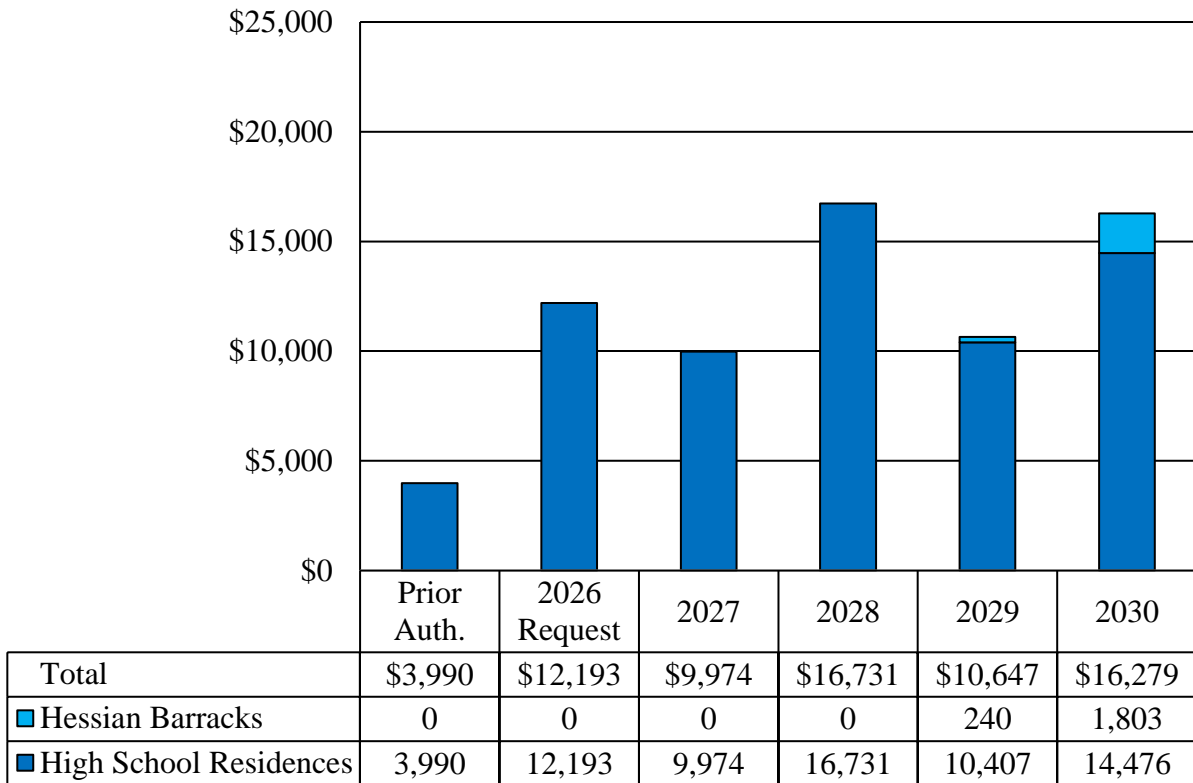


RE01
Maryland School for the Deaf – Capital

Capital Budget Summary

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



Note: All projects are funded with general obligation bonds.

Key Observations

- Frederick Campus Residences Project Costs Continue to Increase:*** The 2025 Capital Improvement Program (CIP) provides \$12.2 million in general obligation (GO) bonds to complete design and start construction of the new dormitories. These funds are in addition to the \$1.9 million authorized in fiscal 2024 and \$2.1 million authorized in fiscal 2025 for the building design. The 2025 CIP identifies a total project cost of \$67.8 million, which is an increase of \$4.9 million, or 8%, over the programmed estimate in the 2024 CIP, which had yet to be informed by the design effort.

For further information contact: Laura H. Hyde

laura.hyde@mlis.state.md.us

GO Bond Recommended Actions

1. Approve all general obligation bond authorizations and preauthorizations for Maryland School for the Deaf.

Updates

- ***Veditz Building:*** From fiscal 2018 to 2023, a total of \$18.8 million was provided for the construction and renovation of the Veditz Building at the 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. In September 2023, due to escalating construction costs, the Department of Budget and Management and the Department of General Services (DGS) asked for an additional \$3.4 million from the Construction Contingency Fund to complete the project, bringing the total cost to \$22.2 million. A contract was approved by the Board of Public Works (BPW) on November 29, 2023, and, as of February 2025, the building is under construction and is expected to be finished in the next few months. MSD is also working with the Office of State Procurement and Maryland Correctional Enterprises to order equipment and furniture for the building. Implementation of this project has been delayed several times since it was first funded in fiscal 2018. When the committees last considered this project in the 2024 session, the project was scheduled for completion in May 2024 but is now anticipated in mid-calendar 2025.
- ***Columbia Campus Emergency Notification System:*** The fiscal 2020 and 2022 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 (Howard County) campus. The project has experienced multiple delays due to difficulties with the procurement process; however, in November 2023, BPW approved a contract for \$2.3 million, and the notification system is on schedule to be completed in May 2025. Even though the contracted amount approved by BPW in calendar 2023 is only 50% of the authorized funding, in February 2024, DGS advised that the authorization for \$4.6 million should remain due to cost uncertainty.

