

RQ00
University of Maryland Medical System – Capital

Capital Budget Summary

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

Projects	Prior Auth.	2022 Request	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
Comprehensive Cancer and Organ Transplant Treatment Center	\$13.000	\$12.000	\$25.000	\$25.000	\$30.000	\$20.000
R Adams Cowley Shock Trauma Center Renovation – Phase III	7.000	2.500	4.000	6.500	0.000	0.000
Total State Support	\$20.000	\$14.500	\$29.000	\$31.500	\$30.000	\$20.000

Fund Source	Prior Auth.	2022 Request	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
GO Bonds	\$20.000	\$14.500	\$29.000	\$31.500	\$30.000	\$20.000
Nonbudgeted Funds	6.045	35.000	49.400	51.350	47.305	0.000
Total	\$26.045	\$49.500	\$78.400	\$82.850	\$77.305	\$20.000

GO: general obligation

Note: Funds by project show only the State funds supporting each project, while funds by source include non-State support.

Key Observations

- ***Fiscal 2022 State Commitments Lower Than Planned in the 2020 Capital Improvement Program (CIP):*** The 2020 CIP scheduled \$30.0 million in fiscal 2022 general obligation (GO) bond funding for the University of Maryland Medical System (UMMS) for two projects. However, the fiscal 2022 capital budget, Maryland Consolidated Capital Bond Loan (MCCBL) of 2021, provides \$14.5 million to better align the State’s long-term commitments and UMMS contributions to revised project schedules.

Summary of Recommended Bond Actions

1. Comprehensive Cancer and Organ Transplant Treatment Center

Approve the \$12.0 million general obligation bond authorization for the Comprehensive Cancer and Organ Transplant Treatment Center.

2. R Adams Cowley Shock Trauma Center Phase III

Approve the \$2.5 million general obligation bond authorization for the R Adams Cowley Shock Trauma Center Renovation – Phase III.

Budget Overview

The fiscal 2022 capital budget provides \$14.5 million in GO bonds to fund two projects in partnership with UMMS. This continues the State’s long-term commitments to the Comprehensive Cancer and Organ Transplant Treatment Center and renovations and upgrades to the R Adams Cowley Shock Trauma Center. The amount budgeted is \$15.5 million less than was planned in the 2020 CIP. Both projects show an increase in non-State funds budgeted in fiscal 2022 compared to the spending schedule in the 2020 CIP.

Comprehensive Cancer and Organ Transplant Treatment Center

The Comprehensive Cancer and Organ Transplant Treatment Center project includes the following components to support the Marlene and Stewart Greenebaum Comprehensive Cancer Center and other high-acuity ambulatory and inpatient programs.

- ***Expanding the Existing North Hospital Building through a Nine-floor Addition and Renovation:*** This aspect of the project will relocate and create additional space for inpatient

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and outpatient cancer programs on four floors, add shell space for future development, and provide space for administrative offices and mechanical space.

- ***Constructing a New Building for an Ambulatory Care Center and Parking Expansion:*** The ambulatory care center will be located immediately north of the Pratt/Paca building and will include three levels for heart and vascular medicine, organ transplant, neurology, neurosurgery, and public space. Another level will provide mechanical space. The building will be constructed to allow for a later vertical expansion.
- ***Expanding Parking on the Site of an Existing Parking Garage:*** Five and a half levels will be added to an existing parking garage for an additional 410 parking spaces, with a possible sixth level to add 74 more spaces.

**Authorization Uses – Comprehensive Cancer and Organ Transplant Treatment Center
(\$ in Millions)**

Description	Prior Authorization	2022 Request	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
Planning	\$11.045	\$9.500	\$7.955	\$0.000	\$0.000	\$0.000
Construction	8.000	28.000	35.045	41.750	57.305	10.000
Equipment	0.000	0.000	23.500	32.000	20.000	10.000
Total	\$19.045	\$37.500	\$66.500	\$73.750	\$77.305	\$20.000

