



Wes Moore, Governor | Aruna Miller, Lt. Governor | Atif Chaudhry, Secretary

Department of General Services

FY 2025 Capital Budget Analysis & Response

House Appropriations Committee
Capital Budget Subcommittee – March 4, 2024

Senate Budget and Taxation Committee
Capital Budget Subcommittee – March 5, 2024

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Department of General Services

Office of the Secretary

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FISCAL YEAR 2025 CAPITAL BUDGET TESTIMONY

Introduction

Good afternoon, Chair and Members of the Committee. For the record, I am Atif Chaudhry, Secretary of the Department of General Services (DGS). With me today is our Deputy Secretary, Nelson Reichart and our Assistant Secretary of Design, Construction and Energy, Courtney League. On behalf of all the hard-working, dedicated employees of DGS, thank you for the opportunity to appear before you today to discuss the Department's capital budget. I would like to thank Ms. Samantha Tapia for her analysis of the Department's FY 2025 Capital Budget Request.

The Department of General Services has the key role of supporting the capital infrastructure needs of those agencies we serve. Currently, DGS manages over 500 active projects in construction valued at over \$500 million, and more than 90 capital projects valued over \$1.5 billion in the planning and design phase that support various state agencies.

Additionally, DGS has delivered the following Statewide results, to date in FY 2024:

- The DGS Office of Energy and Sustainability (OES) continues to support the state's goal to reduce the energy use, cost, and the environmental impact of state facilities. Since FY 2020, OES has been installing "smart" LED lighting fixtures and controls in state facilities. By the end of FY 2024, the number of fixtures installed will be 41,864. Agencies receiving LED upgrades include DGS, Maryland Department of Health (MDH), Maryland School for the Deaf (MSD), Maryland Military Department (MIL) and Maryland State Police (MSP). Annual savings are 7,927 megawatt hours of electricity, abating 2,933 tons of CO₂, with energy cost savings of \$1.2M. OES collects daily meter data to identify energy overuse, track energy projects, right-size equipment replacements, and prepare for the eventual decarbonization of the campus. OES continues to lead the way for transforming the states' fleet to electric vehicles by managing the installation of charging equipment. To date, 176 charging ports have been installed, 75 charging ports are currently in construction, and 235 charging ports are in the planning stage.

- DGS continues to provide expertise in project management as evidenced by the work underway for Phase II of the State House Exterior and Grounds Renovation, a comprehensive renovation to this historic structure whose construction began in 1772. Phase II involves restoration of the windows, masonry, cornice, and roof as well as improvements to accessibility of the State House grounds. Work also includes restoration of sidewalks and retaining walls around the site and restoration of the Old Treasury Building. The project is currently on schedule to be completed by the end of this calendar year. This project continues to highlight the expertise and cooperation of four DGS offices: the Office of Design, Construction and Energy; the Office of Facilities Management; the Office of State Procurement; and the Maryland Capitol Police.

The Department's dedicated employees work diligently to maximize its stewardship of Maryland resources. DGS proudly provides these and other services, on behalf of the citizens of Maryland, making it possible for all three branches of state government to function efficiently, effectively, and in a safe and secure environment.

PAYGO Recommended Actions

1. Concur with the recommended action.

Add the following language to the general fund appropriation:

Further provided that \$5,000,000 of this appropriation for the purposes of creating conceptual plans for the reuse or demolition of the State Center Complex may not be expended or transferred for any other purpose until the Department of General Services submits a report to the budget committees detailing how the funds will be utilized and what deliverables are expected to be developed with the use of the funds, a status and timeframe for the transfer of the property to new ownership, collaboration with any other State agencies or Baltimore City, and an assessment of additional State funding that might be required for the transition of the property for alternative use and redevelopment. The budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose.

DGS concurs with the recommended action.

GO Bond Recommended Actions

1. Concur with all authorizations and preauthorizations.

DGS Concurs with all authorizations and preauthorizations.

2. Adopt Committee Narrative

Department of General Services (DGS) Relocation and 2100 Guilford Avenue Status Report: DGS is moving agencies out of State Center and into leased space in Baltimore City, while DGS itself has not determined a new location for its headquarters. DGS has decided not to move forward with renovation and relocation to 2100 Guilford Avenue and will be issuing a request for information to determine alternative uses of the property, DGS should report on the status of its own relocation and on the status of determining a use for the 2100 Guilford Avenue property.

DGS Relocation and 2100 Guilford Avenue Status Report - Due Date: December 15, 2024

DGS concurs with adoption of the committee narrative.

Discussion Points

The Department has been asked to be prepared to brief the committee on the following six (6) topics. Being respectful of the committee's time, we will do so at the discretion of the Chair.

- 1. DGS should be prepared to brief the committees on its collaboration with the Baltimore City Department of Planning regarding State Center redevelopment plans and on what activities have been supported by the general fund grant awarded in December 2022.**

Response: DGS has met with the Baltimore City Department of Planning and their consultant. A RFP has been prepared by the City to hire a consultant to develop and analyze potential future options for the redevelopment of the State Center campus after the State vacates the campus in late 2025. DGS has provided technical information about the campus and prior investigations and studies that were conducted by DGS and the Maryland Stadium Authority. Grant funding is available to support these activities by the City.

