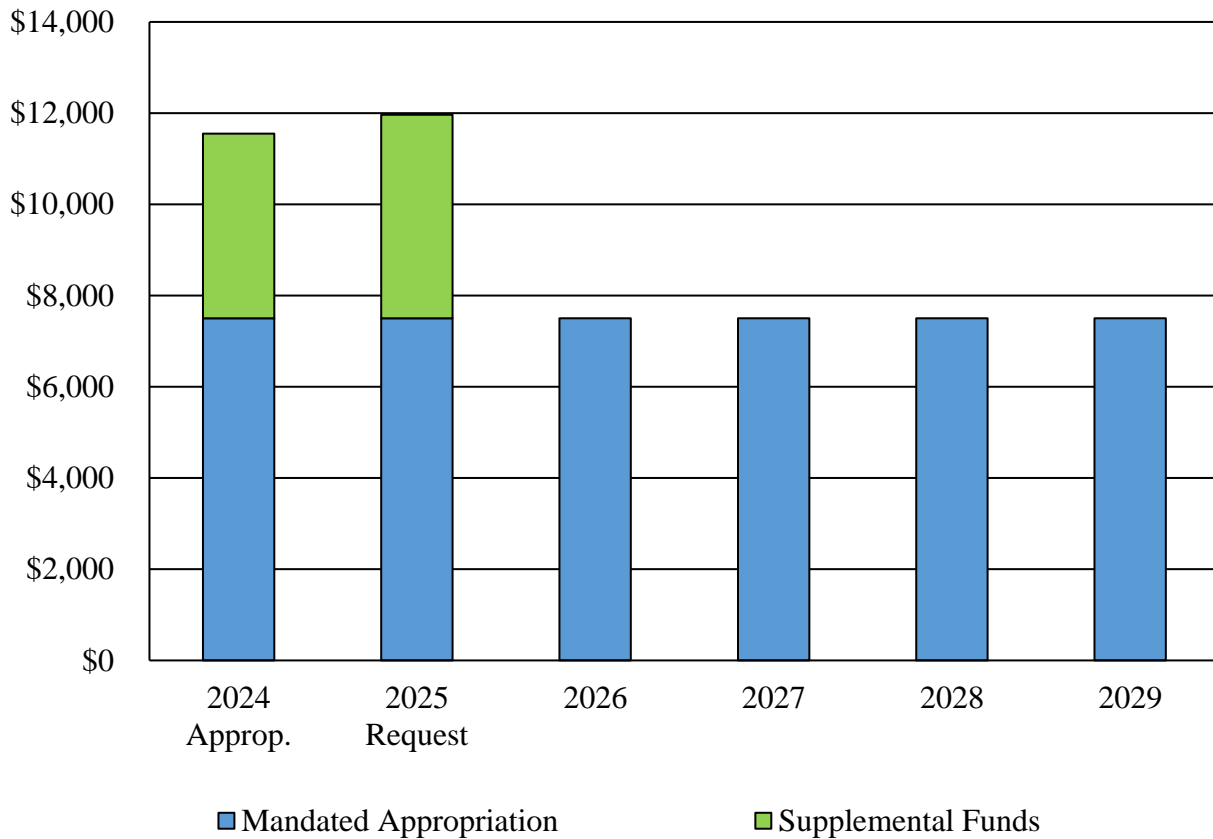


RA11
Maryland State Library Agency – Capital

Capital Budget Summary

Public Library Capital Grant Program
Capital Improvement Program
Fiscal 2024-2029
(\$ in Thousands)



Note: All funds are general obligation bonds. The mandated amount per Chapter 27 of 2021 is \$7.5 million.

Source: Department of Budget and Management

Key Observations

- ***Fiscal 2025 Funding Request Continues to Exceed Statutory \$7.5 Million Annual Allocation:*** The Maryland State Library Agency (MSLA) indicated that the mandated allocation is insufficient to fully fund projects. Supplemental funds totaling \$4.5 million would enable all projects currently in the design phase to progress to construction according to their schedules. The agency reported that without this request being fulfilled, there may be delays in projects unless local jurisdictions increase their match.

GO Bond Recommended Actions

1. Approve the general obligation bond authorization for the Public Library Capital Grant Program.

Budget Overview of Grant and Loan Programs

The Public Library Capital Grant Program was established by Chapter 494 of 2006 and awarded its first grants in fiscal 2008. The program provides funds to local libraries for capital improvements to existing libraries or construction of new facilities. Starting in fiscal 2023, Chapter 27 of 2021 mandated \$7.5 million in annual funding for the program either in the capital budget or the operating budget. To apply for a grant, local public library systems must develop a countywide library plan and produce a master plan describing the capital projects approved by the applicant's governing body. MSLA reviews applications and submits recommendations to the State Library Board for approval. This list of approved projects is then forwarded to the Department of Budget and Management for review and inclusion in the budget. Grants from the program require a match from any combination of county, municipal, or private sources. This maximum State share is calculated for local library systems by the wealth-based, cost-sharing formula in statute and ranges from 50% to 90%, based on that jurisdiction's wealth.

