

D50*
Military Department – Capital

Capital Budget Summary

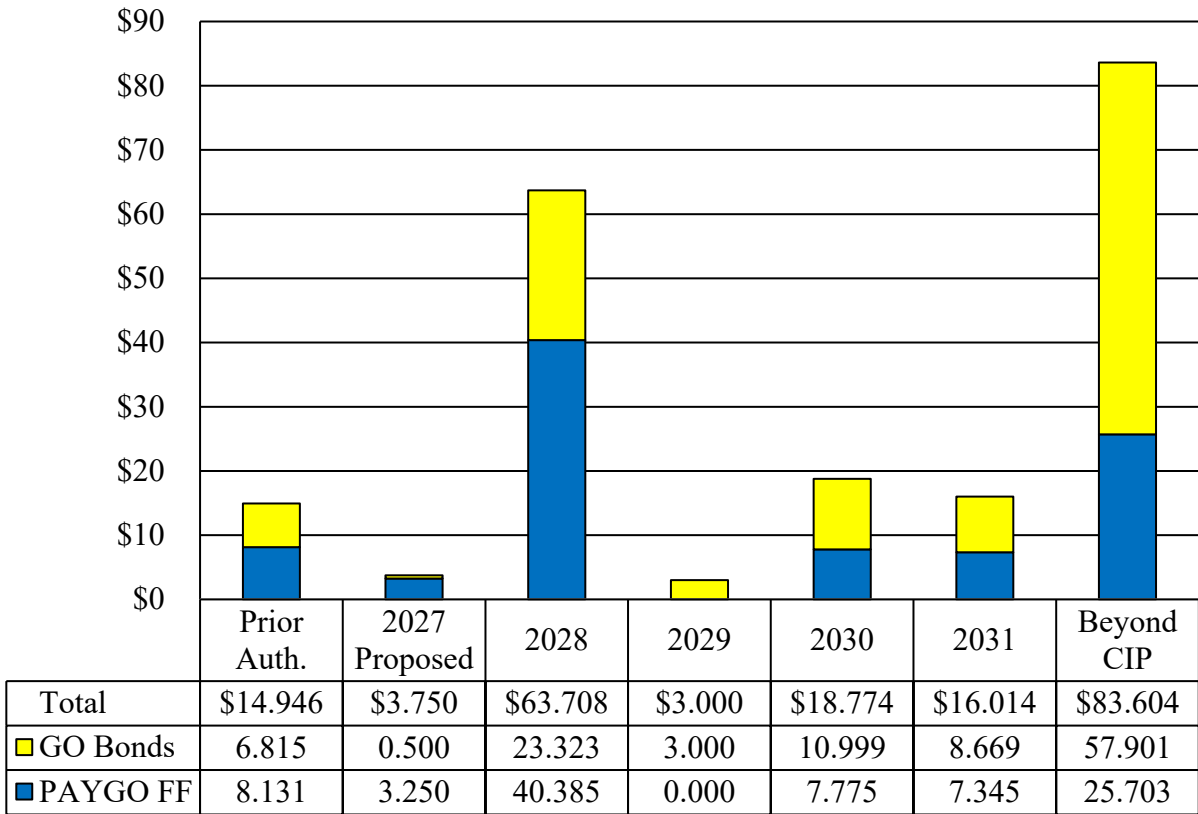
State-owned *Capital Improvement Program*
(\$ in Millions)

Projects	Prior Auth.	2027 Proposed	2028	2029	2030	2031	Beyond CIP
New Hagerstown Vehicle Maintenance Shop	\$0.000	\$3.750	\$0.000	\$0.000	\$0.000	\$0.000	\$25.703
Glen Burnie Readiness Center Renovation and Expansion	1.312	0.000	16.371	3.000	0.000	0.000	0.000
White Oak Readiness Center Renovation and Expansion	2.626	0.000	43.099	0.000	0.000	0.000	0.000
Frederick Readiness Center Renovation and Expansion	10.258	0.000	2.678	0.000	0.000	0.000	0.000
Ruhl Readiness Center Renovation	0.000	0.000	1.560	0.000	13.640	0.000	0.000
New Joint Force Headquarters at Camp Fretterd	0.750	0.000	0.000	0.000	3.224	1.324	57.901
Hagerstown Readiness Center Renovation	0.000	0.000	0.000	0.000	1.910	14.690	0.000
Total	\$14.946	\$3.750	\$63.708	\$3.000	\$18.774	\$16.014	\$83.604

