

D55P0004
Department of Veterans Affairs – PAYGO

Pay-As-You-Go Capital Budget Summary

(\$ in Thousands)

| | <i>FY 2007 Approp.</i> | <i>FY 2008 Allowance</i> | <i>Percent Change</i> | <i>DLS Recommd.</i> |
|--|-----------------------------------|-------------------------------------|----------------------------------|--------------------------------|
| Garrison Forest Cemetery Expansion | \$530 | \$6,912 | 1,204.2% | \$6,912 |
| Garrison Forest – Addition and Alteration to Administration and Maintenance Complex | 0 | 210 | n/a | 210 |
| Total | \$530 | \$7,122 | 1,243.8% | \$7,122 |

| Fund Source | | | | |
|--------------------|--------------|----------------|-----------------|----------------|
| General | \$530 | \$210 | -60.4% | \$210 |
| Federal | 0 | 6,912 | n/a | 6,912 |
| PAYGO Total | \$530 | \$7,122 | 1,243.8% | \$7,122 |

Summary of Recommended Actions

1. Concur with Governor's allowance.

Note: Numbers may not sum to total due to rounding.

For further information contact: Lori J. O'Brien

Phone: (410) 946-5530

Analysis of the FY 2008 Maryland Executive Budget, 2007

Overview

The Maryland Department of Veterans Affairs (DVA) is in the process of expanding the burial capacity of the Garrison Forest Veterans Cemetery in Baltimore County by developing 10,000 gravesites, a 1,000-niche columbaria, and supporting infrastructure on a 25-acre site. The existing 60-acre site will not accommodate projected burials beyond fiscal 2009. A general fund appropriation of \$530,000 was approved by the General Assembly for fiscal 2007 to cover the cost of design fees, all of which will be reimbursed by the federal government.

DVA also proposes to renovate interior spaces and add an 842 square foot expansion to the administration building. In addition, it proposes to construct a 2,440 square foot stand-alone maintenance annex to expand vehicle and equipment storage capacity. The existing facilities are more than 23 years old, out of compliance with current building codes, and provide insufficient space. The 2008 allowance includes \$210,000 in general funds for the design of the projects, which will also ultimately be reimbursed by the federal government.

Receipt of Federal Fund Reimbursement

As of January 2007, cemetery expansion projects at Cheltenham and Crownsville Veterans cemeteries, similar to the Garrison Forest expansion, have not begun the construction phase, at which point they will receive federal funds for both architectural and design (A&E) fund reimbursement and construction funds. General funds (\$631,000) for A&E for these projects were appropriated in fiscal 2006, and the State assumed federal fund reimbursement in that year. Likewise, \$530,000 in general fund A&E fees for the Garrison Forest expansion were appropriated in fiscal 2007. As of January 2007, no federal funds have been received for either project.

As illustrated in **Exhibit 1**, pursuant to 38 Code of Federal Regulations (CFR) Part 39, the U.S. Department of Veterans Affairs (USVA) must approve the design plans before the State solicits construction bids, the State must complete the construction bid process before submitting its application, and USVA must approve the State's application before providing funds. Given the experience with the Cheltenham, Crownsville, and Garrison Forest cemetery expansion projects and given the timeline, it is very unlikely that the State will be reimbursed for A&E costs related to the Garrison Forest maintenance complex projects in fiscal 2008. **DVA is asked to comment on the inclusion of federal fund revenue for design of the Garrison Forest building project in the fiscal 2008 budget.**

Exhibit 1
Actions Required for Federal Reimbursement

| <u>Steps Required Prior to Federal Reimbursement</u> | <u>DVA Estimated Date</u> |
|--|--|
| 1. Pre-application process to USVA | |
| 2. USVA must approve pre-application and design plan before State submits application | |
| 3. Design phase | Cemetery expansion: July 2006-April 2007 Building projects: September 2007-July 2008 |
| 4. USVA must approve design plans before State solicits construction bids | Similar cemetery expansion projects at Cheltenham and Crownsville cemeteries, approved for design funding in the 2005 session and construction funding in the 2006 session, have not entered the construction phase as of January 2007. There is no evidence that the Garrison Forest project, approved for design funding in the fiscal 2006 session, will develop at a faster pace than the two preceding cemetery expansion projects. |
| 5. Construction bid process | |
| 6. State must determine the successful construction bidder before submitting application | |
| 7. State submits application | |
| 8. USVA approves application and reimburses State | |
| 9. Construction | Cemetery expansion: November 2007-2008 Building projects: October 2008-2009 |

Source: Department of Legislative Services; Department of Budget and Management

Garrison Forest Veterans Cemetery Expansion (Baltimore)

PAYGO FF

\$6,912,000

Recommendation: Approve

Project Description: The Garrison Forest Veterans Cemetery, located on a 90.5-acre site in Baltimore County, opened in December 1983. As shown in **Exhibit 2**, there are currently 60 developed acres that contain a service chapel, maintenance building, administration building, and the remaining 2,039 gravesite developed burial capacity. Site improvements include roadways, an irrigation system, plazas, landscaping, and a pond. In fiscal 2006, the cemetery conducted 1,229 burials (and used 855 gravesites), compared to 1,249 burials in fiscal 1996.

