

# Maryland

## Department of General Services



### **FY 2019 Capital Budget Analysis DGS Response**

Senate Budget and Taxation Committee  
Capital Budget Subcommittee – February 27, 2018

House Appropriations Committee  
Capital Budget Subcommittee – February 28, 2018

**Larry Hogan, Governor**  
**Boyd K. Rutherford, Lt. Governor**  
**Ellington Churchill, Jr., DGS Secretary**

**Department of General Services**  
**Office of the Secretary**  
**Fiscal Year 2019 Capital Budget Analysis**  
**DGS Response**

**FISCAL YEAR 2019 CAPITAL BUDGET TESTIMONY**  
**DEPARTMENT OF GENERAL SERVICES**

**Introduction**

Good afternoon, Chair and Members of the Committee. For the record, I am Ellington Churchill, Secretary of the Department of General Services (DGS). On behalf of all the hard-working, dedicated employees at DGS, thank you for the opportunity to appear before you today regarding the Department's capital budget. I would like to thank Mr. Patrick Frank for his analysis of the Department's FY 2019 Capital Budget Request.

The Department of General Services has the key role of supporting the Capital infrastructure needs of those agencies we serve. The proposed \$20.54 million in Capital Facilities Program funding will allow DGS to continue its ongoing capital facilities program.

The Department continues to provide efficient and effective customer service to our state agencies. During FY 2017, we awarded over \$126 million in new projects and completed over \$46 million of ongoing capital projects. We currently have 50 projects in design that have a construction value over \$241 million.

Summary of Issues:

**Funding Increase Supports Laboratory Renovation:**

**The Department of Budget & Management (DBM) should be prepared to brief the committees on why a \$13 million project is broken up into six pieces.**

*The Department of Budget and Management has provided the following statement:*

Work related to the Jefferson Patterson Park Maryland Archaeological Conservation (MAC) Lab Building is divided into two separate projects in order to address health and safety needs as expeditiously as possible, while allowing the larger expansion project to be developed and planned appropriately.

In September 2015, the Department of Planning (MDP) reported that staff had discovered mold in multiple areas in the MAC Lab. After inspecting the Lab, the Department of General Services (DGS) declared a mold emergency at the MAC Lab in August 2016. DGS remediated the mold and conducted an assessment of the facility to determine the underlying causes of the mold, to prevent a re-occurrence. This assessment determined several causes of the mold including building envelope issues related to the siding, roof leaks, foundation waterproofing leaks and HVAC air flow issues.

As a result, in the fall of 2017, DGS indicated that the \$2.3 million provided in FY 2018 under the Facilities Renewal Program would not be sufficient to fund all the improvements required to prevent mold from returning. The current estimated cost of the work is \$8.8 million.

DBM met with DGS and MDP to discuss the issue and determined that any work needed to prevent the mold from returning should be funded through the FY 2018 and FY 2019 Facilities Renewal Program as Phase 1. Any items which are not believed to be contributing to mold growth, should be incorporated in the MAC Lab Expansion and Renovation project, which is planned to begin design in FY 2020 and to begin construction in FY 2021, as Phase 2.

Advised by DGS, DBM determined that it is not wise to defer the Phase 1 work until the MAC Lab Renovation and Expansion project for fear that the mold would return and pose a hazard to worker and public safety. DBM also determined that it is not feasible to accelerate the MAC Lab Renovation and Expansion project because Phase 1 work items need to be addressed immediately to prevent the mold from returning, and, given that the design of the renovation and expansion project has not yet begun, incorporating the Phase 1 work items into the larger capital project would cause an unacceptable delay.

As a result, DGS is using the FY 2018 funds to install a new chiller, which will reduce humidity in the building, and to replace the building's siding. FY 2019 Facilities Renewal funds will complete the funding of the siding replacement, replace the roof, upgrade the mechanical system, and repair and waterproof the foundation. A second chiller will be incorporated into the MAC Lab Expansion and Renovation project. In the Facilities Renewal Program, it is usual to separately budget projects affecting different systems of a building. For example, roof replacement and HVAC upgrades are typically separate facility renewal items. These are generally awarded as separate contracts, but coordinated by a state project manager.

### **GO Bond Recommended Actions**

1. Approve the \$20,540,000 general obligation bond authorization for the Facilities Renewal Program.  
DGS Concurs
2. Approve the \$8,209,000 general obligation bond authorization for the Annapolis Post Office renovation project.  
DGS Concurs
3. Approve the \$2,000,000 general obligation bond authorization for the Lawyer's Mall project.  
DGS Concurs