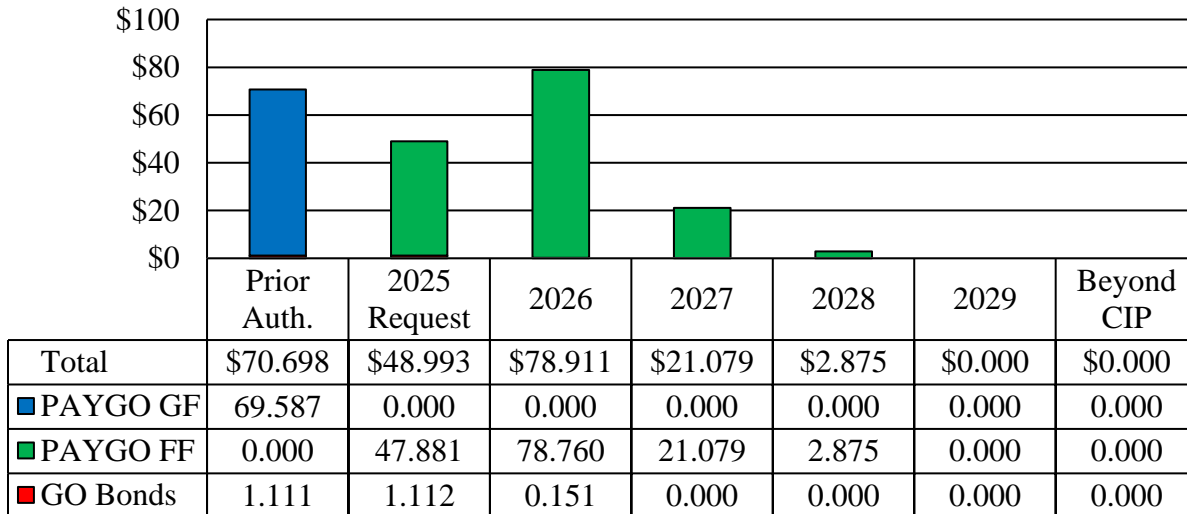
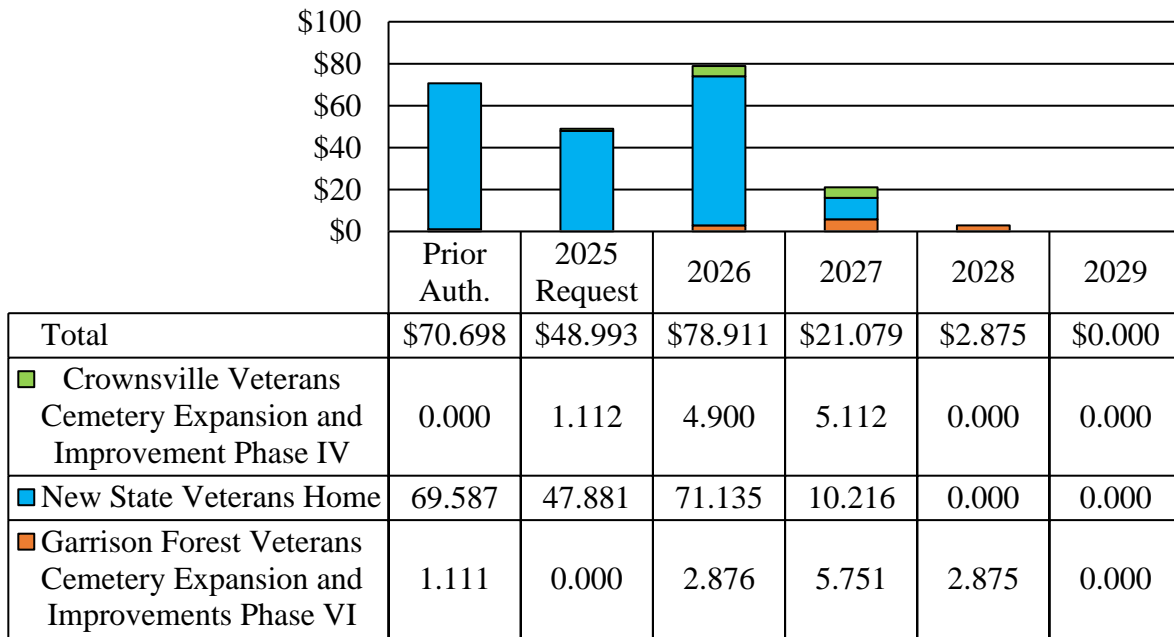