Exhibit 2 Garrison Forest Veterans Cemetery Expansion

| | <u>Current</u> | <u>Proposed Additional</u> |
|---|---|---|
| Site acres | 90.5 | -- |
| Developed acres | 60 | 25 |
| Amenities | <ul style="list-style-type: none">• chapel• maintenance building• administration building | <ul style="list-style-type: none">• 1,000-niche columbaria |
| Available gravesites on July 1, 2006 | 2,039 | 10,000 |
| Site improvements | <ul style="list-style-type: none">• roadways• irrigation system• landscaping | <ul style="list-style-type: none">• 1,800 feet of roadway• irrigation system extension• landscaping |
| Average annual internments and (gravesites) used | 1,229 (855) | |
| Year capacity reached | 2009 | 2023 |
| Design fees | | \$530,000 |
| Construction fees | -- | \$6,912,000 |

The cemetery does not have enough gravesites to meet anticipated demand. There is currently adequate capacity for an additional 2,039 burials; existing capacity will not accommodate projected burials beyond fiscal 2009. The expansion will provide an additional 10,000 gravesites and a 1,000-niche columbaria. At the current utilization rate, this expansion should provide capacity until 2023.

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Comments: DVA anticipates receiving a federal grant for 100% of the cost of the project from USVA for this cemetery expansion project. The federal government gives funding priority to state cemeteries that will reach capacity within five years. With the fiscal 2007 appropriation of \$530,000 for architectural and engineering (A&E) fees, the State has the required “good faith” and will be in line for federal funding for the A&E portion of the project, which will be provided by the federal government upon its approval of the State’s construction application. At that point, construction costs will also be paid as the USVA receives invoices for work completed. The federal government only reimburses expenses meeting federal standards; for this project, DVA reports that no items are proposed which would exceed federal standards. Pursuant to 38 CFR 39, the federal government then awards a grant (Catalog of Federal Domestic Assistance 64.203) for 100% of the construction funds, currently estimated to total \$6,912,000.

Garrison Forest Veterans Cemetery Expansion Project Data

(\$ in Millions)

| Description | <i>Prior Authorization</i> | <i>2008 Request</i> | <i>2009 Estimate</i> | <i>2010 Estimate</i> | <i>2011 Estimate</i> | <i>2012 Estimate</i> |
|--------------------|---------------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Planning | \$0.530 | \$6.912 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Construction | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | \$0.530 | \$6.912 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |

Total Project Cost: \$7,442,000 **Estimated Completion Date:** November 2008
Approved Program Plan: July 2, 2005

Recommended Actions

1. Concur with Governor's allowance.

Executive's Operating Budget Impact Statement

(\$ in Millions)

| | <i>FY 2008</i> | <i>FY 2009</i> | <i>FY 2010</i> | <i>FY 2011</i> | <i>FY 2012</i> |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | | |
| Estimated Operating Cost | \$0.000 | \$0.001 | \$0.009 | \$0.009 | \$0.009 |

DVA is anticipating minor operating budget effects due to this project.

Capital Project Cost Estimate Worksheet

Department: Department of Veterans Affairs
Project Number: VC-005-070-001
Project Title: Garrison Forest Veterans Cemetery Expansion
Analyst: Lori J. O'Brien

Structure

| | | | |
|---|-------------|------------------|----------|
| New Construction: | 0 Sq. Ft. X | \$0.00 Sq. Ft. = | 0 |
| New Construction: | 0 Sq. Ft. X | \$0.00 Sq. Ft. = | 0 |
| Renovation: | 0 Sq. Ft. X | \$0.00 Sq. Ft. = | 0 |
| Renovation: | 0 Sq. Ft. X | \$0.00 Sq. Ft. = | 0 |
| Built-in Equipment | | | 0 |
| Demolition | | | 0 |
| Information Technology | 0 GSF X | \$0.00 GSF = | 0 |
| Telecommunications | | | 0 |
| Miscellaneous-Other | | | 0 |
| Miscellaneous-Other | | | 0 |
| Miscellaneous-Other | | | 0 |
| SUBTOTAL | | | 0 |
| Regional Factor: | 100.0% | | 0 |
| SUBTOTAL | | | 0 |
| Escalation to midpoint: | 0.00 Yrs. X | #DIV/0! = 0.00% | 0 |
| TOTAL COST OF STRUCTURE (Bid Cost) | | | 0 |

