the 2022 CIP. However, during fiscal 2023 budget deliberations, \$40.5 million was added to the budget to initiate the project, and a preauthorization of \$27.0 million in fiscal 2024 was added to signal continued support. The fiscal 2024 capital budget provides \$27.0 million in GO bonds for this project, as preauthorized.

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- Concerns:** As currently outlined in the 2023 CIP, the State is contributing almost 85% of total project costs across fiscal 2023 and 2024. UMMS is set to contribute only \$12.7 million, or about 15%, of project costs using prior debt issuance. To the extent that project costs come in under budget or the scope of this project is later reduced, it is not clear if a portion of the savings would be shared with the State. Therefore, the State share of final project costs could potentially increase above 85%.

R Adams Cowley Shock Trauma Center Renovation – Phase III

Project Summary: This project supports design, construction, and medical equipment as part of the third phase of renovation of the Shock Trauma Center located in Baltimore City. Components of this project include but are not limited to (1) replacing the Trauma Resuscitation Unit; (2) relocating the Acute Care Transfusion Service; and (3) upgrading building infrastructure.

New/Ongoing: Ongoing								
Start Date: June 2019 (Design); September 2021 (Construction)					Est. Completion Date: April 2025			
Fund Sources:								
(\$ in Millions)	Prior Auth.	2024	2025	2026	2027	2028	Beyond CIP	Total
GO Bonds	\$10.500	\$9.500	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$20.000
UMMS Funds	8.200	2.100	10.900	0.000	0.000	0.000	0.000	21.200
Total	\$18.700	\$11.600	\$10.900	\$0.000	\$0.000	\$0.000	\$0.000	\$41.200

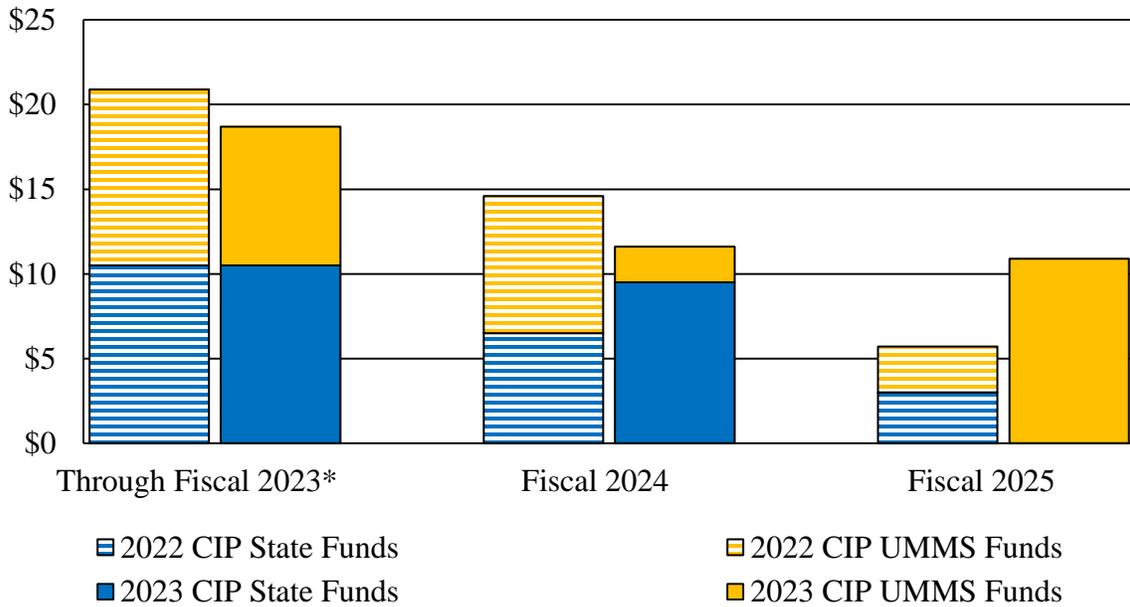
Fund Uses:								
(\$ in Millions)	Prior Auth.	2024	2025	2026	2027	2028	Beyond CIP	Total
Planning	\$3.900	\$0.300	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$4.200
Construction	13.800	8.300	8.000	0.000	0.000	0.000	0.000	30.100
Equipment	1.000	3.000	2.900	0.000	0.000	0.000	0.000	6.900
Total	\$18.700	\$11.600	\$10.900	\$0.000	\$0.000	\$0.000	\$0.000	\$41.200

- Project Status and Schedule:** UMMS reported a six-month delay in the project timeline due to the COVID-19 pandemic response impacting capital planning activities. The project schedule was further delayed when the initial round of construction bids came in \$10 million over budget, and UMMS had to adjust the scope in line with estimated costs. UMMS awarded a construction contract in February 2022, and the estimated spring 2025 completion timeframe has not changed since the 2022 session.
- Changes:** Due to increased construction costs and higher than anticipated bids, UMMS has limited the scope of this project to certain core components. Project components that have been deferred include replacing and modernizing the hyperbaric medicine chamber and renovating the orthopedic unit on the fourth floor of the shock trauma center. **UMMS**

should discuss the reasoning for limiting the scope of the project and provide cost estimates for the deferred project components. Additionally, UMMS should explain how deferring these project components impacts the Shock Trauma Center’s operations and provide an updated timeline for completing all renovations that were included in the initial project scope.

- Other Comments:** Despite the project’s estimated completion date in fiscal 2025, the fiscal 2024 capital budget forward funds \$3 million that was programmed for fiscal 2025 in prior CIPs, as shown in **Exhibit 1**. The proposed GO bond authorization totals \$9.5 million in fiscal 2024 and fulfills the State’s total planned contribution of \$20 million for the project. As a result, all fiscal 2025 project costs are supported with UMMS’ contribution.

Exhibit 1
Changes in Funding Schedule – Shock Trauma Center Project
2022 CIP to 2023 CIP
(\$ in Millions)



CIP: *Capital Improvement Program*
 UMMS: University of Maryland Medical System

*Funds shown through fiscal 2023 for the 2022 CIP includes fiscal 2023 projected spending, while the 2023 CIP displays actual authorized spending through fiscal 2023.

Source: Governor’s Fiscal 2024 Budget Books