DP00
Department of Veterans Affairs – Capital

Capital Budget Summary

State-owned Capital Improvement Program
(\$ in Millions)



CIP: Capital Improvement Program
FF: federal funds
GF: general funds

GO: general obligation
PAYGO: pay-as-you-go

For further information contact: Yashodhara Rai

Yashodhara.Rai@mlis.state.md.us

Key Observations

- ***Crownsville Veterans Cemetery Expansion and Improvements Phase IV:*** Crownsville Veterans Cemetery requires an expansion of burial capacity and columbarium structures, as it is expected to exhaust its columbarium space by fiscal 2028. This expansion project will add approximately 5,064 casketed gravesites and multiple 2,171-niche columbarium structures to meet the anticipated burial needs for a minimum of 10 years.
- ***New State Veterans Home:*** The project is making steady progress. The schematic design drawing and first Architectural and Engineering (A/E) cost estimates have been received. A/E cost estimates were higher than the budget, and necessary revisions are being made.

PAYGO Recommended Actions

1. Concur with Governor’s allowance.

GO Bond Recommended Actions

1. Approve the \$1,112,000 in general obligation bonds for the Crownsville Veterans Cemetery Expansion and Improvements Phase IV.

Summary of Fiscal 2025 Funded State-owned Projects

Of the two projects programmed into the 2024 *Capital Improvement Program* (CIP), one is ongoing, having received prior State funding – the New State Veterans Home. One project, not previously programmed for funding, appears in the CIP – the Crownsville Veterans Cemetery Expansion and Improvements (Phase IV). While other phases of the Crownsville Veterans Cemetery project have received funding in past CIPs, Phase IV receives its first allocation in fiscal 2025. The following summaries outline the programmed level of funding in the CIP and supporting information for each project.

Crownsville Veterans Cemetery Expansion and Improvements Phase IV

Project Summary: This project will add approximately 5,064 casketed gravesites and multiple 2,171-niche columbarium structures. The expansion project includes construction of a new administration building and a four-bay maintenance garage including parking space. Site enhancements will include improving the existing irrigation system, the storm water management system, and landscaping.

New/Ongoing: New								
Start Date: September 2024					Est. Completion Date: July 2028			
Fund Sources:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
GO Bonds	\$0.000	\$1.112	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$1.112
FF	0.000	0.000	4.900	5.112	0.000	0.000	0.000	10.012
Total	\$0.000	\$1.112	\$4.900	\$5.112	\$0.000	\$0.000	\$0.000	\$11.124
Fund Uses:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
Planning	\$0.000	\$0.896	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.896
Construction	0.000	0.216	4.875	5.090	0.000	0.000	0.000	10.181
Equipment	0.000	0.000	0.025	0.022	0.000	0.000	0.000	0.047
Total	\$0.000	\$1.112	\$4.900	\$5.112	\$0.000	\$0.000	\$0.000	\$11.124

- **Need:** The Maryland Department of Veterans Affairs (MDVA) operates a cemetery program encompassing five veteran cemeteries. These cemeteries allow for the burial of veterans of the U.S. Armed Forces, those who served in the National Guard and Reserves, and their eligible dependents. Additionally, to be eligible for federal grants, MDVA is required to remove the State residency requirement for burial in a State veterans cemetery starting in January 2025, which further increases the demand for burial services. The current capacity at Crownsville Veterans Cemetery is 26,587, and the Columbarium space is projected to be exhausted by fiscal 2028. MDVA and the Department of Budget and

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Management estimate that this expansion will add a minimum of 10 years of capacity to Crownsville Veterans Cemetery. General obligation bonds provided by the State for the design of this project will be reimbursed through the Veterans Cemetery Grant Program, and construction will be entirely federally funded.

