

**D50H**  
**Military Department – PAYGO**

***Salisbury Armory – Addition and Renovation (Wicomico)***

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**GO Bonds**                                 **\$5,701,000**                 **Recommendation: Approve**  
**PAYGO FF**                                 **\$9,800,000**

**Bill Text:** Provide funds to design and construct renovations and additions to the Salisbury armory.

**Project Description:** The project consists of a new addition and renovations to the existing structure at the Salisbury armory. The existing 32,824 gross square foot (GSF) facility, which was designed for combat units, does not meet the modern day needs of the 115<sup>th</sup> Battalion. The current facility lacks adequate capacity for unit training and administration and fails to meet National Guard Bureau space standards. The project will renovate a portion of the existing facility (24,696 GSF) and provide 24,604 GSF additional space for virtual simulation training, classrooms, physical fitness, medical training, and administration. The renovated facility will also provide additional space for local functions such as athletic events.

***Prior Authorization and Capital Improvement Program***

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**Authorization Uses**  
(\$ in Millions)

<i>Fund Uses</i>	<i>Prior Authorization</i>	<i>2010 Allowance</i>	<i>2011 Estimate</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>
Acquisition	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Planning	0.000	1.031	0.000	0.000	0.000	0.000
Construction	0.000	14.470	0.000	0.000	0.000	0.000
Equipment	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$0.000</b>	<b>\$15.501</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

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**Authorization Sources  
(\$ in Millions)**

<i>Fund Sources</i>	<i>Prior Authorization</i>	<i>2010 Allowance</i>	<i>2011 Estimate</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>
GO Bond	\$0.000	\$5.701	\$0.000	\$0.000	\$0.000	\$0.000
Federal	0.000	9.800	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$0.000</b>	<b>\$15.501</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

***Project Summary Information***

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<b>Total Project Cost:</b>	\$15,501	<b>Cost Per Square Foot (Renovation) – Base:</b>	\$108
<b>Program Plan Status:</b>	Part II October 2001	<b>With Escalation &amp; Contingencies (Renovation):</b>	\$158
<b>Green Building:</b>	Yes	<b>Gross Square Footage:</b>	51,700
<b>Est. Completion Date:</b>	July 2011	<b>Net Usable Square Footage:</b>	41,494
<b>Project Design Cost %</b>	6.5%	<b>Building Efficiency:</b>	80.3%
<b>Cost Per Square Foot (New) – Base:</b>	\$172	<b>Regional Cost Factor:</b>	125%
<b>With Escalation &amp; Contingencies (New):</b>	\$251		

- The current request includes \$15.5 million to design and construct renovations and additions to the Salisbury armory. There is no difference between the current recommendation to complete the project and the \$15.5 million programmed for this project in the 2008 *Capital Improvement Program (CIP)*.
- Capital improvement costs for military projects are typically shared with the federal government. This project represents a 63% federal and 37% State allocation for eligible project costs. Federal funds are made available for this project via a grant commitment from the National Guard Bureau in a letter dated February 7, 2008.
- The project is being proposed as design/build due to National Guard Bureau standards that require the project to be under construction the same year in which federal funding is awarded.

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- National Guard Bureau standards require that the armory be designed and constructed using the U.S. Green Building Council’s Leadership in Energy and Environmental Design green building rating system. The armory must be designed to achieve a “silver” rating of 33 to 38 points. Points are achieved by utilizing various types of environmentally friendly techniques such as the utilization of innovative wastewater technologies.
- The project includes \$1.7 million for site improvements. According to the Department of General Services (DGS), a substantial amount of site improvements are needed to upgrade the existing facility and to bridge the connectivity between the new and existing facility structure.
- Although the Part II Program Plan was approved in October 2001, the department recently submitted a revised program plan due to modifications in the federal space standard criterion.
- Construction is expected to commence in fall 2009 and conclude by summer 2011.

## ***Project Analysis***

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The fiscal 2010 request is for approximately \$15.5 million, of which \$9.8 million, or 63%, is in federal PAYGO funds. The remaining \$5.7 million needed to complete the project is included in the State's capital budget. The project consists of a new addition and renovations to the existing structure at the Salisbury armory. Although this project was included in the 2008 CIP, it was deferred to fiscal 2010 as federal funds were unavailable due to other federal defense budget priorities.

### **Background**

Currently, the Salisbury armory houses the 115<sup>th</sup> Battalion and company offices of the 115, 200, and 290 companies of the State Armory National Guard. The armory provides administrative, training, and storage areas for the assigned military units. In total, 148 military personnel are routinely housed at the armory. The armory's regular staff consists of 18 full-time employees who provide continuous support in unit administration, preparation, planning, training, and recruiting. In addition to army functions, the armory is used to support State functions such as disaster relief and policing actions in the event of a civil disturbance. The armory also provides space for both military and public social functions, athletic events, and support groups. Approximately 1,500 citizens use the armory for social, civic, and athletic activities on an annual basis.

