

RB21
UNIVERSITY OF MARYLAND, BALTIMORE
FY 2018 CAPITAL BUDGET TESTIMONY

House Appropriations Capital Budget Subcommittee – March 13, 2017
Senate Budget and Taxation Capital Budget Subcommittee – March 20, 2017

Jay A. Perman, MD
President
University of Maryland, Baltimore

Good afternoon. Thank you for this opportunity to briefly discuss the two capital requests before you today.

This is the last year that I am requesting funding for **Health Sciences Facility III (HSF III)**. I am happy to report that construction continues to be within budget and on time, with completion in September 2017.

Recruitment of well-funded research scientists to occupy the 10-story HSF III is underway. The School of Medicine has already recruited eight research faculty who will bring with them more than \$23.6 million in NIH funding. An additional 20 teams of scientists will be recruited to UMB over the next two years and occupy the remainder of HSF III's finished floors. This means that the building can immediately begin to fulfill its purpose of advancing scientific discovery and adding to the state's economy.



Baltimore Street View



Fayette Street View

The FY 2018 request is for \$3.6 million in GO Bonds to complete construction and equip this 429,000 GSF research building. The University will provide \$9.8 million in non-budgeted funds this coming fiscal year.

On behalf of the UMB community, I'm deeply grateful for your continuing support of this capital project. The second project I'll briefly discuss is our **Central Electric Substation and Electrical Infrastructure Upgrades**. During last year's legislative session, you understood my concern regarding the condition of the electrical infrastructure serving UMB. Accordingly, you provided funding to begin design of a new northern substation and replacement of the existing southern substation and of the duct, which will run throughout the campus to all UMB buildings. I am truly appreciative of this.

The **FY 2018 request is for \$2.89 million in GO Bonds** for the remainder of planning funds to design the various components of the project. The total project cost is \$78.951 million, with future requests extending over another seven years. The University will fund \$3 million of construction work, and we have entered into an agreement with the University of Maryland Medical Center (UMMC) to fund the portion of the project cost that will directly benefit UMMC. The exact amount will be determined once the design has been completed.

The condition of the UMB electrical infrastructure continues to be concerning for the following reasons:

- The substation equipment is more than 50 years old, and replacement parts are very difficult to obtain.
- The existing substation is located below ground and below the water table.
- There is no electrical redundancy on the campus.
- The existing Baltimore City-owned duct bank is old and friable with frequent collapses.

The nine-phase implementation plan for the electrical infrastructure, approved by the Department of Budget and Management (DBM), will address these issues and ensure that the best approach to providing consistent and uninterrupted service to all UMB buildings is guaranteed, both now and in the future.

Initially, the scope of this project included acquisition of land to relocate the existing UMB Recycling Center, given that its current site was best suited for the new northern substation. However, the cost of acquiring land proved to be more expensive than co-locating the recycling facility and the northern substation in the same facility. As funding for property acquisition is no longer needed, UMB submitted a program modification detailing this change to DBM. The program change was approved and, thus, I am requesting modification of the authorizing language in the MCCBL of 2016 to allow \$1 million in acquisition funds to be used for the design and construction of a combined substation/recycling center and related electrical infrastructure upgrades.

I respectfully request that you continue supporting the UMB Electrical Infrastructure project and approve the requested \$2.89 million for design as well as the funding modification.

I will now address the questions posed by the Legislative Analyst regarding the Electrical Infrastructure project.

Question 1: The President should comment on the level of confidence in the current total project cost estimate of \$79 million.

At this time, the project cost estimate of approximately \$79 million is our best estimate for completing the needed electrical infrastructure work. The total project cost will be refined as the design proceeds to completion.

Question 2: The President should comment on whether the MOU will change the project cost estimate shown in the 2017 CIP.

The MOU between UMB and the University of Maryland Medical Center will not change the total project cost. However, the state's contribution to the project should decrease, but the exact amount of the decrease will not be known until the design is underway and costs can be attributed to the various components of the project.

Question 3: The President should comment on why this capital project was not identified and requested earlier given that UMB believes this project is a life and safety issue.

The need to upgrade the electrical infrastructure serving the UMB campus and to provide redundancy to ensure continuity of service was identified several years ago. A strategy for replacing the existing substation was developed, but there was no way to provide redundancy to the campus until late 2011, when BGE upgraded its substation to the north of the campus. We were then able to define a comprehensive electrical infrastructure capital project that would result in reliable and redundant service well into the future.

The electrical infrastructure project was included in the UMB CIP and submitted to the University System of Maryland (USM). We appreciate that USM and DBM have been able to accommodate this project in their respective CIPs.

Thank you again for this opportunity to discuss the UMB capital projects before you today. I'm happy to answer any additional questions you have regarding our request.