**Authorization Sources – Comprehensive Cancer and Organ Transplant Treatment Center
(\$ in Millions)**

Description	Prior Authorization	2022 Request	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
GO Bond (42.5%)	\$13.000	\$12.000	\$25.000	\$25.000	\$30.000	\$20.000
Nonbudgeted Funds (57.5%)	6.045	25.500	41.500	48.750	47.305	0.000
Total	\$19.045	\$37.500	\$66.500	\$73.750	\$77.305	\$20.000

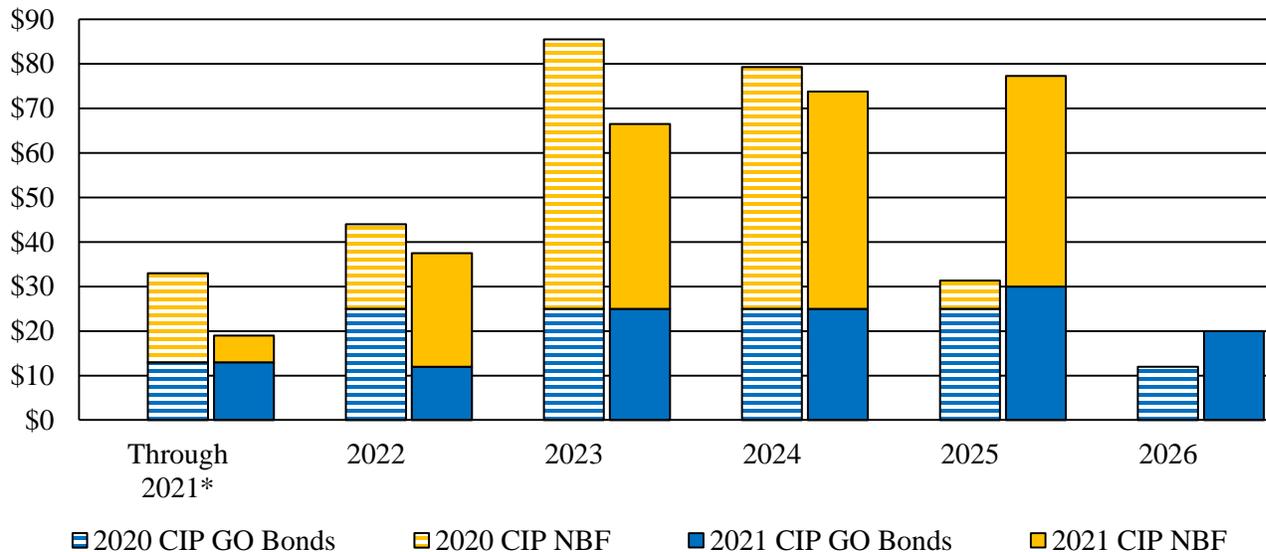
GO: general obligation

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The most recent estimated total project cost is \$294.1 million, a \$9.1 million increase (3.2%) compared to the \$285.0 million estimate in the 2020 CIP. This increase is most attributable to the transition from conceptual to detailed design and project schedule delays. When State funds were first authorized for the project, UMMS had assumed an aggressive timeline for approval of the Certificate of Need (CON) by the Maryland Health Care Commission. UMMS decided to commence design in advance of CON approval to better align the start of construction with approval of the CON. However, it was not until August 2020 that CON approval was received, which delayed the project schedule. The schedule was further delayed in response to the COVID-19 pandemic, which caused UMMS to temporarily halt capital projects to limit ingress and egress at the hospital.

Exhibit 1 reflects changes to the projected schedule of GO bond and non-State support for the project from the 2020 to 2021 CIP. The total State commitment to the project remains at \$125 million (42.5% of total project costs), despite the MCCBL of 2018, 2019, and 2020 including language expressing intent that the State commitment to the project be \$175 million. Non-State support, consisting of internal UMMS funding, debt issuance, and philanthropy, will make up the remaining 57.5%, or \$169.1 million.

Exhibit 1
Changes in Total Funding Schedule – Cancer Center
2020 CIP to 2021 CIP
(\$ in Millions)



CIP: *Capital Improvement Program*
 GO: general obligation
 NBF: Nonbudgeted Funds

*Funds shown “Through 2021” for the 2020 CIP displays projected spending, while the 2021 CIP displays actual authorized spending.

