

DH0104
Military Department – Capital

Capital Budget Summary

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

| Projects | Prior Auth. | 2022 Request | 2023 Est. | 2024 Est. | 2025 Est. | 2026 Est. | Beyond CIP |
|---|--------------------|---------------------|------------------|------------------|------------------|------------------|-------------------|
| Havre de Grace CSMS Surface Equipment and Automotive Facility (Harford) | \$25.948 | \$5.028 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Frederick Readiness Center (Frederick) | 0.000 | 0.000 | 0.480 | 4.000 | 0.000 | 0.000 | 0.000 |
| New White Oak Readiness Center (Montgomery) | 0.000 | 0.000 | 0.000 | 2.474 | 23.785 | 4.361 | 1.876 |
| Glen Burnie Readiness Center Renovation (Anne Arundel) | 0.000 | 0.000 | 0.000 | 0.000 | 0.480 | 4.000 | 0.000 |
| Ruhl Readiness Center Renovation (Baltimore County) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.480 | 4.000 |
| MEMA Headquarters Renovation and Expansion (Baltimore County) | 1.575 | 0.000 | 8.980 | 8.515 | 0.000 | 0.000 | 0.000 |
| Total | \$27.523 | \$5.028 | \$9.460 | \$14.989 | \$24.265 | \$8.841 | \$5.876 |

| Fund Source | Prior Auth. | 2022 Request | 2023 Est. | 2024 Est. | 2025 Est. | 2026 Est. | Beyond CIP |
|--------------------|--------------------|---------------------|------------------|------------------|------------------|------------------|-------------------|
| GO Bonds | \$8.176 | \$5.028 | \$9.220 | \$11.108 | \$5.025 | \$6.601 | \$1.469 |
| PAYGO FF | 19.347 | 0.000 | 0.240 | 3.881 | 19.240 | 2.240 | 4.407 |
| Total | \$27.523 | \$5.028 | \$9.460 | \$14.989 | \$24.265 | \$8.841 | \$5.876 |

CIP: Capital Improvement Program
CSMS: Combined Support Maintenance Shop
FF: federal funds

GO: general obligation
MEMA: Maryland Emergency Management Agency
PAYGO: pay-as-you-go

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Key Observations

The 2021 *Capital Improvement Plan* (CIP) provides \$5.028 million in general obligation (GO) bonds to complete the construction of the Havre de Grace Combined Support Maintenance Shop (CSMS) Automotive and Surface Equipment and Automotive Facility. Funding for the Maryland Emergency Management Agency Headquarters (MEMA) renovation and expansion was deferred from fiscal 2022 to 2023 due to delays in the design process associated with the COVID-19 pandemic.

Summary of Recommended Bond Actions

1. Havre de Grace Combined Support Maintenance Shop Automotive and Surface Equipment and Automotive Facility

Approve the authorization of \$5.028 million in general obligation bonds for the Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility.

Summary of Issues

The Military Department is negotiating a 25-year lease agreement with the United States Marine Corps (USMC) to acquire a USMC Reserve Center on Hamlet Avenue in Baltimore City in exchange for a parcel of land on the Camp Fretterd Military Reservation in Baltimore County. **The Department of Legislative Services (DLS) recommends that the agency update the committees on the status of the lease agreement with USMC, the status of the clearinghouse review, and comment on whether any additional expenditures may be needed to complete the tenant fit-out at the Hamlet Avenue facility.**

The Military Department is in the process of divesting the Pikeville Armory in Baltimore County. The Department of General Services (DGS) has put out a request for proposals (RFP) soliciting the private purchase of the property. **DLS recommends that the agency comment on the current status of the divestiture of the former Pikeville Armory.**

