

D55P0004
Department of Veterans Affairs PAYGO

Pay-As-You-Go Capital Budget Summary

(\$ in Thousands)

	<i>Prior Approp.</i>	<i>FY 2007 Allowance</i>	<i>DLS Recommd.</i>
--	--------------------------	------------------------------	-------------------------

Cheltenham Veterans Cemetery Expansion	\$379	\$4,815	\$4,815
Crownsville Veterans Cemetery Expansion	252	3,108	3,108
Garrison Forest Veterans Cemetery Expansion	0	530	508
Total	\$631	\$8,453	\$8,431

Fund Source			
General	\$631	\$530	\$508
Federal	0	7,923	7,923
Total	\$631	\$8,453	\$8,431

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 2007 Maryland Executive Budget, 2006

Summary of Recommended Actions

	<u>Funds</u>
1. Reduce architectural and engineering costs for the Garrison Forest Cemetery expansion.	\$ 21,825
Total Reductions	\$ 21,825

Overview

The Maryland Department of Veterans Affairs (DVA) is in the process of expanding the burial capacity of the Cheltenham Veterans Cemetery in Prince George's County by developing 9,000 gravesites, a 1,000-niche above-ground columbaria, and supporting infrastructure on a 17-acre site adjacent to the existing cemetery. The existing 21-acre developed section of the cemetery will not accommodate projected burials beyond fiscal 2008. The project will also add 1,300 gross square feet to the existing maintenance building and include related roadways, irrigation, and landscaping. A general fund appropriation of \$379,000 was approved by the General Assembly for fiscal 2006 to cover the cost of design fees.

DVA is also in the process of expanding the burial capacity of the Crownsville Veterans Cemetery in Anne Arundel County by developing 5,600 gravesites, an 800-niche above-ground columbaria, and supporting infrastructure on an 11-acre site adjacent to the existing cemetery. The existing 20-acre developed section of the cemetery will not accommodate projected burials beyond fiscal 2007. A general fund appropriation of \$252,000 was approved by the General Assembly for fiscal 2006 to cover the cost of design fees.

DVA also proposes to add a third cemetery expansion at the Garrison Forest Veterans Cemetery in Baltimore County by developing 10,000 gravesites and 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 2007. The State will be reimbursed by the federal government for its initial outlay of \$530,000 in general funds for design costs.

In fiscal 2007 the two cemetery expansion projects that are currently in the design phase will require \$7,923,000 in federal funding for construction, and the proposed Garrison Forest Veterans Cemetery project expansion will require \$530,000 in general funds for design costs. The federal government will reimburse the general fund cost of design and cover all construction costs associated with the projects. As demonstrated 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. Therefore, it is unlikely that the State will be reimbursed in the year the appropriation for the design

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	Cheltenham: January – October 2006 Crownsville: January – August 2006 Garrison Forest: July 2006 – April 2007
4. USVA must approve design plans before State solicits construction bids	For the Cheltenham and Crownsville projects, step 6 was accomplished in February 2006. It is very unlikely that steps 7 and 8 will be accomplished before the beginning of fiscal 2007. There is no evidence that the Garrison Forest project 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	Cheltenham: February 2007 – February 2008 Crownsville: December 2006 – October 2007 Garrison Forest: July 2007 – July 2008

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

funds are made. The Cheltenham and Crownsville projects, for which design funds were appropriated in fiscal 2006, will receive federal funds in fiscal 2007. The Garrison Forest project, for which design funds are proposed for fiscal 2007, will likely receive federal funding in fiscal 2008. **DVA is asked to comment on the inclusion of federal funds for this purpose in the fiscal 2007 budget, when it is highly unlikely that federal monies will be received during the budget year.**

Cheltenham Veterans' Cemetery Expansion (Prince George's)

PAYGO FF **\$4,815,000** **Recommendation: Approve**

Project Description: The Cheltenham Veterans' Cemetery, located on a 91-acre site in Prince George's County, opened in July 1978. As shown in **Exhibit 2**, there are currently 21 developed acres that contain a service chapel, maintenance building, administration building, and 18,327 total gravesite developed burial capacity. Site improvements include roadways, an irrigation system, and landscaping. The existing 2,700 gross square foot maintenance building constructed in 1980 is unable to accommodate the current inventory of equipment because equipment has been added to accommodate increased cemetery capacity and workload. In fiscal 2005 the cemetery conducted 801 burials (and used 607 gravesites), compared to 626 burials in fiscal 1995.

