

Q00A0105
Office of the Secretary – PAYGO
Department of Public Safety and Correctional Services

Property Acquisition (Baltimore City)

GO Bonds	\$1,100,000	Recommendation: Approve
PAYGO GF	\$1,392,410	

Bill Text: Provide funds for the acquisition of property and the demolition of structures on property acquired for the expansion of the Baltimore City Correctional Complex.

Project Description: The current request is to provide funding to supplement prior authorizations to complete the acquisition of property adjacent to the Baltimore City Detention Center. This purchase will provide land for construction of new facilities for youthful detainees and women. These two facilities have a total cost of approximately \$270 million. The 800-bed women’s detention center is a \$165 million project, with design scheduled to begin in fiscal 2009, partial construction funding in 2011, and completion in fiscal 2012. The 150-bed youth detention center is slightly less, with a total project cost of \$104 million. Design for this project is scheduled for fiscal 2009 and 2010, and construction would take place in 2011. The new facilities are part of a larger plan to respond to allegations of conditions that violate the offenders’ and detainees’ constitutional rights levied by the U.S. Department of Justice.

The request includes a fiscal 2007 PAYGO general fund deficiency appropriation, in addition to the fiscal 2008 general obligation (GO) bond appropriation. The deficiency is to complete the purchase of the Center City Storage facility, and the additional GO appropriation is for the purchase and environmental clean-up for the Baltimore Gas and Electric Company (BGE) substation and parking lot.

Project Data

(\$ in Millions)

<i>Description</i>	<i>Prior Authorization</i>	<i>2008 Request</i>	<i>2009 Estimate</i>	<i>2010 Estimate</i>	<i>2011 Estimate</i>	<i>2012 Estimate</i>
Acquisition	\$5.140	\$1.100	\$0.000	\$0.000	\$0.000	\$0.000
Planning	1.392	0.000	0.000	0.000	0.000	0.000
Construction	3.000	0.000	0.000	0.000	0.000	0.000
Total	\$9.532	\$1.100	\$0.000	\$0.000	0.000	\$0.000

Total Project Cost: \$10,632,000

Issues

1. Baltimore City Property Acquisition Process

The 2007 deficiency appropriation and 2008 request will provide all the funding necessary to complete the acquisition of the Center City Storage and BGE properties needed for the Youth and Women’s Detention Facilities projects.

History

In fiscal 2005, \$2.5 million was appropriated for the purchase of the Center City Storage facility. The Department of Public Safety and Correctional Services (DPSCS) entered into condemnation proceedings in October 2004 in order to acquire the land for \$1,645,000, based on the price assigned by the State’s appraiser. This differed from the property owner’s expert, who assessed a current value of \$3,658,000, and the testimony of the property owner, who valued the property between \$7,500,000 and \$8,000,000. After hearing all parties and viewing the property, in May 2006 the Baltimore City Circuit Court ruled against the State and set the value at \$3,658,000, based on the property owner’s appraisal. The fiscal 2007 deficiency appropriation of \$1,392,407 is necessary to complete the acquisition of the Center City Storage property, based on the court’s ruling.

Present

The additional property that the department needs to acquire in order to construct the new youth and women’s detention facilities is the BGE substation and parking lot. This property is believed to contain high levels of hazardous materials, including lead and asbestos. As such, the department was required to conduct a Phase II Environmental Assessment of the site. This study was

Q00A0105 – DPSCS – Office of the Secretary – PAYGO

completed by Aerosol Monitoring & Analysis, Inc. in June 2006. The overall results conclude some contamination, but because of the low presence of polychlorinated biphenyls (PCBs), only some offsite disposal would be required.

The results of the study are as follows:

Within the building:

- Asbestos was found in 35.6% of the samples tested.
- Lead-based paint was found in 63.1% of the samples tested.
- PCBs were found in 6.3% of samples tested.

Subsurface Investigation (eight feet below ground level):

- Soil contained heavy metal, diesel, and gasoline contamination.
- Groundwater contained arsenic and chloroform.

According to the department, the cost of acquiring the BGE building and parking lot is \$1.1 million, requested in GO bonds for fiscal 2008. DPSCS wants the Department of General Services to begin negotiations with BGE in order to acquire the parking lot for \$600,000 and the BGE building for \$500,000. The proposed purchase price for the building is \$1; however, the State would be assuming responsibility for all remediation costs. According to the department, based on the results of the environmental assessment, the estimated remediation costs are what results in the \$500,000 estimate. **The department should comment on the property acquisition timeline; the need to purchase the parking lot; and the potential that the remediation costs for the subsurface soil contamination may be lower than estimated in the environmental impact report.**

Future

Additional costs for demolition, hazardous material removal, environmental cleanup, and design associated with the demolition are not included in this appropriation. The costs associated with readying the property for construction are approximately \$8.00 million. Prior appropriations of \$2.64 million in fiscal 2006 and \$3.00 million in fiscal 2007 are available leaving the demolition cost of approximately \$2.40 million yet to be funded. This future funding is to be included in the request for the Women's Detention Facility project, currently in the *Capital Improvement Program* for fiscal 2009.

The contamination condition of the BGE site below eight feet and the ground below the State-owned Jail Industries building remains unknown. An accurate assessment is not possible until demolition of the current structures. Once demolished, the department intends to place a concrete cap over the BGE site, which would attempt to minimize the cost of hazardous waste disposal, regardless

Q00A0105 – DPSCS – Office of the Secretary – PAYGO

of the condition below eight feet. However, borings will need to be drilled to support the structures and any contaminated soil disposed of in accordance with environmental standards. Depending upon the level and type of soil contamination found as a result of the borings the site remediation costs could escalate.

The department has already committed considerable resources to the acquisition of these properties. A contract has been awarded for demolition design of the Center City Storage facility and is expected to be completed in early 2008. In addition, a new Memorandum of Understanding between the Division of Pretrial and Detention Services and the U.S. Department of Justice requires the State to make improvements unachievable with the current facilities. Given these considerations, the Department of Legislative Services recommends concurrence with the deficiency appropriation and fiscal 2008 request to complete the acquisition of these properties.

Recommended Actions

1. Concur with Governor's allowance.