Summary of Fiscal 2026 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.

New/Ongoing: Ongoing								
Start Date: November 2024					Est. Completion Date: November 2030			
Fund Sources:								
(\$ in Millions)	Prior Auth.	2026	2027	2028	2029	2030	Beyond CIP	Total
GO Bonds	\$3.990	\$12.193	\$9.974	\$16.731	\$10.407	\$14.476	\$0.000	\$67.771
Total	\$3.990	\$12.193	\$9.974	\$16.731	\$10.407	\$14.476	\$0.000	\$67.771
Fund Uses:								
(\$ in Millions)	Prior Auth.	2026	2027	2028	2029	2030	Beyond CIP	Total
Planning	\$3.990	\$3.269	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Construction	0.000	7.924	9.224	16.731	10.407	14.476	0.000	0.000
Equipment	0.000	1.000	0.750	0.000	0.000	0.000	0.000	0.000
Total	\$3.990	\$12.193	\$9.974	\$16.731	\$10.407	\$14.476	\$0.000	\$67.771

- **Need:** Existing dormitories are not compliant with the Americans with Disabilities Act; have inadequate building systems, including air conditioning, electrical, and plumbing deficiencies; exceed the necessary capacity; and are not set up for adequate supervision of students. MSD also notes that the new dormitories will provide students a more home-like environment.
- **Project Schedule:** According to the 2025 CIP, the project schedule involves three overlapping phases: (1) construction of one new dormitory; (2) demolition of an existing dormitory, which will be replaced with a new, second dormitory and satellite health center; and (3) demolition of two existing buildings, which will be replaced with a third dormitory and a green space. In June 2023, Part I and II programs were approved. Design began in November 2024, with construction scheduled to start in November 2025. The project is expected to be completed by November 2030. The start of construction has been moved slightly ahead since last year’s CIP, which reported the construction phase beginning in March 2026. MSD reports that the architect for the Frederick Campus Residence Hall project has begun meeting with stakeholders to gather information on placement of the residence halls, office locations, health center location, and student center location.

RE01 – Maryland School for the Deaf – Capital

- **Project Status and Changes:** Due to the multi-phased nature of this project with multiple rounds of demolition and construction, as well as a delay in procuring a construction manager until July 2025, the 2025 CIP has many changes to the project status and costs. The items below represent a few of the most notable changes from the 2024 CIP to the 2025 CIP:
 - total project costs are now estimated at \$67.8 million, which is an increase of \$4.9 million, or 8%; of this amount, \$1.5 million, or 33%, is increased costs for design funds, and \$3.4 million, or 67%, is new construction funds for movable equipment and information technology;
 - \$4.7 million is allocated for a 10% construction contingency, which is a slight decrease of \$400,000, or 8%, due to the reduction of the contingency from 12%;
 - \$4.1 million is allocated for the construction management cost-share of 8% under a construction manager (CM) at risk methodology, which is an increase of \$300,000, or 8%;
 - \$1.5 million is allocated for the green building premium under the Climate Solutions Now Act (Chapter 38 of 2022), which is a slight decrease of \$200,000, or 12%, due to the lowering of the percentage from 3.9% to 3.2%;
 - \$798,000 for basic services with a percentage increase from 7.0% to 8.0%, which is the cost increase from fiscal 2025 to 2026;
 - \$638,000 for special services with a percentage increase from 3.0% to 4.0%, due to the specialized nature of the project and students' needs, which is the cost increase from fiscal 2025 to 2026;
 - escalation percentages have decreased slightly; fiscal 2025 decreases from 5% to 4%; fiscal 2026 decreases from 5% to 3.5%; fiscal 2027 has 3.5%; and subsequent years have 3.5%; and
 - other unspecified increases are associated with the change in the estimated bid date from January 2025 to August 2025.
- **Concerns:** The Department of Legislative Services (DLS) has concerns with how this project has been managed thus far. Due in part to ensure an efficient execution of this multi-phased project, a CM at risk methodology was chosen as the preferred method to procure and manage the project. While there are additional project costs associated with this methodology, it can create efficiencies that justify the additional cost. DLS takes no issue with the decision to use a CM at risk methodology given the multiple project phase schedule and more so to ensure the unique needs of the student population are addressed in the project design, which has been a failure that has negatively impacted previous MSD