For further information contact: Yashodhara Rai

yashodhara.raai@mga.maryland.gov

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CIP: *Capital Improvement Program*

GO: general obligation

FF: federal funds

PAYGO: pay-as-you-go

Note: The CIP includes a total of \$29.5 million for the New Hagerstown Vehicle Maintenance Shop project, which includes \$500,000 in GO bonds and \$29.0 million in FF. The FF total includes funding that will be used to reimburse the GO bonds of \$500,000 when the initial design contract is awarded.

Key Observations

- New Joint Force Headquarters at Camp Fretterd Part I/II Facility Program in Progress:***
 This project is fully State funded and received \$750,000 in general obligation (GO) bonds in the fiscal 2026 capital budget. The estimated total project cost is \$63.2 million, which is \$2.2 million lower than estimated in last year’s *Capital Improvement Program (CIP)*. According to the Military Department, the Part I/II facility program is currently under contract with an anticipated draft Part I facility program completion by June 2026 and final Part I and II facility program completion by September 2026. However, no additional design funding is programmed in the CIP until fiscal 2030.

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- **Capital Funding for Five Projects Deferred to Out-years:** The fiscal 2027 capital funding for four projects, namely the Glen Burnie, White Oak, Frederick, and Ruhl readiness center projects, has been deferred to fiscal 2028 due to delays in project schedules. Additionally, the fiscal 2029 funding for the Hagerstown Readiness Center renovation project has been deferred to fiscal 2030 to maintain a manageable capital project portfolio for the Military Department given the other delays. A total of \$47.6 million was programmed for fiscal 2027 in last year’s CIP for the four delayed projects and the New Hagerstown Vehicle Maintenance Shop (VMS); however, the fiscal 2027 budget includes a total of \$3.8 million for only the Hagerstown VMS.

PAYGO Recommended Actions

1. Concur with Governor’s allowance.

GO Bond Recommended Actions

1. Deauthorize funds for the New Joint Force Headquarters at Camp Fretterd.

DH01.04C New Joint Force Headquarters at Camp Fretterd Deauthorization

Add the following language:

	<u>MILITARY DEPARTMENT</u>	
<u>DH01.04</u>	<u>MILITARY DEPARTMENT OPERATIONS AND MAINTENANCE</u>	
<u>(C)</u>	<u>New joint Force Headquarters at Camp Fretterd. Provide funds to begin the design for the renovation and expansion of the Camp Fretterd Readiness Center for the purposes of creating a new Joint Forces Headquarters located at Camp Fretterd Military Reservation (Baltimore County).....</u>	<u>[750,000]</u>
		<u>0</u>

Explanation: This language deauthorizes funds for the New Joint Force Headquarters at Camp Fretterd, as the project is not programmed to receive further design funds until fiscal 2030.

Updates

- Annapolis Readiness Center:** This project proposes to renovate the Annapolis Readiness Center. This project will install a fire suppression system; upgrade the HVAC system, roof, septic system, bathrooms, and plumbing; and repair structural damage to the exterior walls. Although this project was removed from the 2025 CIP, the Military Department reported that the project’s Part I facility program is complete.

Summary of Fiscal 2027 Funded State-owned Projects

New Hagerstown Vehicle Maintenance Shop

Project Summary: This project constructs a new vehicle maintenance shop(VMS) located in the Hagerstown Readiness Center campus and will include dedicated spaces for (1) administrative and support spaces, including offices, classrooms, information technology (IT)-related spaces, and break spaces; (2) maintenance, including supply room, tool room, battery room, washer/dryer area, and various storage spaces; and (3) work bays, inspection bays, and escape routes. The new facility is estimated to occupy 16,661 net square feet (22,894 gross square feet).

