

D06E02JC – Board of Public Works – CASA of Maryland – PAYGO

The project has been designed as a high performance building and CASA of Maryland expects to seek a U.S. Green Building Leadership in Energy and Environmental Design Gold certification. CASA of Maryland advises that the project design is complete and that the organization recently received construction bids that are within the estimated project budget. CASA of Maryland anticipates awarding a construction contract by the end of April with construction to commence shortly thereafter. The facility is expected to open by the summer of 2009.

CASA of Maryland is in the process of securing funding for the project from a variety sources, including State, local government, State and federal historic tax credits, and private sources. **Exhibit 2** provides the proposed funding sources as supplied by CASA of Maryland in the organization's 2008 session local bond bill fact sheet submission to the General Assembly.

Exhibit 2
Multicultural Center Renovation Proposed Funding Sources

| <u>Sources</u> | <u>Amount</u> |
|---|--------------------|
| State and Federal Historic Tax Credits | \$4,179,662 |
| Capital Campaign/Donations | 1,912,641 |
| 2008 Session State Bond Bill | 500,000 |
| Prince George's County Grant | 500,000 |
| 2006 Session State Bond Bill | 300,000 |
| Federal EDI Grant | 250,000 |
| Eugene and Agnes Meyer Foundation | 250,000 |
| Morris & Gwendolyn Cafritz Foundation | 250,000 |
| DHCD Community Legacy/Business Works Grants | 228,000 |
| 2005 Session State Bond Bill | 100,000 |
| Montgomery County Grant | 100,000 |
| Kresge Foundation | 65,000 |
| Total | \$8,635,303 |

EDI: Economic Development Initiative

DHCD: Department of Housing and Community Development

Source: CASA of Maryland

The proposed project funding sources match the estimated \$8.6 million needed to design, construct, and equip the new multicultural center. However, as illustrated in Exhibit 1, CASA of Maryland has other project expenses that increase the total project cost to \$10.3 million that the organization is looking to cover with additional contributions, including a grant request to the Weinberg Foundation. For its part, the State has already contributed \$400,000 in prior session year bond bills and another \$228,000 through the Department of Housing and Community Development Community Legacy

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and Business Works programs. CASA of Maryland has also applied for an additional \$500,000 through the allocation of local bond bill project funds in the 2008 session. The use of general funds is proposed by the Department of Budget and Management due to federal restrictions with using tax exempt financing in projects that already are financed in part with federal historic New Market Tax Credits which this project is scheduled to receive. The \$400,000 of prior State tax exempt bonds are to be used for project costs outside the building, such as site improvements, environmental remediation, and landscaping and, are therefore, not subject to the federal restrictions. The use of general funds is also proposed because unlike bond funds which may only be used for capital costs attributable to the design, construction, and capital equipping of the new center, general funds may be applied to the soft costs incurred by CASA of Maryland. **In as much as the \$1.0 million of proposed general funds represents the final piece of financing needed to allow Casa of Maryland to fully fund the construction of the new multi-cultural center, and the project will restore a historically significant building in an environmentally sensitive manner, the Department of Legislative Services recommends approval.**

Fund Data

(\$ in Millions)

| <i>Description</i> | <i>Prior Authorization</i> | <i>2009 Request</i> | <i>2010 Estimate</i> | <i>2011 Estimate</i> | <i>2012 Estimate</i> | <i>2013 Estimate</i> | <i>Total Estimate</i> |
|--------------------|----------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Acquisition | \$0.030 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.030 |
| Planning | 0.732 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.732 |
| Construction | 1.329 | 6.392 | 0.000 | 0.000 | 0.000 | 0.000 | 7.721 |
| Equipment | 0.000 | 0.152 | 0.000 | 0.000 | 0.000 | 0.000 | 0.152 |
| Total | \$2.091 | \$6.544 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$8.635 |

Recommended Actions

1. Concur with Governor's allowance.