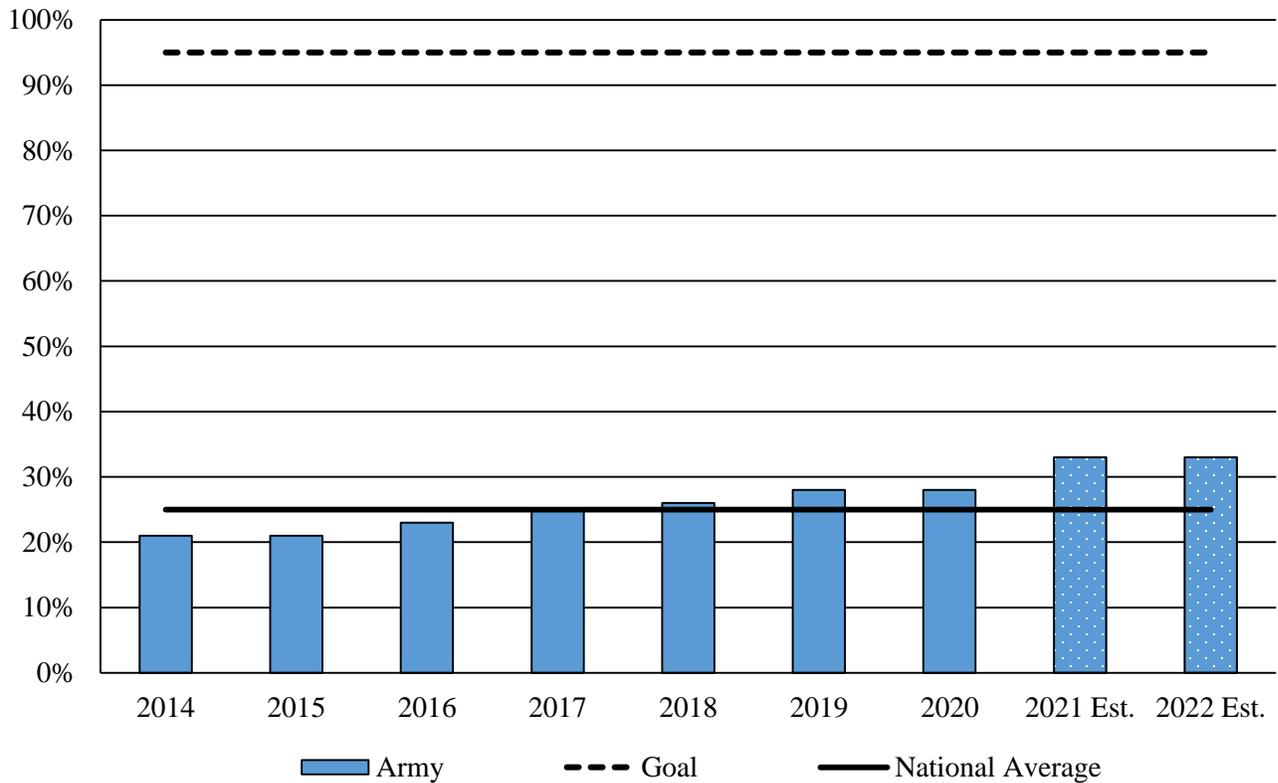
Performance Measures and Outputs

All the 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 and other facilities used by MDNG. MDNG has approximately 288 buildings on 3,921 acres throughout the State to support the operational and training needs of its troops; these buildings have an average age of 50 years.

The Military Department Army Operations and Maintenance Program oversees the construction, maintenance, and divestiture of MDNG facilities. Through a cooperative agreement with the Department of Defense National Guard Bureau, maintenance funding is split between federal and State funds, depending on the facility.

Exhibit 1 shows the percentage of the Army National Guard (ARNG) facilities in functional status. Though currently better than the national average, the percentage of ARNG facilities in functional status is still well below the 95% goal. The department has explained that, as it implements its capital program and continues to divest unused properties, the percentage of functional properties will improve. However, the divestiture process is slow, lasting approximately four years on average per property.