Exhibit 2 Cheltenham Veterans Cemetery Expansion

	<u>Current</u>	<u>Proposed Additional</u>
Site acres	91	--
Developed acres	21	17
Amenities	<ul style="list-style-type: none"> • chapel • maintenance building • administration building 	<ul style="list-style-type: none"> • 1,000 niches in columbaria • addition to existing maintenance building
Available gravesites on December 31, 2005	1,848	9,000
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
Gravesites used per year	607	
Year capacity reached	2008	2021
Design fees	--	\$379,000
Construction fees	--	\$4,300,000

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

The cemetery does not have enough gravesites to meet anticipated demand. The existing capacity will not accommodate projected burials beyond fiscal 2009. The expansion will provide an additional 9,000 gravesites. At the current utilization rate, this expansion should provide capacity until fiscal 2020.

D55P0004 – Department of Veterans Affairs – PAYGO

Comments: DVA anticipates receiving a federal grant from USVA for this cemetery expansion project. The project will be 100% federal funded for eligible expenses. The State has provided \$379,000 in design fees in fiscal 2006, which will be reimbursed by the federal government upon its approval of the State’s application. Additionally, the State must provide funds for any items which exceed federal standards. In 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 (CFDA 64.203) for 100% of the construction funds, estimated to total \$4,815,000, \$515,000 higher than originally estimated due to increases in the cost of construction.

Project Data

(\$ in Millions)

Description	<i>Prior Authorization</i>	<i>2007 Request</i>	<i>2008 Estimate</i>	<i>2009 Estimate</i>	<i>2010 Estimate</i>	<i>2011 Estimate</i>
Planning	\$0.379	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Construction	0.000	4.815	0.000	0.000	0.000	0.000
Total	\$0.379	\$4.815	\$0.000	\$0.000	\$0.000	\$0.000

Total Project Cost:	\$5,194,000	Cost Per Square Foot – Base:	\$100
		With Escalation & Contingencies:	\$138
Gross Square Footage:	1,300	Net Usable Square Footage:	1,186
Approved Program Plan:	October 18, 2004	Estimated Completion Date:	February 2008

Recommended Actions

1. Concur with Governor's allowance.

Executive's Operating Budget Impact Statement

(\$ in Millions)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Estimated Operating Cost	\$0.000	\$0.10	\$0.001	\$0.001	\$0.001

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

Crownsville Veterans' Cemetery Expansion (Anne Arundel)

PAYGO FF **\$3,108,000** **Recommendation: Approve**

Project Description: The Crownsville Veterans' Cemetery, located on a 103-acre site in Anne Arundel County, opened in September 1980. As shown in **Exhibit 3**, there are currently 20 developed acres that contain a service chapel, maintenance building, administration building, and 15,375 gravesite developed burial capacity. Site improvements include roadways, an irrigation system, plazas, and landscaping. In fiscal 2005 the cemetery conducted 730 burials (and used 554 gravesites), compared to 529 burials in fiscal 1995.

Exhibit 3 Crownsville Veterans Cemetery Expansion

	<u>Current</u>	<u>Additional</u>
Site acres	103	--
Developed acres	20	11
Amenities	<ul style="list-style-type: none"> • chapel • maintenance building • administration building 	800 niches in columbaria
Available gravesites on December 31, 2005	631	5,600
Site improvements	<ul style="list-style-type: none"> • roadways • irrigation system • plazas • landscaping 	<ul style="list-style-type: none"> • 1,200 feet of roadway • irrigation system extension • landscaping • 5 parking spaces
Gravesites used per year	554	
Year capacity reached	2007	2017
Design fees	--	\$252,000
Construction fees	--	\$2,850,000

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

The cemetery does not have enough gravesites to meet anticipated demand. There is currently adequate capacity for an additional 631 burials; existing capacity will not accommodate projected burials beyond fiscal 2007. The expansion will provide an additional 5,600 gravesites and an 800-niche columbarium. At the current utilization rate, this expansion should provide capacity until 2016.