Source: Governor’s Fiscal 2020, 2021, and 2022 Budget Books

The 2020 CIP had programmed UMMS to contribute \$20 million to the project through fiscal 2021, but thus far, only \$6 million has been contributed. Meanwhile, the State has already committed \$13 million in GO bond funds. To account for the slower UMMS contribution and better align the State’s cost-share commitment, UMMS is scheduled to contribute \$25.5 million in fiscal 2022, which is \$6.5 million more than was programmed, while State GO bond support is \$12 million down from the \$25 million that was programmed in last session’s CIP. This supports the legislature’s intent, as stated in language in the MCCBL of 2019, that UMMS match the State contribution to this specific project on a yearly basis. The planned State commitments in fiscal 2025 and 2026 are both increased relative to the amounts programmed last session to make up the remaining State commitment deferred from fiscal 2022. UMMS indicated that it expects spending to accelerate through the end of fiscal 2022. The project timeline currently estimates design to end in August 2021, construction to begin in fall 2021, and construction to be complete in summer 2024.

R Adams Cowley Shock Trauma Center Renovation – Phase III

The fiscal 2022 capital budget provides \$2.5 million in GO bonds to complete design, continue construction, and purchase medical equipment as part of the third phase of renovations of the R Adams Cowley Shock Trauma Center. **Exhibit 2** displays the major components of the trauma center renovations and their projected costs. The components are listed in order of the anticipated construction start dates with an estimated project completion in fall 2024.

UMMS reported that this project was delayed by approximately six months as the COVID-19 pandemic caused all capital projects to be placed on a temporary hold. Based on the most recent total spending plan, UMMS expects to spend approximately \$14.2 million in fiscal 2022 across the hyperbaric medicine replacement, acute care unit expansion, blood bank relocation, and clinical lab relocation components.

Exhibit 2
Components and Cost Estimates of Phase III Renovations
(\$ in Millions)

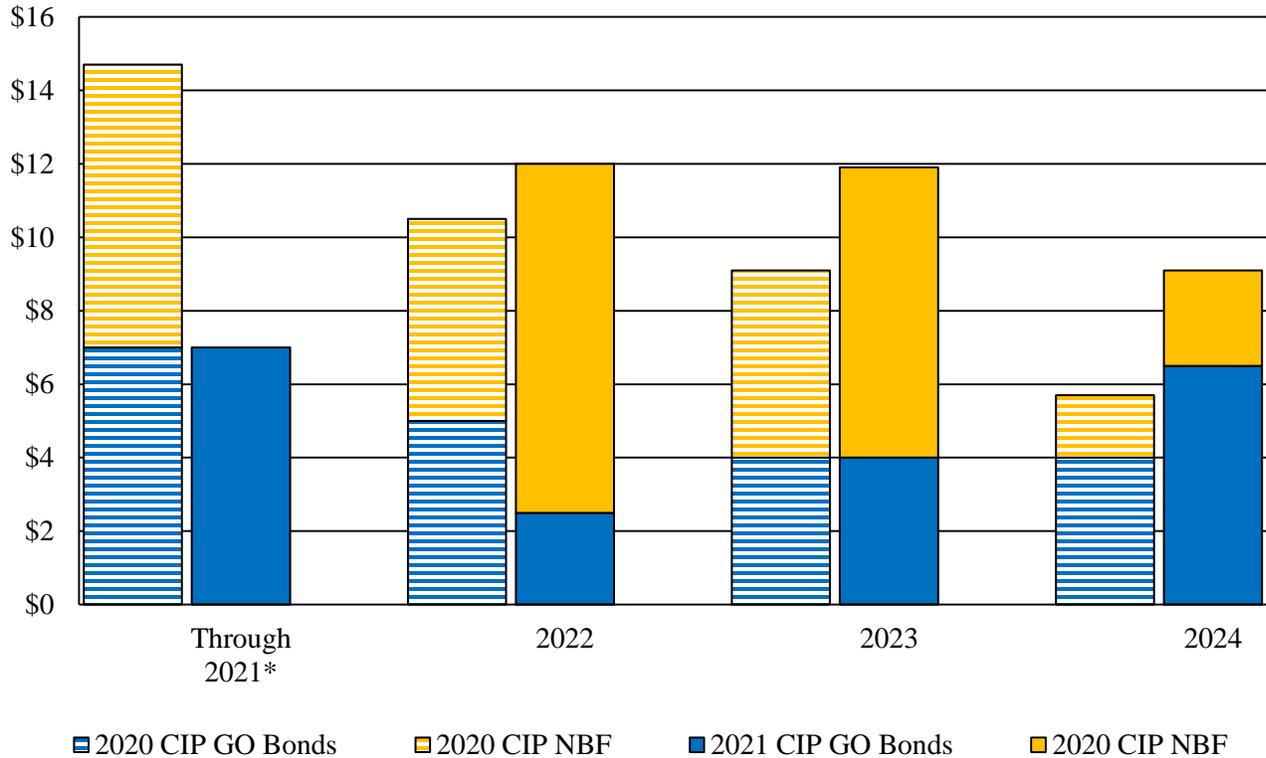
<u>Project Components</u>	<u>Estimated Cost</u>
Building infrastructure upgrades, including replacing or refurbishing air handling units, emergency power, fire alarms, and medical gas services	\$12.5
Replacing and modernizing the hyperbaric medicine chamber	1.0
Expanding the acute care unit from 12 to 16 beds	7.8
Relocating the blood bank to a location near the Trauma Resuscitation Unit (TRU)	5.4
Relocating the Human Leukocyte Antigen and flow clinical laboratories to expand TRU	1.6
Renovating TRU, including colocating the Critical Care Resuscitation Unit and Radiology Unit	13.4
Total	\$41.7