- ***Project Status and Schedule:*** The fiscal 2025 budget includes funding to begin design and construction. The current timeline of deliverables includes design beginning in September 2024 and continuing for 14 months to an estimated close of November 2025. The estimated bidding date will be December 2025, with the beginning of construction in July 2026. Construction is expected to last 2 years and end in July 2028. The Department of Legislative Services notes that the CIP programs construction funds in fiscal 2026 and 2027, but the project schedule suggests that the construction funds will not be required until fiscal 2027.
- ***Changes:*** The fiscal 2025 recommendation of \$1,112,000 is \$297,000 more than the requested amount, as the U.S. Department of Veterans Affairs (USDVA) requires 10% of the total estimated project cost up front to make the project eligible for the Veterans Cemetery Grant Program.
- ***Other Comments:*** Project expenses are fully supported by USDVA. Planning and construction costs initially funded by the State are reimbursable by USDVA following award of the construction contract at the end of the project.
- ***Operating Impact:*** It is expected that 2 full time-equivalent (FTE) positions will be needed starting in fiscal 2028 to account for the care of additional gravesites. The impact of this project to the operating budget is expected to cost approximately \$161,212 in fiscal 2028 and \$175,768 in fiscal 2029. MDVA notes that staffing requirements may be reassessed upon completion of the project.

New State Veterans Home

Project Summary: This new home will be a 128-bed skilled nursing facility in Sykesville, Maryland and will be more centrally located to greater populations of Maryland’s veterans and closer to health facilities, including the Veterans Administration Medical Center in Baltimore. This project is eligible for a federal grant to fund 65% of total expenditures. The facility will be constructed according to the current USDVA Small House Model Design Guide and will incorporate infection control measures that were developed in response to the COVID-19 pandemic. In addition to the main skilled nursing building, a second, separate maintenance building is required onsite, which will provide ancillary service for the site with an equipment storage garage, other storage spaces, maintenance shop, and administrative spaces. Site improvements include roads, parking lots, sidewalks, retaining walls, and landscaping.

New/Ongoing: Ongoing								
Start Date: June 2022					Est. Completion Date: September 2027			
Fund Sources:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
GF	\$69.587	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$69.587
FF	0.000	47.881	71.135	10.216	0.000	0.000	0.000	129.232
Total	\$69.587	\$47.881	\$71.135	\$10.216	\$0.000	\$0.000	\$0.000	\$198.819
Fund Uses:								
(\$ in Millions)	Prior Auth.	2025	2026	2027	2028	2029	Beyond CIP	Total
Planning	\$16.024	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$16.024
Construction	53.563	46.351	61.380	10.216	0.000	0.000	0.000	171.510
Equipment	0.000	1.530	9.755	0.000	0.000	0.000	0.000	11.285
Total	\$69.587	\$47.881	\$71.135	\$10.216	\$0.000	\$0.000	\$0.000	\$198.819

- **Need:** The new veterans home will provide additional bed space for Maryland’s aging veteran population at a more centrally located facility with easier access to hospitals and healthcare workers. Ninety-five percent of the rooms at Charlotte Hall Veterans Home (CHVH), the only existing veterans home, are double occupancy and shared bathroom facilities, which is unsuitable for persons of the opposite gender to share the room, limiting flexibility in accommodating residents. The new veterans home at Sykesville provides private rooms and baths, improving comfort and flexibility. CHVH lacks certain essential services, such as dialysis. Extensive onsite support facilities including general practitioner medical services, dialysis, pharmacy, dentistry, and optometry will be provided at the new location.
- **Project Status and Schedule:** The project design started in July 2023. The current timeline of deliverables includes design continuing for 16 months to an estimated close of November 2024. The schematic design drawings were received on February 1, 2024. The Department of General Services (DGS) design review team is expected to complete its

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review in late February 2024. The estimated bidding date will be December 2024, with the beginning of construction in March 2025. Construction is expected to last 2.5 years and end in September 2027.

- **Concerns:** The project is eligible for a USDVA State Home Construction Grant, a federal program that shares the cost of new veterans homes with states. In June 2023, the project was listed on the priority one list but was not selected for funding in fiscal 2024. The federal fiscal 2025 USDVA grant priority list is expected to be published between January and April 2024, which will be the next opportunity to receive federal funding for this project.