D55P0004 – Department of Veterans Affairs – PAYGO

Comments: DVA anticipates receiving a federal grant from USVA for this cemetery expansion project. USVA gives funding priority to state cemeteries that will reach capacity within five years. The project will be 100% federal funded for eligible expenses. The State has provided \$252,000 in design fees in fiscal 2006, which will be reimbursed by the federal government upon its approval of the State's application. Additionally, the State must provide funds for any items which exceed federal standards. In 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 (CFDA 64.203) for 100% of the construction funds, estimated to total \$3,108,000, \$258,000 higher than originally estimated due to increases in the cost of construction.

Project Data

(\$ in Millions)

Description	<i>Prior Authorization</i>	<i>2007 Request</i>	<i>2008 Estimate</i>	<i>2009 Estimate</i>	<i>2010 Estimate</i>	<i>2011 Estimate</i>
Planning	\$0.252	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Construction	0.000	3.108	0.000	0.000	0.000	0.000
Total	\$0.252	\$3.108	\$0.000	\$0.000	\$0.000	\$0.000

Total Project Cost: \$3,360,000 **Estimated Completion Date:** October 2007

Approved Program Plan: October 18, 2004

Recommended Actions

1. Concur with Governor's allowance.

Executive's Operating Budget Impact Statement

(\$ in Millions)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Estimated Operating Cost	\$0.000	\$0.003	\$0.001	\$0.001	\$0.000

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

D55P0004 – Department of Veterans Affairs – PAYGO

Comments: DVA anticipates receiving a federal grant from USVA for this cemetery expansion project. USVA gives funding priority to state cemeteries that will reach capacity within five years. The project will be 100% federal funded for eligible expenses. With the current recommended appropriation of \$530,000 for architectural and engineering fees, the State will have the required “good faith” and will be in line for federal funding the project, which will be provided by the federal government upon its approval of the State’s application. Additionally, the State must provide funds for any items which exceed federal standards. In 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 (CFDA 64.203) for 100% of the construction funds, currently estimated to total \$6,500,000.

Project Data

(\$ in Millions)

Description	<i>Prior Authorization</i>	<i>2007 Request</i>	<i>2008 Estimate</i>	<i>2009 Estimate</i>	<i>2010 Estimate</i>	<i>2011 Estimate</i>
Planning	\$0.000	\$0.530	\$0.000	\$0.000	\$0.000	\$0.000
Construction	0.000	0.000	6.500	0.000	0.000	0.000
Total	\$0.000	\$0.530	\$6.500	\$0.000	\$0.000	\$0.000

Total Project Cost: \$7,030,000 **Estimated Completion Date:** July 2008
Approved Program Plan: July 2, 2005

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce architectural and engineering costs for the Garrison Forest Cemetery expansion. The appropriation for planning costs for two similar projects (Cheltenham and Crownsville Veterans cemeteries) was \$21,825 higher than the price agreed upon with the firm approved by the Board of Public Works to complete the expansion design. The savings will offset the general fund cost of planning for the Garrison Forest Cemetery project.	\$ 21,825	GF
Total General Fund Reductions	\$ 21,825	

Executive’s Operating Budget Impact Statement

(\$ in Millions)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Estimated Operating Cost	\$0.000	\$0.000	\$0.001	\$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-001-060-001
Project Title: Expansion of Burial Capacity & Maintenance Building (Cheltenham)
Analyst: Lori O'Brien