Site Work and Utilities

| | | |
|------------------------------------|--|------------------|
| Site Improvements: | 5,654,408 + regional factor + mid-point escalation | 5,654,408 |
| Utilities: | 706,053 + regional factor + mid-point escalation | 706,053 |
| PROJECT SUBTOTAL (Bid Cost) | | 6,360,461 |

Fees and Miscellaneous Costs

| | | |
|--------------------------------------|--------------------------------|------------------|
| Green Building Premium | 0.0% | 0 |
| Total Construction Contingency | 0.0% | 0 |
| Inspection Cost: | 0.0% | 0 |
| Miscellaneous: | Total Construction Contingency | 318,023 |
| Miscellaneous: | Inspection and Testing | 203,535 |
| Miscellaneous: | CPM Schedule | 30,000 |
| A/E Fee through construction phase @ | 0.0% | 0 |
| TOTAL COST OF PROJECT | | 6,912,019 |

| | |
|---|------------|
| Base cost per new square foot | \$0 |
| Adjusted cost per new square foot (incl. escalation, contingencies & Green Bldg.) | \$0 |
| Base cost per renovated square foot | \$0 |
| Adjusted cost per renovated square foot (incl. escalation, conting. & Green Bldg.) | \$0 |

Garrison Forest – Addition and Alternations to Administration/Maintenance Complex (Baltimore)

PAYGO GF \$210,000 Recommendation: Adopt

Project Description: DVA proposes to renovate interior spaces and add a 842 square foot expansion to the administration building. It also proposes to construct a 2,440 square foot stand-alone maintenance annex to expand vehicle and equipment storage capacity. The 2008 allowance includes \$210,000 in general funds for design of the projects, which will ultimately be reimbursed by the federal government.

Administration Building

Upgraded facilities for the administrative operations at Garrison Forest Veterans Cemetery are needed for several reasons. There is insufficient interior administration space per U.S. Department of Veterans Affairs guidelines for a facility of Garrison Forest's size and activity level. The single door violates the international fire code, the restrooms are not Americans with Disabilities Act (ADA) compliant, the building lacks records space (burial records are currently being stored in the clergy counseling area), and there is an absence of private meeting space for families and staff. The existing facilities are more than 23 years old.

This proposed project is to demolish the interior of the building; expand and reconfigure the available space; upgrade the existing building's infrastructure; replace the mechanical, electrical, plumbing, and security systems; correct ADA deficiencies; and resolve other design and safety issues. Upon completion of this project, the building will have expanded from 798 to 1,640 square feet.

Maintenance Building

The maintenance building is currently designed for the storage of 6 vehicles; 30 vehicles are now used at Garrison Forest. Storage for all those vehicles, essential for protection against the elements and as a security measure, is unavailable. The building was constructed in 1984 when there were 405 burials, the gravesites of which were the first in the cemetery. There are currently about 1,300 annual burials and about 39,000 gravesites to maintain.

This project is proposed to convert the existing maintenance building's lunchroom and break area into a maintenance office (a new lunch and break room will be in the new maintenance building), construct a stand-alone annex to expand the vehicle storage capacity, and construct a new access road into the service yard.

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Comments: This project is subject to the same issue as the cemetery expansion project over the timing of receipt of the federal funds. With the current recommended appropriation of \$210,000 for A&E fees, the State will have the required “good faith” and will be in line for federal funding the project, provided by the federal government upon its approval of the State’s construction application.

Garrison Forest – Addition and Alternations to Administration/Maintenance Complex Project Data

(\$ in Millions)

| Description | <i>Prior Authorization</i> | <i>2008 Request</i> | <i>2009 Estimate</i> | <i>2010 Estimate</i> | <i>2011 Estimate</i> | <i>2012 Estimate</i> |
|--------------------|-----------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Planning | \$0.000 | \$0.210 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Construction | 0.000 | 0.000 | 1.700 | 0.000 | 0.000 | 0.000 |
| Total | \$0.000 | \$0.210 | \$1.700 | \$0.000 | \$0.000 | \$0.000 |

| | | | |
|-------------------------------|--|---|---------------------------------|
| Total Project Cost: | \$1,910,000 | Cost Per Square Foot – Base: | new: \$143 renovation: \$120 |
| | | With Escalation & Contingencies: | new: \$154 renovation: \$157 |
| Gross Square Footage: | new construction: 4,000 renovation: 1,450 | Net Usable Square Footage: | new: 3,282 renovation: 798 |
| Approved Program Plan: | January 26, 2007 | Estimated Completion Date: | October 2009 |