New/Ongoing: New	
Start Date: October 2026	Est. Completion Date: October 2033

Fund Sources:								
(\$ in Millions)	Prior Auth.	2027	2028	2029	2030	2031	Beyond CIP	Total
GO Bonds	\$0.000	\$0.500	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.500
FF	0.000	3.250	0.000	0.000	0.000	0.000	25.703	28.953
Total	\$0.000	\$3.750	\$0.000	\$0.000	\$0.000	\$0.000	\$25.703	\$29.453

Fund Uses:								
(\$ in Millions)	Prior Auth.	2027	2028	2029	2030	2031	Beyond CIP	Total
Planning	\$0.000	\$3.750	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$3.750
Construction	0.000	0.000	0.000	0.000	0.000	0.000	25.598	25.598
Equipment	0.000	0.000	0.000	0.000	0.000	0.000	0.105	0.105
Total	\$0.000	\$3.750	\$0.000	\$0.000	\$0.000	\$0.000	\$25.703	\$29.453

- Need:** The existing VMS lacks sufficient space and does not meet the National Guard Bureau (NGB) standards for administrative tasks, equipment storage, inspection areas, and emergency response capabilities to support 16 mechanics and a fleet of 84 vehicles and trailers.

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- ***Project Status and Schedule:*** The fiscal 2027 funding of \$500,000 in GO bonds and \$3.25 million in federal funds is to begin design of the project. This project was awarded federal funds through Congressionally Directed Spending (CDS) for design in federal fiscal 2026, which coincides with State fiscal 2027. Although this project is fully federally funded, State funds are required to award an initial design contract that is then reimbursed through the federal funds. The \$29.0 million in federal funds reflected in the CIP includes funds to reimburse the \$500,000 in State GO bonds. According to the Military Department, the federal funds will be available for drawdown when NGB completes review of the preliminary project documentation, and a master construction cooperative agreement between the department and the U.S. Property and Fiscal Officer is executed. This project’s design is scheduled to begin in October 2026 and be completed by October 2027. The construction is estimated to begin in October 2031 and be completed by October 2033.
- ***Changes:*** The total project cost is estimated at \$29.0 million, which is \$7.0 million (32%) higher than estimated in last year’s CIP. **The Military Department should comment on the reason for the increased total project cost.**
- ***Other Comments:*** While NGB’s Military Construction program guidelines require federal funds to be encumbered within the federal fiscal year of appropriation, the Military Department notes that the policy guidance for the federal fiscal year 2026 CDS program requires funds to be encumbered by December 2026 and reach 35% design by August 2027. According to the Military Department, federal construction funds will be from the Chief of Staff of the Army Unfunded Priority List (CSA-UPL) funding through NGB. **The Military Department should brief the committees on its timeline to begin solicitation for an initial design contract to meet the CDS program requirement that requires encumbering federal funds by December 2026 and reaching 35% design by August 2027.**
- ***Concerns:*** The Military Department plans to renovate the existing VMS as part of the Hagerstown Readiness Center renovation project after the new VMS project is completed in fiscal 2033. However, the CIP estimates the construction of the Hagerstown Readiness Center renovation project to begin in fiscal 2031, which is two years earlier than the scheduled completion of the VMS project. **The Military Department should clarify the timing of the two projects.**

Summary of Out-year State-owned Projects

- ***Glen Burnie Readiness Center Renovation and Expansion:*** This project has received a total of \$1.3 million in fiscal 2025 and 2026, which includes \$574,000 in GO bonds and \$738,000 in federal funds. Last year’s CIP programmed \$5 million in GO bonds and \$6.4 million in federal funds for fiscal 2027. However, no funding is provided in fiscal 2027 due to revisions to the Part II program, resulting in a delay in the original project

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schedule. According to the Military Department, the Part II program is currently being reviewed by the Department of Budget and Management (DBM) and the Department of General Services (DGS). The Military Department anticipates beginning design upon receiving approval from DBM and DGS and expects to complete design by fiscal 2028. The department also expects to request federal construction funds in federal fiscal 2028. Federal funds for this project come from the Operations and Maintenance (O&M) – Facility Sustainment, Restoration, and Modernization (FSRM) program. The estimated total project cost has been revised to \$20.7 million, which is \$8 million higher than estimated in last year’s CIP.