Exhibit 1
Military Department
Facilities in Functional Status
Fiscal 2014-2022



Source: Fiscal 2022 Managing for Results

Budget Overview

The fiscal 2022 capital budget provides \$5.0 million in GO bond funds for one project: the Havre de Grace CSMS Surface Equipment and Automotive Maintenance Center in Harford County. The budget does not provide for federal pay-as-you-go funds in fiscal 2021 because the State has already appropriated the federal fund contribution.

Havre de Grace CSMS Surface Equipment and Automotive Maintenance Center

This project proposes to construct a new ARNG Surface Equipment and Automotive Maintenance Facility located at the Havre de Grace State Military Reservation. The new facility will be a total of 49,604 net square feet and replace functionally inadequate structures that do not conform to federal National Guard standards. The facilities will include work bays for surface equipment and automotive maintenance facilities, administrative offices, and space for meetings and personnel instruction. Due to the loss of \$5.4 million in anticipated federal funding in fiscal 2021, the Military Department reduced the scope of the facility by removing two special work bays and two automotive work bays; these work bays are now included in the project scope as add alternative components that will be constructed if the funds authorized are sufficient to fund the selected construction contract bid.

The current facilities are functionally inadequate, having been repurposed from a horse racing track, and do not conform to National Guard standards. The door width and ceiling height of the automotive maintenance bays are below the required dimensions, meaning that some vehicles cannot be serviced in the maintenance bays. Other nonautomotive bays are also undersized and lack adequate safety egress margins. Further, most of the structures are more than 90 years old and lack code compliant fire suppression systems and adequate ventilation in the workshop space.

The fiscal 2022 budget provides \$5.0 million in GO bonds to complete the construction phase of this project, a slight increase from the \$4.5 million preauthorization included in the 2020 CIP. Construction is expected to begin in March 2021 and conclude in September 2022, for a duration of 18 months. While the construction phase is scheduled to run into fiscal 2023, the amount budgeted in fiscal 2022 provides the remaining funds necessary to complete the project. Total funding for this project will be \$31.0 million, which includes \$11.6 million in GO bonds and \$19.3 million in federal Military Construction and Facilities Sustainment, Readiness, and Modernization (SRM) funding.

Issues

1. Proposed Real Estate Agreement with USMC

The Military Department continues to negotiate a property lease with USMC to acquire space in Baltimore City. In exchange, the federal government would receive approximately 10 acres on the Camp Fretterd Military Reservation in Baltimore County to construct an Armed Forces Reserve Center.

To do so, USMC would enter into a 25-year lease with the Military Department. The parcel of land is situated off of Rue Saint Lo Drive, and is forested and unused. The Military Department requested a clearinghouse review of the lease by the Maryland Department of Planning in fall 2020. Construction on the USMC Armed Forces Reserve Center is anticipated to begin in June 2021.

ARNG, who occupies Camp Fretterd, is working to establish a reciprocal agreement to obtain the Hamlet Avenue USMC Reserve Center in Baltimore City. The USMC Reserve Center is located on a 10-acre lot; the brick facility underwent renovations in 2010. Though the facility was recently renovated, the Military Department notes that because it is a federal facility, any renovation expenditures would be 75% federal funds and 25% state funds.

The Military Department should update the committees on the status of the lease agreement with USMC, the status of the clearinghouse review, and comment on whether any additional expenditures may be needed to complete the tenant fit-out of the Hamlet Avenue facility.

2. Divestiture of Pikesville Armory

For the last several years, the Military Department has been working to divest the Pikesville Armory, a 14-acre parcel upon which the Pikesville Readiness Center and six other structures are located. The property was deemed surplus in 2016. The armory is designated as a historical property by the Maryland Historical Trust (MHT); as such, a historic preservation easement would be needed before any renovations could be made to the structures.