Structure

New Construction:	1,300 Sq. Ft. X	\$100.00 Sq. Ft. =	\$130,000
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			20,000
Demolition			0
Information Technology	0 GSF X	\$0.00 GSF =	0
Telecommunications			0
Miscellaneous-Other			0
Miscellaneous-Other			0
Miscellaneous-Other			0
SUBTOTAL			\$150,000
Regional Factor:	100.0%		0
SUBTOTAL			\$150,000
Escalation to midpoint:	2.67 Yrs. X	7.3% =	19.33%
TOTAL COST OF STRUCTURE (Bid Cost)			\$179,000

Site Work and Utilities

Site Improvements:	3,152,000 + regional factor + mid-point escalation	\$3,761,387
Utilities:	399,500 + regional factor + mid-point escalation	476,737
PROJECT SUBTOTAL (Bid Cost)		\$4,417,123

Fees and Miscellaneous Costs

Green Building Premium	0.0%	\$0
Total Construction Contingency	5.0%	220,856
Inspection Cost:	3.2%	141,348
Miscellaneous: permits, reviews, etc.		8,000
Miscellaneous: CPM/Schedule		36,000
A/E Fee through construction phase @	7.8%	371,039
TOTAL COST OF PROJECT		\$5,194,366

Base cost per new square foot	\$100
Adjusted cost per new square foot (incl. escalation, contingencies & Green Bldg.)	\$125
Base cost per renovated square foot	\$0
Adjusted cost per renovated square foot (incl. escalation, conting. & Green Bldg.)	\$0

Capital Project Cost Estimate Worksheet

Department: Department of Veterans Affairs
Project Number: VC-002-060-001
Project Title: Expansion of Burial Capacity (Crownsville)
Analyst: Lori 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:	2.47 Yrs. X	7.4% =	18.33%
TOTAL COST OF STRUCTURE (Bid Cost)			\$0

Site Work and Utilities

Site Improvements:	2,115,000 + regional factor + mid-point escalation	\$2,502,750
Utilities:	258,500 + regional factor + mid-point escalation	305,892
PROJECT SUBTOTAL (Bid Cost)		\$2,808,642

Fees and Miscellaneous Costs

Green Building Premium	0.0%	\$0
Total Construction Contingency	5.0%	140,432
Inspection Cost:	4.6%	129,198
Miscellaneous: permits, review, etc.		7,000
Miscellaneous: CPM/Schedule		30,000
A/E Fee through construction phase @	8.0%	244,773
TOTAL COST OF PROJECT		\$3,360,045

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

Capital Project Cost Estimate Worksheet

Department: Department of Veterans Affairs
Project Number:
Project Title: Expansion of Burial Capacity (Garrison Forest)
Analyst: Lori 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:	3.07 Yrs. X	6.9% =	21.28%
TOTAL COST OF STRUCTURE (Bid Cost)			\$0

Site Work and Utilities

Site Improvements:	4,344,000 + regional factor + mid-point escalation	\$5,268,403
Utilities:	587,500 + regional factor + mid-point escalation	712,520
PROJECT SUBTOTAL (Bid Cost)		\$5,980,923

Fees and Miscellaneous Costs

Green Building Premium	0.0%	\$0
Total Construction Contingency	5.0%	299,043
Inspection Cost:	3.2%	191,387
Miscellaneous: permits, review, etc.		15,000
Miscellaneous: CPM/Schedule		36,000
A/E Fee through construction phase @	8.0%	514,952
TOTAL COST OF PROJECT		\$7,037,305

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

**Fiscal Summary
Department of Veterans Affairs – PAYGO**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
04 Capital Appropriation	\$ 0	\$ 631,000	\$ 8,453,000	\$ 7,822,000	1239.6%
06 Capital Appropriation-Veterans Home Program	0	0	0	0	0%
Total Expenditures	\$ 0	\$ 631,000	\$ 8,453,000	\$ 7,822,000	1239.6%
General Fund	\$ 0	\$ 631,000	\$ 530,000	-\$ 101,000	-16.0%
Federal Fund	0	0	7,923,000	7,923,000	N/A
Total Appropriations	\$ 0	\$ 631,000	\$ 8,453,000	\$ 7,822,000	1239.6%

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.