Note: Estimated costs total to a project cost \$1.7 million higher than is pictured in the 2021 *Capital Improvement Program* due to the inclusion of construction costs for a third floor walkway between buildings that would not be completed if there are cost constraints.

Source: University of Maryland Medical System

The State commitment for this project remains at \$20 million, accounting for 50% of total project costs. As shown in **Exhibit 3**, GO bonds make up 100% of the funding for the program through fiscal 2021, although it was programmed for UMMS to have contributed \$7.7 million through fiscal 2021. UMMS' fiscal 2022 contribution of \$9.5 million is \$4.5 million more than what was programmed to better align UMMS contributions with that of the State. The State's fiscal 2022 commitment of \$2.5 million is half of what was programmed, and these funds are made up in fiscal 2024 to bring more balance to the funding partnership and align with anticipated project expenditures.

Exhibit 3
Changes in Total Funding Schedule – Shock Trauma Center
2020 CIP to 2021 CIP
(\$ in Millions)



CIP: *Capital Improvement Program*
 NBF: *Nonbudgeted Funds*

*Funds shown “Through 2021” for the 2020 CIP displays projected spending, while the 2021 CIP displays actual authorized spending.

Source: Governor’s Fiscal 2020, 2021, and 2022 Budget Books

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**Authorization Uses – R Adams Cowley Shock Trauma Center Renovation – Phase III
(\$ in Millions)**

Description	Prior Authorization	2022 Request	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
Planning	\$2.100	\$1.000	\$0.000	\$0.000	\$0.000	\$0.000
Construction	4.900	9.000	9.900	6.200	0.000	0.000
Equipment	0.000	2.000	2.000	2.900	0.000	0.000
Total	\$7.000	\$12.000	\$11.900	\$9.100	\$0.000	\$0.000

**Authorization Sources – R Adams Cowley Shock Trauma Center Renovation – Phase III
(\$ in Millions)**

Description	Prior Authorization	2022 Request	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate
GO Bond (50%)	\$7.000	\$2.500	\$4.000	\$6.500	\$0.000	\$0.000
Nonbudgeted Funds (50%)	0.000	9.500	7.900	2.600	0.000	0.000
Total	\$7.000	\$12.000	\$11.900	\$9.100	\$0.000	\$0.000

GO Bond Recommended Actions

1. Approve the \$12.0 million general obligation bond authorization for the Comprehensive Cancer and Organ Transplant Treatment Center.
2. Approve the \$2.5 million general obligation bond authorization for the R Adams Cowley Shock Trauma Center Renovation – Phase III.