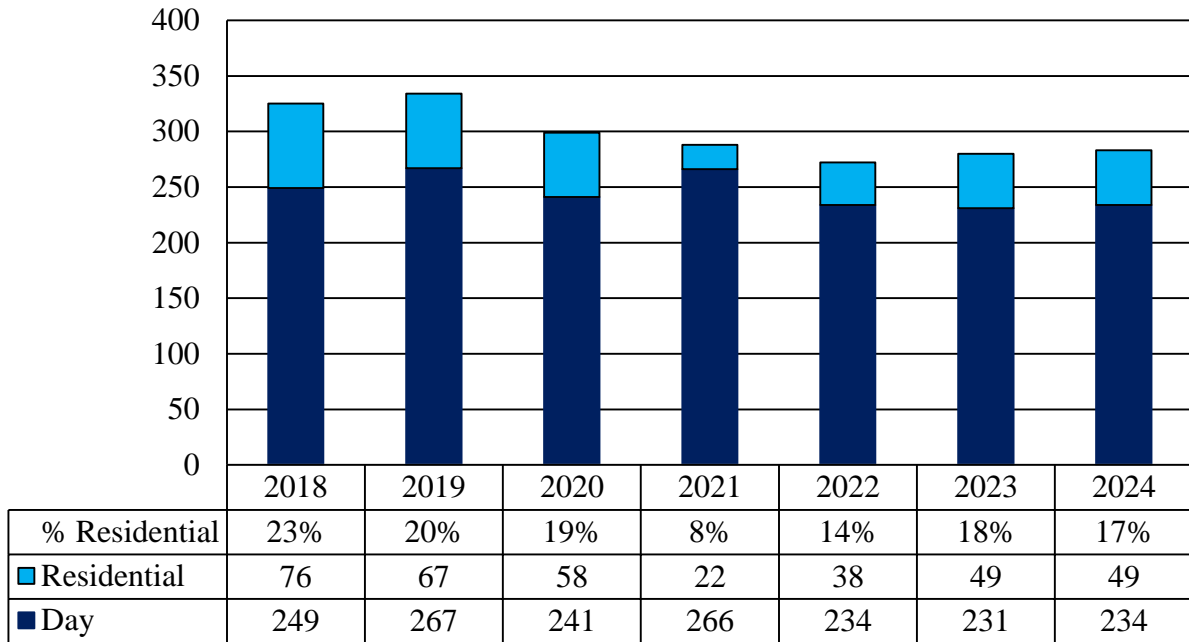
RE01 – Maryland School for the Deaf – Capital

projects. However, the initial benefits of utilizing a CM methodology have not occurred because the services of a CM have yet to be retained. Typically, it is best practice to retain a CM as the first contract, prior to solicitation of design. This brings the CM on board at the earliest stages to assist with program review and verification, which is especially important in instances where the design of the facility must adequately address the unique needs of the population that it will serve. Unfortunately, it appears that an initial design solicitation took place without the services of a CM. DGS ultimately canceled the solicitation when none of the bids adequately accounted for the special needs of the students. A subsequent solicitation did result in a contract design award, but again, it appears that a CM has still not been retained. As DLS understands things, a CM will be retained sometime in summer 2025 prior to the start of construction. DLS notes that the decision to utilize a CM approach was made early on in the process; the cost estimate worksheet provided in support of the initial fiscal 2024 design funding included references to CM utilization. **DGS should be prepared to brief the committees on the problems encountered with the initial design procurement and address the decision not to procure a CM contract from the outset with the initial fiscal 2024 design authorization.**

Enrollment

Exhibit 1 shows total enrollment at the Frederick campus and the percentage share of residential students from fiscal 2018 to 2024. The share of residential students decreased in fiscal 2021 due to the COVID-19 pandemic, but since fiscal 2023, these numbers have started to return closer to prepandemic levels. MSD reports that the percentage of residential students is expected to continue to increase in the out-years with improved dormitory spaces.

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



Source: Maryland School for the Deaf

Summary of Out-year State-owned Projects

- Hessian Barracks Renovation Receives Funding in Fiscal 2029 and 2030:*** The 2025 CIP plans \$240,000 in fiscal 2029 and \$1.8 million in fiscal 2030 for the Hessian Barracks restoration and renovation. In July 2023, MSD received a \$750,000 federal grant from the National Park Service to fund the design and implementation of work intended to secure the site and limit further deterioration of the facility before the larger proposed renovation is initiated. This building was constructed in 1777, is in the center of MSD’s campus, and is a Maryland historical site that was used in the past for educational tours and programming. The building is currently closed due to structural deficiencies, including cracks in the stone work, unstable flooring, and other concerns. Prior to the start of renovations, MSD will partner with the Maryland Historical Trust and DGS to apply for exemptions for masonry experts to provide artisan restorative work. As of February 2025, the 50% construction documents have been reviewed by DGS, and the architect is in the process of making the requested revisions.