Baltimore County has the right of first refusal for the property, but the county has indicated that it is not interested in acquiring the land. To that end, DGS is now soliciting private bids via an RFP to purchase the property. The property would then be sold by a fee simple sale subject to the historic preservation easement, as determined by MHT.

There is a \$500,000 capital grant included in the 2021 CIP to redevelop the Armory, as well. This grant will be discussed further in DLS's analysis of the 2021 CIP's Miscellaneous Grants.

The Military Department should comment on the current status of the divestiture of the Pikesville Armory.

Summary of Other Projects in the Capital Improvement Program

The 2021 CIP includes out-year funding for five projects:

- ***Frederick Readiness Center Renovation (Frederick):*** Planned renovations will support approximately 131 soldiers, include HVAC upgrades, a new roof, and a fire suppression system. This project moved up one year in the 2021 CIP and is now ahead of the White Oak Readiness

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Center to utilize available federal SRM funding; the 2020 CIP had previously included design funds beginning in 2024. Planning funds are now anticipated to be appropriated in fiscal 2023 with construction funds appropriated in fiscal 2024. Total funding is expected to be \$4.5 million, evenly split between federal funds and GO bonds.

- ***White Oak Readiness Center (Montgomery):*** The project will construct a new facility to replace the current White Oak Armory, which has insufficient space for two ARNG units. Planning funds will be appropriated beginning in fiscal 2024 to better align with the project's placement in the Federal Future Years Defense Program. The 2020 CIP had previously included funding beginning in 2023.
- ***Glen Burnie Readiness Center Renovation (Anne Arundel):*** Like the Frederick Readiness Center, this planned renovation will support 131 soldiers. Renovations will replace the facility's HVAC system, roof, plumbing, and structural damage. Planning funds will be provided in fiscal 2025, and construction will begin in fiscal 2026.
- ***Ruhl Readiness Center Renovation (Baltimore County):*** The planned renovations will support 249 soldiers, includes HVAC and restroom upgrades and parking lot repairs. Design funding is anticipated to be provided in fiscal 2026. The estimated cost totals \$4.5 million. This project is new to the 2021 CIP.
- ***MEMA Headquarters Renovation and Expansion (Baltimore County):*** Renovations to MEMA headquarters will accommodate the significant growth in personnel and address inadequacies in the current facility. As discussed below, this project was deferred from fiscal 2022 to 2023. To date, \$1.6 million in GO bonds have already been appropriated.

Projects Deferred in Fiscal 2022

As shown in **Exhibit 1**, funding for the renovation and expansion of MEMA Headquarters in Baltimore County was deferred from fiscal 2022 to 2023. Various changes to emergency management standards and needs within Maryland caused MEMA to reevaluate the Part I plan to ensure that the renovated headquarters would retain the flexibility to meet evolving emergency management requirements. The 2020 CIP had included \$8.3 million in fiscal 2022 to begin construction. However, due to delays associated with the COVID-19 pandemic, and difficulty procuring a design contract within the amount budgeted and planned, the Military Department expects the design phase to last the duration of fiscal 2022 and require an additional \$385,000 to complete. The additional design funds are programmed for fiscal 2023. The estimated \$17.1 million needed for construction and capital equipping the facility is programmed to be funded in fiscal 2023 and 2024.

**Exhibit 2
Projects Deferred
Fiscal 2022**

| <u>Project</u> | <u>Description</u> | <u>Reason for Deferral</u> |
|-----------------------|---|--|
| MEMA Headquarters | Renovation and expansion of the agency headquarters on Camp Fretterd in Baltimore County. | Project design delays associated with the COVID-19 pandemic. |

MEMA: Maryland Emergency Management Agency

Source: Department of Budget and Management, 2020 *Capital Improvement Program*

GO Bond Recommended Actions

1. Approve the authorization of \$5.028 million in general obligation bonds for the Havre de Grace Combined Support Maintenance Shop Surface Equipment and Automotive Maintenance Facility. This will fund the final phase of the facility's construction.