

Maryland

Department of General Services



FY 2020 Capital Budget Analysis DGS Response

House Appropriations Committee
Capital Budget Subcommittee – March 6, 2019

Senate Budget and Taxation Committee
Capital Budget Subcommittee – March 12, 2019

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

Department of General Services

Office of the Secretary

Fiscal Year 2020 Capital Budget Analysis

DGS Response

FISCAL YEAR 2020 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 2020 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 \$37.76 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 2018, we awarded over \$62 million in new projects and completed over \$49 million of ongoing capital projects. We currently have 42 projects in design that have a construction value over \$172 million.

In 2018 the department has delivered the following Statewide results.

- The Department implemented an \$11M emergency response project to replace utility infrastructure in Lawyers' Mall in Annapolis. Phase one will replace the oldest remaining sections of the steam distribution system. Not replacing the steam distribution system would result in an operational failure to produce heat or hot water for the Annapolis complex.
- The Department managed emergency funding reimbursement of \$2.5M from the State's Catastrophic Event Fund to help Baltimore City Public Schools with HVAC emergency repairs. This includes a full boiler replacement at the New Era Academy in Cherry Hill.
- The Department is working with other agencies to reorganize state procurement pursuant to HB 1021 (2017) and implement significant statewide procurement reforms through the new Office of State Procurement by October 2019.
- The 3 employees in the Capital Grants Unit manages a caseload of 1,421 Capital grants valued at over \$830M.
- The Department has taken an early and proactive step towards conditions assessments using a vendor to do 1-day evaluations of 41 DGS facilities. These evaluations identified, prioritized and estimated over 800 projects and created a framework to continue conditions assessments through DGS supported facilities.

This Department of 582 employees is working diligently to maximize its stewardship of Maryland resources. We proudly provide these and other services, making it possible for state government to function efficiently and effectively in a safe and secure environment on behalf of the citizens of Maryland.

Summary of Issues:

The Department should be prepared to brief the budget committees on how it will implement the new Statewide Facility Condition Assessment Unit. This should include a discussion on how long it will take to hire and train new employees.

DGS appreciates the opportunity to recreate the Statewide Facilities Conditions Assessment Unit. In preparation for this, DGS implemented a pilot program using vendors to conduct conditions assessments in two different ways. First was a detailed, full engineering assessment of a single building over a period of weeks. Second was a faster, single day visit, with tours to multiple sites using a smaller group of building assessors to generate a report on the top priorities for the buildings. Both methods have value and are being used to create a standard template for future assessments. This will facilitate an immediate and well organized start-up with some existing DGS Project Management staff interested in transferring to the Conditions Assessment Unit. This will further expedite and enhance the implementation of this unit. In conjunction with DBM, DGS is working to accelerate the necessary hiring in order to maintain the Statewide backlog reduction efforts.

GO Bond Recommended Actions

1. Approve the \$2,500,000 general obligation bond authorization for the Construction Contingency Fund.
DGS Concur
2. Approve the \$35,763,000 general obligation bond authorization for the Facilities Renewal Program.
DGS Concur
3. Adopt the following committee narrative:

Assessment of State Facilities: The budget committees are encouraged by the Administration's commitment to increase support for facilities maintenance. Fiscal 2020 authorization are increased to \$38 million, and the Department of General Services (DGS) has received funding and regular positions for the Statewide Facility Condition Assessment Unit. DGS should submit a facility assessment to the budget committees. This assessment should examine the condition of State buildings, prioritize facilities maintenance and facilities renewal by condition, estimate resource required to rehabilitate facilities and develop a spending plan to address these needs. If needed, DGS may procure consulting services to support this assessment. The report should be completed by November 1, 2020.

Information Request	Author	Due Date
Facility Assessment Report DGS Concur	DGS	November 1, 2020

4. Approve the \$1,000,000 general obligation bond authorization for the Fuel Storage Tank Replacement Program.
DGS Concur

5. Approve the \$6,000,000 general obligation bond authorization for the replacement of Lawyer's Mall Underground Infrastructure.
DGS Concurs