Recommended Actions

1. Concur with Governor's allowance.

Executive's Operating Budget Impact Statement

(\$ in Millions)

| | <i>FY 2008</i> | <i>FY 2009</i> | <i>FY 2010</i> | <i>FY 2011</i> | <i>FY 2012</i> |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Estimated Operating Cost | \$0.000 | \$0.000 | \$0.006 | \$0.001 | \$0.001 |
| Estimated Staffing | 0 | 0 | 0 | 0 | 0 |

DVA is anticipating minor operating budget effects due to this project.

Capital Project Cost Estimate Worksheet

Department: Department of Veterans Affairs
Project Number:
Project Title: Garrison Forest - Addition and Alterations to
 Administration/Maintenance Complex
Analyst: Lori J. O'Brien

Structure

| | | | |
|---|------------------|--------------------|------------------|
| New Construction: | 3,000 Sq. Ft. X | \$140.00 Sq. Ft. = | 420,000 |
| New Construction: | 1,000 Sq. Ft. X | \$150.00 Sq. Ft. = | 150,000 |
| Renovation: | 1,450 Sq. Ft. X | \$120.00 Sq. Ft. = | 174,000 |
| Renovation: | 0 Sq. Ft. X | \$0.00 Sq. Ft. = | 0 |
| Built-in Equipment | | | 50,000 |
| Demolition | | | 9,000 |
| Information Technology | 4,000 GSF X | \$11.25 GSF = | 45,000 |
| Telecommunications | | | 0 |
| Miscellaneous-Other | Asbestos removal | | 12,000 |
| Miscellaneous-Other | | | 0 |
| Miscellaneous-Other | | | 0 |
| SUBTOTAL | | | 860,000 |
| Regional Factor: | 100.0% | | 0 |
| SUBTOTAL | | | 860,000 |
| Escalation to midpoint: | 3.13 Yrs. X | 7.9% = | 24.67% |
| TOTAL COST OF STRUCTURE (Bid Cost) | | | 1,072,133 |

Site Work and Utilities

| | | |
|------------------------------------|--|------------------|
| Site Improvements: | 231,000 + regional factor + mid-point escalation | 287,980 |
| Utilities: | 86,000 + regional factor + mid-point escalation | 107,213 |
| PROJECT SUBTOTAL (Bid Cost) | | 1,467,327 |

Fees and Miscellaneous Costs

| | | |
|--------------------------------------|-------|------------------|
| Green Building Premium | 0.0% | 0 |
| Total Construction Contingency | 5.0% | 73,368 |
| Inspection Cost: | 4.6% | 67,499 |
| Miscellaneous: CPM Schedule | | 32,000 |
| Miscellaneous: Permits | | 40,000 |
| Miscellaneous: Reviews | | 25,000 |
| A/E Fee through construction phase @ | 11.5% | 184,888 |
| TOTAL COST OF PROJECT | | 1,890,082 |

| | |
|---|--------------|
| Base cost per new square foot | \$143 |
| Adjusted cost per new square foot (incl. escalation, contingencies & Green Bldg.) | \$154 |
| Base cost per renovated square foot | \$120 |
| Adjusted cost per renovated square foot (incl. escalation, conting. & Green Bldg.) | \$157 |

Fiscal Summary
Department of Veterans Affairs – PAYGO

| <u>Program/Unit</u> | <u>FY06 Actual</u> | <u>FY07 Wrk Approp</u> | <u>FY08 Allowance</u> | <u>Change</u> | <u>FY07-FY08 % Change</u> |
|-----------------------------|------------------------|----------------------------|---------------------------|----------------------|-------------------------------|
| 04 Capital Appropriation | \$ 631,000 | \$ 8,453,000 | \$ 7,122,000 | -\$ 1,331,000 | -15.7% |
| Total Expenditures | \$ 631,000 | \$ 8,453,000 | \$ 7,122,000 | -\$ 1,331,000 | -15.7% |
| General Fund | \$ 631,000 | \$ 530,000 | \$ 210,000 | -\$ 320,000 | -60.4% |
| Federal Fund | 0 | 7,923,000 | 6,912,000 | -1,011,000 | -12.8% |
| Total Appropriations | \$ 631,000 | \$ 8,453,000 | \$ 7,122,000 | -\$ 1,331,000 | -15.7% |

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.