- ***White Oak Readiness Center Renovation and Expansion:*** This project has received a total of \$2.6 million from fiscal 2024 through 2026, which includes \$745,000 in GO bonds and \$1.9 million in federal funds. Federal funds for this project come from the CSA-UPL award. The 35% design was submitted to NGB by June 2025, and this project is added to the federal fiscal 2027 CSA-UPL for construction funding. The Military Department expects federal funding for construction to be available in April 2027 if the project is selected for the federal fiscal 2027 construction funding. The project construction is expected to begin in September 2027 and be completed by August 2029. This revised project schedule has deferred the fiscal 2027 funding for the project to fiscal 2028. The estimated total project cost is \$45.7 million, which aligns with last year’s CIP.
- ***Frederick Readiness Center Renovation and Expansion:*** This project has received a total of \$10.3 million in prior authorizations, which includes \$4.7 million in GO bonds and \$5.5 million in federal funds. Federal funds for the project come from the O&M – FSRM Program and have been encumbered. Additionally, the fiscal 2025 capital budget preauthorized \$2.68 million in fiscal 2026, which was deferred to fiscal 2027. A delay in project design from August 2025 to February 2026 has resulted in no requirement for additional funding in fiscal 2027. This has also deferred the \$2.68 million to fiscal 2028, which is preauthorized in the 2026 capital budget bill. The Military Department expects to begin construction by August 2026 and complete the project by February 2028. The estimated total project cost is \$12.9 million, which aligns with last year’s CIP.
- ***Ruhl Readiness Center Renovation:*** This project proposes to renovate the Major General Harry C. Ruhl Readiness Center. This project will replace the HVAC system, upgrade all interior lighting with energy saving fixtures, remediate asbestos-related issues, and include the installation of a new fire alarm system. This project will also renovate bathrooms, showers, and locker rooms, as well as repair the outside fencing and parking area. The infrastructure is over 40 years old and no longer up to NGB standards. The estimated cost of the project is \$15.2 million. The project cost will be shared equally between State funds and NGB using the federal O&M – FSRM Program. The funding request of \$780,000 in GO bonds and \$780,000 in federal funds for the project has been deferred from fiscal 2027 to 2028. The revised project schedule includes project design to begin in fiscal 2028, and project construction completion by fiscal 2031.

- ***New Joint Force Headquarters at Camp Fretterd:*** This project proposes to renovate and expand the Camp Fretterd Readiness Center to create a new Joint Force Headquarters at the Camp Fretterd Military Reservation. The current Maryland National Guard (MDNG) headquarters is located in the Fifth Regiment Armory in Baltimore City. This project will provide a modern joint force headquarters by expanding and renovating the office and support spaces of the existing Camp Fretterd Readiness Center, which includes improvements of all building systems, information and communication technology, exterior site improvements for parking, and storm water management. This project is fully State funded and received \$750,000 in GO bonds in the fiscal 2026 capital budget. The estimated total project cost in the CIP is \$63.2 million, which is \$2.2 million lower than the estimated total project cost in last year’s CIP. No further design funding is programmed until fiscal 2030. According to the Military Department, the Part I/II facility program is currently under contract with an anticipated draft Part I completion by June 2026 and final Part I and II completion by September 2026. **Because further design funding is not programmed until fiscal 2030, the Department of Legislative Services recommends deauthorizing the \$750,000 in prior authorization to better align the funding with the schedule.** Even if the Part I program is complete and approved, it would be premature to begin design at this time given the long lead-time ahead of additional design work and construction. The multi-year break would likely require additional design efforts and costs to update any prior design work.
- ***Hagerstown Readiness Center Renovation:*** This project proposes renovating the Hagerstown Readiness Center. This project will replace the HVAC systems and renovate insufficient bathroom, shower, locker, and classroom spaces, including improvements to plumbing, fire suppression, IT, electrical systems, and the building exterior. The facility is more than 45 years old and no longer up to NGB standards. Funding for this project comes from a combination of federal FSRM funds as well as State GO bonds. In the fiscal 2027 CIP, the estimated cost of the project is \$16.6 million, which is \$6.7 million higher than previously estimated in the 2025 CIP, and the funding for the project is deferred from fiscal 2029 to 2030.

Updates

1. Current Status of Military Department Divestitures

The Military Department currently operates 27 readiness centers across the State. There are 3 vacant readiness centers with pending divestitures, as described in the following:

- ***Cascade Readiness Center (Washington County):*** This property is currently in the process of license termination by NGB and the U.S. Army Corps of Engineers.