### **Project Need**

The Salisbury armory, which was constructed in 1956, consists of a full first floor, a partial basement, a partial second floor, and a storage unit. According to the department, the existing 32,824 GSF facility does not comply with federal space standards which require, at a minimum, a 54,549 GSF facility. Additionally, the type and mix of military forces within the Maryland National Guard Bureau has changed over time from a combat division to a more specialized, highly technical unit. In recent years, the artillery, engineer, and infantry units have decreased while the battlefield surveillance, military intelligence, aviation, and medical units have increased. As a result, additional space is needed for storage, classrooms, virtual simulation training, administration, and dining.

The new and renovated spaces will be used primarily for specialty training, leadership development training of unit officers, and team training. This includes the following:

- a virtual training simulation room that will provide exposure to combat situations;
- a computer distance-learning center;
- physical fitness space;

- a medical section;
- administrative space; and
- an assembly hall for army and community social events, athletic activities, and meetings.

The department reports that this project will improve the overall service delivery and quality of the existing facility. A modernized facility will enhance the readiness status of the State's national guard units.

### **Design/Build Project Delivery Methodology Proposed**

As previously mentioned, due to National Guard Bureau standards that require the project to be under construction the same year in which federal funding is awarded, the proposed project will be completed using the design/build project delivery method. In general, a design/build project is one in which the State contracts with a business to both design and construct a project under one contract. The design/build contractor is responsible for both preparation of the design drawings and specifications and the construction of the project. While the design team is retained by and responsible to the general contractor and not the State, a design/build project is typically based on performance specifications provided by the using State agency.

### **State Agencies Must Obtain Board of Public Works Approval Before Soliciting Bids or Proposals for Design/Build Construction Contracts**

The Board of Public Works (BPW) policy requires an agency intending to use the design/build method to submit an agenda item to the board for consideration before issuing bid or proposal solicitations for a project. The submission must include, at a minimum, a description of the project and the rationale for using the design/build concept. The estimated budget for the project must be submitted as confidential back-up information. According to DGS, BPW approval for design/build of this project will be requested in the near term.

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Executive’s Operating Budget Impact Statement***

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(\$ in Millions)

	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>
Estimated Operating Cost	\$0.000	\$0.005	\$0.006	\$0.006	\$0.008
Estimated Staffing	0	0	0	0	0

A large portion of the annual operating costs and all personnel costs are federally funded; therefore, the anticipated impact on State finances is minimal.

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**Capital Project Cost Estimate Worksheet**

**Department:** Military Department  
**Project Number:** D50H  
**Project Title:** Salisbury Armory – Addition and Renovation  
**Analyst:** Chantelle M. Green

***Structure***

New Construction:	24,604 Sq. Ft. X	\$172.00 Sq. Ft. =	\$4,231,888
New Construction:	2,400 Sq. Ft. X	\$12.00 Sq. Ft. =	28,800
Renovation:	24,696 Sq. Ft. X	\$108.00 Sq. Ft. =	2,667,168
Built-in Equipment			160,000
Demolition			200,000
Information Technology	27,004 GSF X	\$0.00 GSF =	100,000
Miscellaneous – Other	Asbestos Removal		120,000
<b>Subtotal</b>			<b>\$7,507,856</b>
Regional Factor:	125.0%		1,876,964
<b>Subtotal</b>			<b>\$9,384,820</b>
Escalation to Mid-point:	2.08 Yrs. X	4.4% =	9.13% 856,365
<b>Total Cost of Structure (Bid Cost)</b>			<b>\$10,241,185</b>

***Site Work and Utilities***

Site Improvements:	1,685,079 + regional factor + mid-point escalation	\$2,298,553
Utilities:	498,484 + regional factor + mid-point escalation	679,963
<b>Project Subtotal (Bid Cost)</b>		<b>\$13,219,701</b>

***Fees and Miscellaneous Costs***

Green Building Premium	2.0%	\$264,499
Total Construction Contingency	5.0%	661,248
Inspection Cost:	2.2%	290,949
Miscellaneous:	CPM Schedule	28,000
Miscellaneous:	Commissioning	103,937
A/E Fee through construction phase @	6.3%	902,603
<b>Total Cost of Project</b>		<b>\$15,470,937</b>

<b>Base Cost Per New Square Foot</b>	<b>\$172</b>
<b>Adjusted Cost Per New Square Foot (incl. escalation, contingencies, &amp; Green Bldg.)</b>	<b>\$251</b>
<b>Base Cost Per Renovated Square Foot</b>	<b>\$108</b>
<b>Adjusted Cost Per Renovated Square Foot (incl. escalation, conting., &amp; Green Bldg.)</b>	<b>\$158</b>