The final award of the USDVA grant is contingent upon certain requirements, including having final drawings and specifications completed. A conditional grant award is contingent upon certain requirements including having at least 35% drawings and environmental assessment review completed. MDVA received the schematic design drawings on February 1, 2024, and intends to meet all project requirements for a conditional award in the first quarter of calendar 2024. **MDVA should provide an update on the environmental assessment review and if it is on track to submit all the required documents for the conditional award. MDVA should also comment on its contingency plan if the project is not selected for federal funding in federal fiscal 2025.**

The first A/E cost estimate was received by MDVA. However, the estimates were higher than the design-to-budget estimate, and MDVA reported that the DGS project manager is working with the A/E to revise the drawings to identify efficiencies. **MDVA should comment on the impact of this revision on its submission of required documents for the federal grant and the overall project schedule.**

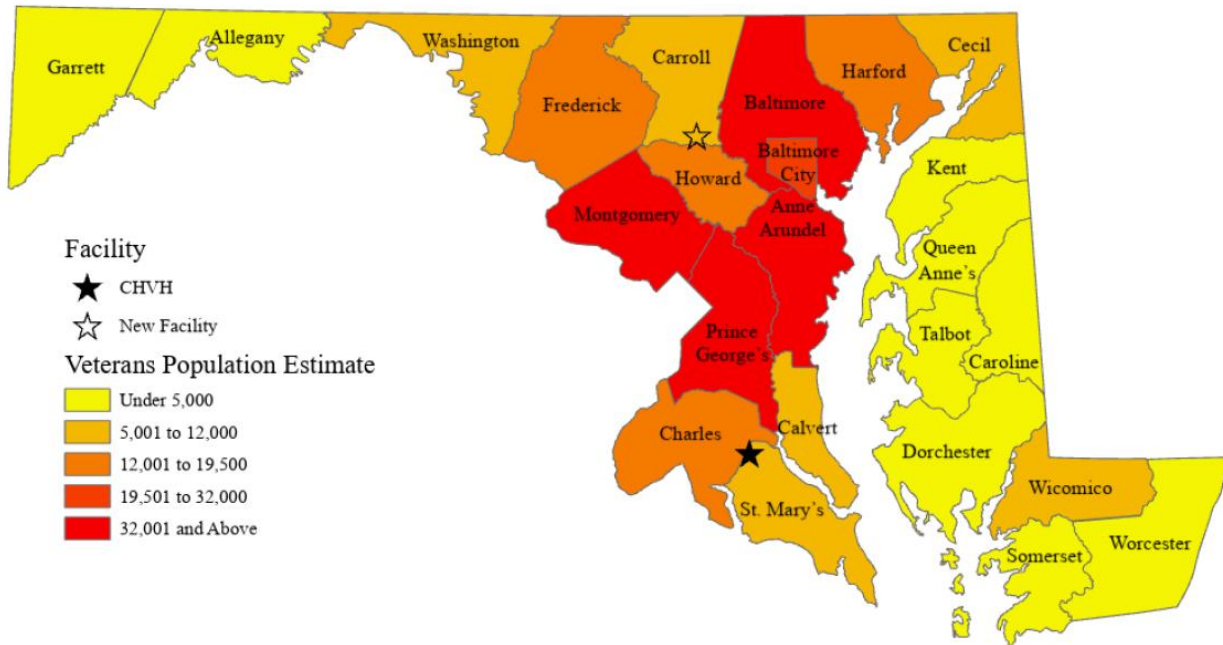
- **Other Comments:** The State’s required 35% commitment to the project is budgeted in the Dedicated Purpose Account (DPA). The DPA was established in 1986 to retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and to meet expenditure requirements that may be affected by changes in federal law or fiscal policies or other contingencies. MDVA will have until the end of fiscal 2027 to spend the fiscal 2023 State-authorized fund of \$63.3 million and until the end of fiscal 2028 to spend the fiscal 2024 State-authorized amount of \$6.3 million. Any unspent balance from either of the authorized amounts in the DPA will revert to the Rainy Day Fund. The fiscal 2024 authorized fund includes additional State funds to match anticipated federal funds to allow for escalation.
- **Operating Impact:** It is expected that 3 FTE positions will be needed starting in fiscal 2028 to be able to begin providing contractual services at the Sykesville home. The FTE positions are estimated to increase to 8 FTE positions in fiscal 2029, including a veterans home director position who will oversee the new veterans home. The cost for operations is expected to total \$10.4 million in fiscal 2028 and grow over \$21 million in fiscal 2029 as residents are added to the home.