The statute outlines the criteria to be used to make funding recommendations:

- the public necessity and urgency of a project;
- the need for additional sources of funding for a project;
- the estimated cost and timeliness of executing a project;
- the viability of matching funds for a project; and
- geographic diversity.

Exhibit 1 shows library funding in the Governor’s budget as introduced. The fiscal 2025 capital allocation for the Public Library Capital Grant Program totals \$12.0 million – \$7.5 million as mandated by Chapter 27 of 2021 and an additional \$4.5 million allocated to previously funded projects to support ongoing design and to advance construction according to project schedules. The Forest Park Library project is funded with both base and supplemental funds.

Exhibit 1
Public Library Capital Grant Program Project List
Fiscal 2025
(\$ in Thousands)

<u>County</u>	<u>Project Description</u>	<u>Type of Project</u>	<u>Estimated Total</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
<u>Base Allocation</u>							
Baltimore City	Forest Park Library – Renovate and expand the 7,400 GSF Forest Park Branch constructed in 1910 to 9,700 GSF	New	\$7,444	\$0	\$1,911	\$0	30%
Garrett	New Friendsville Library – Construct a new 4,500 GSF facility in Friendsville to replace the existing 2,800 GSF building	Continuing	4,100	513	2,655	522	90%

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<u>County</u>	<u>Project Description</u>	<u>Type of Project</u>	<u>Estimated Total</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Talbot	St. Michaels Library Renovation and Expansion – Renovate and expand the existing 7,716 GSF St. Michaels Library to 11,093 GSF	Continuing	6,326	360	2,803	0	50%
Wicomico	Paul S. Sarbanes Branch – Replace malfunctioning components of the HVAC system installed in 1979	New	154	0	131	0	85%

Supplemental Allocation

Anne Arundel	New Glen Burnie Library – Construct a 40,838 GSF facility to replace the 1968 facility.	Continuing	36,230	200	1,398	0	4%
Baltimore City	Forest Park Library – Renovate and expand the 7,400 GSF Forest Park Branch constructed in 1910 to 9,700 GSF	New	7,444	0	307	0	30%

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<u>County</u>	<u>Project Description</u>	<u>Type of Project</u>	<u>Estimated Total</u>	<u>Prior Auth.</u>	<u>2025 Request</u>	<u>Future Request</u>	<u>Total State Share</u>
Montgomery	Damascus Library – Renovate 16,400 GSF to replace roof, windows, lighting, doors, HVAC system and waterproofing the foundation	Continuing	3,280	500	957	0	44%
Worcester	New Pocomoke Library – Construct a new 12,566 GSF facility to replace the 6,700 GSF Pocomoke Branch Library	Continuing	9,432	2,200	1,799	457	47%
Total			\$74,410	\$3,773	\$11,961	\$979	

GSF: gross square foot

Source: Department of Budget and Management

The proposed budget includes seven projects with grants ranging from \$131,000 to \$2.8 million. The estimated total cost of these projects is \$74.4 million, including \$3.8 million in prior authorizations and \$979,000 in projected future requests. Five projects have received funds previously, and two projects are newly funded in fiscal 2025. Though projects are eligible for a State match of between 50% to 90% of the total project cost as determined by a cost-sharing formula, the State funding share may be lower. The review committee often does not recommend fully funding a project request to ensure geographic diversity in the allocation of funds. In terms of project classification for base or supplemental funds, MSLA follows a ranking system based on total points. Projects with the highest points receive mandated (or base) funding. In cases where the mandated allocation falls short, supplemental funds are recommended to fulfill project requirements, such as for the Forest Park Library project in Baltimore City.

Additionally, Exhibit 1 shows a total of \$979,000 in anticipated future requests to complete two of these projects. Therefore, supplemental funding may not be needed in fiscal 2026, and most

of the \$7.5 million base funding will be available to fund new projects. **MSLA should comment on the anticipated supplemental requests for future fiscal years and discuss strategies for managing its future project pipeline to mitigate the need for supplemental funding above the mandate in the future.**

New Pocomoke Library Project Delay

The fiscal 2024 capital budget provided \$2.2 million in construction funding for the Worcester County – New Pocomoke Library, but the project was deferred due to changes in location and environmental concerns. MSLA reported that in April 2023, the Town of Pocomoke withdrew its offer to provide the Armory site for a new library facility. Due to multiple deferrals since fiscal 2020, Worcester County opted to proceed promptly with the project by constructing a new facility on the existing library site. Regarding environmental concerns, an underground fuel oil tank was removed in June 2023, and the risk assessment for new construction has been completed by the Maryland Department of the Environment (MDE) on September 26, 2023. Design work is underway using local funds, and through value engineering, the project cost has been reduced from \$10.9 million to \$9.4 million. The agency indicated that construction is now scheduled to start in July 2024, subject to assessment results from MDE. MSLA expects to encumber the fiscal 2024 funding of \$2.2 million in fiscal 2025, and the fiscal 2025 budget includes a further \$1.8 million for the project.