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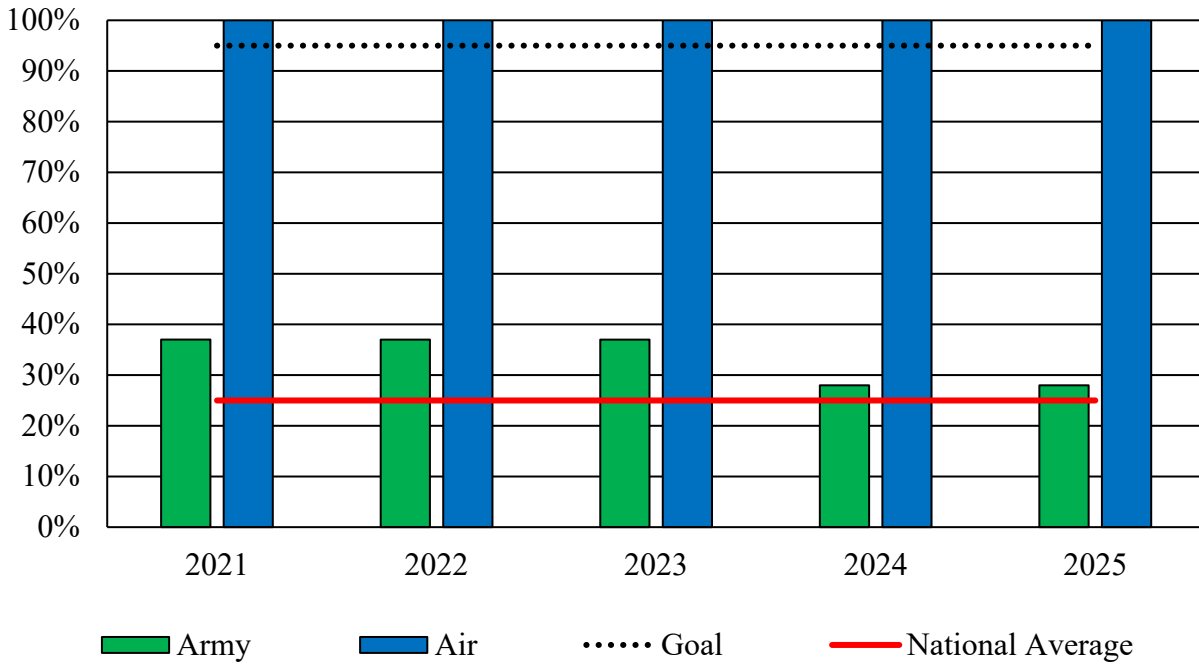
- ***Catonsville Readiness Center (Baltimore County):*** In the fiscal 2026 capital budget analysis, it was noted that this site will facilitate the construction of a cannabis incubator as required by Chapter 254 of 2023, which directs the Maryland Economic Development Corporation to acquire, construct, or renovate a facility to serve as a cannabis incubator to support the Maryland Cannabis Administration (MCA). Since then, upon further review, MCA reported that this property is no longer a viable site. Detailed discussion of the cannabis incubator project can be found in the operating analysis for D23 – MCA. According to the Military Department, Baltimore County and DGS are developing a right-of-entry agreement for Baltimore County to conduct a facility assessment.
- ***Cade Readiness Center (Baltimore City):*** This property is pending based on the availability of another readiness center to transfer the unit currently occupying the Cade Readiness Center. The Military Department is working with DGS to identify another readiness center that meets the needs and operational requirements of the unit.

Performance Measures and Outputs

All MDNG facilities and real property support the operation 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. According to the draft interim facilities master plan submitted in June 2024, MDNG has 267 buildings on 2,802 acres throughout the State to support the operational and training needs of its troops. The Military Department Army Operations and Maintenance Program oversees the construction, maintenance, and divestiture of MDNG facilities. Through a cooperative agreement with NGB, maintenance funding is split between federal and State funds, depending on the facility.

Exhibit 1 shows the percentage of air and army facilities that are currently in fully functional status between fiscal 2021 and 2025. The Maryland Air National Guard has consistently maintained 100% functionality in their facilities. The Maryland Army National Guard facility functionality remains at 28% in fiscal 2025, a 9 percentage point decrease from fiscal 2023. While this is above the national average of 25%, it is well below MDNG's goal of 95%.

Exhibit 1
Functional Status of Maryland National Guard Facilities
Fiscal 2021-2025



Source: Department of Budget and Management