Veteran Population

The State of Maryland has a need of 1,102 veterans-facility beds based on the veteran population of the State. Due to USDVA’s Small Home Concept leading the design and construction of any future veterans homes in the State, only 128 beds will be allotted to the Sykesville facility, with another 454 currently being utilized at CHVH. This will leave an allotment balance of 520 beds.

The USDVA estimate for Maryland’s veteran population shows a statewide decline from 356,000 in calendar 2022 to 348,000 in calendar 2023, or 2%. **Exhibit 1** shows the State’s veteran population by county, the location of the current home, and the planned location of the future home. The occupancy rate at CHVH has declined from 403 residents, or 89% of capacity, in December 2019 to 227 residents, or 51% of capacity, in December 2023.

Exhibit 1
Maryland Veterans Population and Home Locations



CHVH: Charlotte Hall Veterans Home

Source: U.S. Department of Veterans Affairs; Maryland Department of Veterans Affairs; Department of Legislative Services

Maryland Department of Veteran Affairs’ Long-term Plan

The new State veterans home at Sykesville will use the USDVA’s Small House Concept that allows for smaller homes with private baths and a neighborhood design that allows for 1 to 16 beds per neighborhood and 60 to 140 beds per facility. This concept will allow MDVA to establish a veterans home that has a less institutional living environment, providing a resident-centered focus to the design process. The new State veterans home serves as a model for future Maryland State veterans homes.

After the construction of the new State veterans home is complete, MDVA plans to move the residents of the current CHVH into the new facility and renovate CHVH while being partially occupied, as the new facility can accommodate only 128 residents. While veterans homes are more expensive than nursing homes due to the inclusion of extensive onsite support facilities, including general practitioner medical services, dialysis, pharmacy, dentistry, and optometry, the new State veterans home’s cost of \$1.55 million per bed is comparable to other recently completed state facilities like Chelsea, Massachusetts (\$1.29 million per bed); Quincy, Illinois (\$1.15 million per bed); and Yountville, California (\$1.12 million per bed).

Summary of Out-year State-owned Projects

Garrison Forest Veterans Cemetery Expansion and Improvements Phase VI

The Garrison Forest Veterans Cemetery Expansion and Improvements Phase VI project adds an estimated 4,200 pre-placed crypts, 2,300 columbarium wall niches, and 1,700 in-ground cremains plots. The facilities to be constructed include a new fuel station and three-bay vehicle storage building with two service bays, a wash bay, locker rooms, and a break room. Site improvements include roadways, walkways to expanded columbarium sites, employee parking expansion, security fencing, enhancements to the existing irrigation system, and stormwater management facilities.

The Garrison Forest Veterans Cemetery Expansion and Improvements Phase VI received its first funding in fiscal 2023. It was previously estimated to be completed in fiscal 2027. Due to a delay in the project’s schedule, funding scheduled for fiscal 2025 is deferred to fiscal 2026, and the project is now expected to be completed in fiscal 2028. MDVA notes that the Veterans Cemetery Grant application for this project has been received by USDVA and expects to receive an update on the application status on or after July 1, 2024.

Appendix 1
Executive’s Operating Budget Impact Statement – State-owned Projects
Fiscal 2025-2029
(\$ in Millions)

	2025	2026	2027	2028	2029
Crownsville Veterans Cemetery Expansion and Improvements Phase IV					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.161	\$0.176
Estimated Staffing	0.0	0.0	0.0	2.0	2.0
New State Veterans Home					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$10.357	\$21.168
Estimated Staffing	0.0	0.0	0.0	3.0	8.0
Total Operating Impact					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$10.518	\$21.344
Estimated Staffing	0.0	0.0	0.0	5.0	10.0