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Maryland State Library Agency - Capital

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Response to the Analyst's Review

**Senate Capital Budget Subcommittee
February 25, 2020**

**House Capital Budget Subcommittee
February 26, 2020**



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State Librarian**

The Maryland State Library Agency (MSLA) welcomes this opportunity to share with the Committee some of its success stories and to address information in the analysis.

MSLA wishes to express its appreciation to the General Assembly for the legislation enacted in fiscal 2008 to create the Public Library Capital Grant Program and for implementing the wealth-based cost sharing formula in fiscal 2014. The increase in the State share for counties with less wealth, such as Allegany and Somerset, has enabled 23 of Maryland's 24 public library systems to participate in the program.

MSLA requests your approval of the supplemental funds totaling \$2,300,000 that are included in the Governor's Capital Budget for fiscal 2021.

Fiscal 2021 is the fourteenth year that State assistance will be available to public libraries in Maryland. Program priorities include geographic diversity in grant distribution and stimulating local support for library facilities development. Since the inception of the program, \$60,025,000 has been authorized, leveraging approximately \$350,000,000 in local matching funds, or nearly six times the amount of the State's investment.

While the majority of the grant awards have funded basic, but critical renovations including roof, window and HVAC replacement, 16 new public libraries have been opened with State funding from the Eastern Shore to Western Maryland, providing lovely views of the Chesapeake Bay, local neighborhoods and the mountains. These new libraries are listed in the analysis along with five additional new construction projects that are currently underway. Two of these new projects are scheduled to be completed and open to the public at the end of April 2020: the Michael E. Busch Library in Annapolis (Anne Arundel) and a new mixed use public library and senior center facility in Leonardtown (St. Mary's). One additional new construction project in Middletown (Frederick) is recommended during fiscal 2021 which will bring the total to 22 new public libraries.

However, this level of progress is not sustainable because funding has remained flat since the inception of the grant program while construction costs continue to escalate. It is not unusual for total requests to exceed the \$5 million dollars mandated for the program. During the fiscal 2021 application cycle, requests totaled \$7,650,000; in fiscal 2020 requests totaled \$11,202,000; and in fiscal 2019 requests totaled \$10,114,000. As noted in the analysis, requests for current projects are also anticipated to exceed \$5,000,000 in fiscal 2022.

MSLA is in the process of compiling a list of attendees for a March 20, 2020 training session along with a list of proposals for the fiscal 2022 application cycle. In addition to the ongoing projects noted in the analysis, we anticipate as many as 11 new funding requests from Baltimore City (Forest Park), Caroline (Denton), Carroll (Eldersburg), Cecil (Elkton), Dorchester (Hurlock), Harford (Darlington and Bel Air), Howard, Montgomery (Damascus and Potomac), and Wicomico (Salisbury) in fiscal 2022.

The bottom line is that \$5,000,000 is not a whole library, or even 50% of one new library in most locations, and MSLA can no longer meet the urgent and necessary needs of 24 library systems with 191 facilities at the current mandated amount.

According to our most recent statewide facilities assessment conducted in November 2019:

- More than half of Maryland's library buildings are over 25 years old
- 17 of them need a new roof at a total cost of \$4.9 million

- 10 require alterations for ADA compliance at a cost of \$2.6 million
- 17 libraries have HVAC systems that are at the end of their useful life and will cost more than \$5 million to replace
- 59 existing facilities require general renovation at an estimated cost of \$75 million
- 11 new library construction projects are needed at a total cost of \$62 million

Fortunately, members of the General Assembly also recognize the need to increase funding for the County Library Capital Grant program. **SB 524, the Building Lifelong Learners Act**, proposes that:

- 1 (e) (5) (i) For EACH OF fiscal [year 2008 and each fiscal year thereafter,]
 2 YEARS 2008 THROUGH 2021, the Governor shall include in the annual operating or
 3 capital budget submission \$5,000,000 for county library capital projects.
- 4 (ii) FOR FISCAL YEAR 2022 AND EACH FISCAL YEAR
 5 THEREAFTER, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL OPERATING OR
 6 CAPITAL BUDGET SUBMISSION \$7,500,000 FOR COUNTY LIBRARY CAPITAL
 7 PROJECTS.

DLS recommends that MSLA explain the rationale for providing the supplemental funding to the Riviera Beach Library project.

As noted in the analysis, *all* of the library projects recommended for continued funding in fiscal 2021 experienced dramatic cost increases during the design process resulting in decreased square footage, substantial value engineering efforts and increased requests for State support to complete them. For the first time in the fourteen year history of this grant program, MSLA requested supplemental funding in the amount of \$2,300,000 in order to fully fund the amounts requested by *all* of the projects recommended in Allegany, Anne Arundel, Frederick, Montgomery and Queen Anne's Counties.

When Montgomery County indicated they needed to rescind their proposed award of \$200,000 (after a feasibility study indicated the scope of the project would be much larger and far more expensive than originally anticipated), MSLA notified DBM and DBM subsequently approved our recommendation that Montgomery County's proposed funding be transferred to the LaVale renovation and expansion project in Allegany County. If approved, this would reduce the fiscal 2022 request for the LaVale project by the same amount.

Therefore, MSLA's recommended amounts for fiscal 2021 are as follows:

Allegany – LaVale - \$2,000,000

Anne Arundel – Riviera Beach - \$2,500,000

Frederick – Middletown - \$300,000

Queen Anne's – Kent Island - \$2,500,000**TOTAL - \$7,300,000**

With regard to the recommended award for the Riviera Beach project in Anne Arundel County, the analysis notes that an award of \$2,500,000 in fiscal 2021 will result in a State share of 18% for the total project. If that award is reduced by \$2,300,000 to \$200,000 as suggested in the analysis, the State share will be a mere 5%. According to the wealth based cost sharing formula enacted in fiscal 2014, Anne Arundel County is eligible to receive 50% of the total project cost from the State. It should be noted that in addition to requesting more State funds, the County will also increase its contribution for the project.

We respectfully disagree with the comparison of costs for new construction (Riviera Beach) to those for renovation and expansion (LaVale and Kent Island). Additionally, construction costs are not the same in Annapolis as those on the Eastern Shore or in Western Maryland. One thing the three projects do have in common is wildly increased costs for all types of construction in 2020. The analysis further notes that since the program's inception in fiscal 2008, Anne Arundel County has received a total of \$1,930,300. This amount is much smaller than total awards to other counties with similar wealth, number of facilities and population served. While MSLA acknowledges the amount recommended for Riviera Beach is large, the agency does not believe a \$2,500,000 award is "excessive."

With regard to the specific recommendations noted in the analysis:

Recommended Actions**Reduce the general obligation bond appropriation for the Public Library Capital Grants Program by \$2.3 million.**

MSLA respectfully opposes the recommended reduction.

The analysis indicates the "State should focus its limited capital funding resources on accommodating the funding needs for State-owned projects."

The State capital budget for fiscal 2021 totals \$2.2 billion, and funding for education comprises 75% of the new debt funding. Like public libraries, many of the facilities are not State-owned. Funding for public libraries at the mandated amount is .0022727% of that total, while \$7,300,000 is .0033181%. We believe that libraries are an integral part of the State's commitment to education and that this modest increase of \$2,300,000 is well worth the investment.