This FY 2023 budget included \$500,000 in general funds from the Dedicated Purpose Account for a grant to the Baltimore City Department of Planning for the creation of a redevelopment plan for State Center.

- 2. DGS should comment on the status of renovations (*for the Wineland Building*) funded by the PAYGO general funds appropriated in the fiscal 2022 capital budget.**

Response: The project to restore the Wineland Building envelope is currently underway. To date, the roof has been replaced, new windows have been ordered (with a delivery date of early May), and the design for front entrance improvements and an additional point of egress are in the final stages of review. Repairs to the brick facade will be accomplished during installation of the new windows. The project is currently scheduled to be substantially complete in July 2024.

- 3. DGS should comment on the current process for tracking projects and how the new software planned for use by DCE and BAU will change or improve recordkeeping for the backlog.**

DGS should also be prepared to brief the committees on the overall Facilities Renewal and Maintenance program, operating and capital together, identifying the greatest needs of these programs and discussing any new activities or agenda changes targeted toward addressing these needs.

Response: The Building Assessment Unit (BAU) team, within the Office of Design, Construction and Energy (DCE), is currently researching various software packages to provide enhanced communication and coordination for project selection with

more input from the individual using agencies. This software package should include a project management module as well as an assessment and capital improvement (backlog) module to better coordinate efforts effectively. The program the BAU is researching includes mobile software that can be utilized in the field. Information gathered in the field using this software is directly uploaded into the database. Utilizing industry standards and current building codes, the software tracks the progression and life cycle of individual equipment and systems. Specifically, the expected useful life of equipment is programmed when the equipment was commissioned. Through field assessments and maintenance reports, the life expectancy of this equipment can be adjusted to assist in predicting when replacement is required. This effort is intended to assist using agencies to better understand the current status and condition of their buildings as reported by the BAU, as well as their active projects managed by DCE, respective maintenance deficiencies and project backlogs.

Committee briefing: The BAU completed the initial round of facility assessments two years ago and is currently conducting the second round of assessments. Through these efforts, the BAU has identified additional deficiencies not reported by agencies in previous project justification submissions which has resulted in an increased project backlog. In order to more efficiently prioritize projects, DCE now utilizes project estimating software to create more accurate cost estimates. DCE also utilizes engineering firms to provide facility assessments and recommendations for compliance with the Climate Solutions Now Act as well as the Governor's executive order on Greenhouse Gas (GHG) emissions and energy efficiency guidelines. DCE has begun using the Job Order Contracting (JOC) program for the projects funded through the Facility Renewal and Critical Maintenance programs. The structure of the JOC program allows the assigned project manager to be able to handle the procurement of a project. The JOC program will permit DGS to move projects forward more expeditiously. Additionally, there are 3 tiers of service available through the JOC program with the top tier of service being a turnkey solution for project management from the software vendor that provides the platform. Through these efforts, DCE can more accurately predict funds needed to continue to reduce the backlog and support the administration's goals. DCE is experiencing increases in material and labor costs across all projects. As costs increase, and budgets remain static, we are not positioned to accomplish the same number of projects as in previous years.

4. DGS should comment on the urgency of fuel storage tank replacements and on whether additional funding would allow replacement to be completed sooner.

Response: The underground fuel storage tanks located at MSP facilities are aging and routinely failing compliance inspections. Additionally, the cost for repairs, risks for potential spills, possible fines for non-compliance, and potential shutdown of the fueling site make these projects critical. The Office of Design, Construction, and Energy (DCE) has the capability to initiate additional projects with increased

funding. DCE has seen an increase in construction costs across all types of projects and especially projects for replacing fuel storage tanks. Another consideration is that there is a limited number of MDE certified commercial contractors that can perform this work.

5. DGS should comment with an updated status of the projects underway and which projects will be prioritized in fiscal 2025.

Response: The North East project has been bid but not awarded and is under review. The bids received for this project were almost double what was originally budgeted and awarding this project will commit the available fund balance in this program. The underground fuel tank at McHenry Barrack has been removed and the design of the replacement tank project is almost complete, but lack of funds in the program has put this project on hold. The replacement of the fuel station and tank at Glen Burnie Barrack P is a priority; however, the project for capital replacement of the barrack, including a new fuel station, is advancing as expected. The remaining tanks at Bel Air, Easton, and Westminster are in use. While these tanks are double-walled fiberglass reinforced plastic (non-ferrous) and currently in compliance, they should be replaced due to their age.

6. DGS should comment on whether it has applied for a grant through the Leaking Underground Storage Tank Trust Fund and, if not, whether there are any plans to do so.

Response: DGS is currently investigating this option, as well as others, to identify if DGS / Maryland State Police would qualify for this particular funding opportunity. DGS will provide updates as we move through this process.