Issues

1. County Library Capital Grant Status for Fiscal 2024 Projects

Exhibit 2 shows an update, as of February 2024, on the progress of construction and renovation projects funded in fiscal 2024. Projects in Calvert County (Twin Beaches) and Caroline County (Denton) will reach substantial completion in March 2024. However, MSLA reported that the agency currently retains construction funds (approximately 10% of the contract) for both of these projects pending completion of inspections and resolution of any identified issues. Furthermore, the occupancy permit for each project is still pending, and the installation of furnishings and materials has yet to be completed. The agency indicated that there is usually an anticipated delay of several weeks before the facility can be opened to the public.

Exhibit 2
County Library Capital Grant Project Status
Fiscal 2024
(\$ in Thousands)

Library System	Branch	Project Type	Final Award	Reimb.	% Spent	Status
Calvert	Twin Beaches	New Construction	\$854	\$573	67%	Opening 4/16/2024
Frederick	Middletown	New Construction	563	445	79%	Under construction
Garrett	Friendsville*	New Construction	513	46	9%	Under design
Anne Arundel	Glen Burnie*	New Construction	200	–	0%	Design contract in process
Baltimore County	Catonsville	Renovation	2,401	323	13%	Under construction – 75% complete
Harford	Bel Air	Renovation	3,593	–	0%	On hold by county
Caroline	Denton	Renovation	467	277	59%	Substantial completion in March 2024
Prince George’s	Baden	Renovation and Expansion	519	189	36%	Opened
Talbot	St. Michaels*	Renovation and Expansion	240	–	0%	Under design
Total Encumbered			\$9,350	\$1,854	20%	
Authorization			\$11,550			
To be Encumbered			\$2,200			

*These projects are also included in the fiscal 2025 request.

Note: The substantial completion date in Caroline County is for an elevator installation. Furnishings and materials were installed in Denton in December 2023.

Source: Maryland State Library Agency

Regarding the status of the Bel Air project, MSLA granted an extension of the fiscal 2023 Bel Air Branch renovation capital grant totaling \$1.4 million until June 30, 2024. Any additional one-year extensions are subject to MSLA’s discretion. The delay is explained by the county administration’s decision to postpone all county capital projects to allow time for a comprehensive review of ongoing initiatives. The agency indicated that as of December 2023, the county executive has not communicated any updates regarding the project’s status.

2. Enoch Pratt Free Library System Buildings Status

The 2023 *Joint Chairmen’s Report* requested that MSLA conduct a building and facility condition analysis of all library buildings within the Enoch Pratt Free Library System (EPFL), identifying the deferred facility maintenance and renewal projects necessary to modernize the facilities. The report provides an assessment of 21 branch locations and a Neighborhood Design Center and Baltimore City Library Maintenance Shop operated by EPFL.

Exhibit 3 shows the facility renewal costs by facility identified as necessary, potentially critical, or currently critical, with an estimated total cost of \$51.1 million. Across all facilities, currently critical needs totaled \$6.4 million. The majority of these buildings have exceeded 50 years in age, and seven facilities have surpassed the century mark. Within this roster, MSLA identified seven branches as critical and necessitating immediate attention to ensure uninterrupted provision of services.

Exhibit 3
Enoch Pratt Free Library System: Facility Asset Overview
 (\$ in Thousands)

<u>Asset Name</u>	<u>High Priority Facility Renewal Costs</u>	<u>Age</u>
Enoch Pratt Free Library Central Branch	\$10,564	92
Hamilton Branch	4,489	16
Pennsylvania Branch	3,996	137
Northwood Branch	2,966	52
Reisterstown Branch	2,911	107
Southeast Anchor Branch	2,858	70
Herring Run Branch	2,700	64
Walbrook Branch	2,637	63
Baltimore City Library Maintenance Shop	2,602	16
Brooklyn Branch	2,065	56
Light Street Branch	1,656	60
Clifton Branch	1,626	71
Forest Park Branch	1,588	99
Orleans Street Branch	1,578	58
Edmondson Branch	1,347	66
Govans Branch	1,217	62
Patterson Branch	1,084	113
Roland Park Branch	1,034	113
Neighborhood Design Center	997	102
Washington Village Branch	714	52
Waverly Branch	315	123
Canton Branch	133	137
Hampden Branch	5	53
Total	\$51,084	

Note: The fiscal 2025 proposed budget includes funding to renovate the Forest Park Branch. Bold indicates branches identified as critical by the Maryland State Library Agency.

Source: Maryland State Library Agency