

JOINT COMMITTEE ON CAPITAL
IMPROVEMENT HEARING
FISCAL YEAR 2024 BUDGET



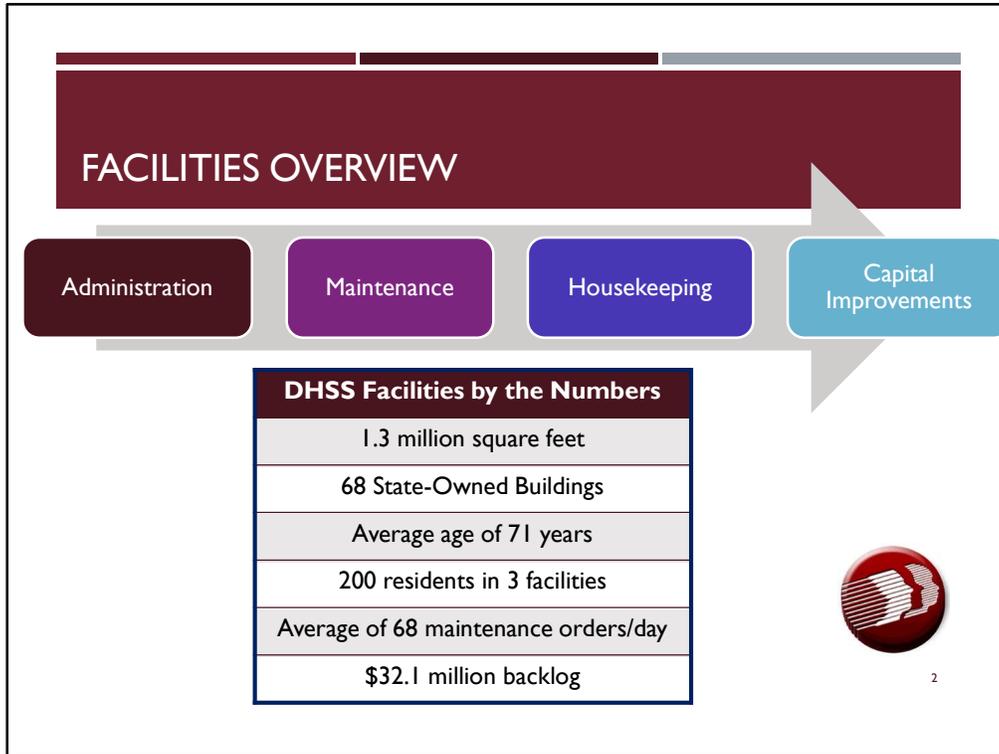
MOLLY MAGARIK, MS
SECRETARY
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Department of Health and Social Services
March 23, 2023
Legislative Hall, Joint Finance Committee Hearing Room

Good Morning Senator Walsh, Representative Heffernan, members of the Joint Committee on Capital Improvement and members of the public.

I am Molly Magarik, Secretary for the Department of Health and Social Services (DHSS). Joining me for this presentation are members of my leadership team, my Deputy Cabinet Secretary Dava Newnam and my Director of Facility Operations Christopher Hall. They represent this department and our personnel, but most importantly, our constituents.

Thank you for the opportunity to speak with you today, present our accomplishments and to ask for your support of the Fiscal Year (FY) 2024 Governor's Recommended Capital Budget.



DHSS is responsible for over 1.36 million square feet in 68 state-owned buildings, with an average age of 71 years. This building total includes 8 State Service Centers, 5 Group Homes and Treatment Facilities, and the 3 campuses that house our 24/7 facilities and associated administrative buildings. Our facilities and campuses also house various other agencies, both State and non-State, that serve our communities. Maintaining these facilities to safe and acceptable standards is a challenge because of their age, the fragile populations many of them house, and, in the cases of the state service centers, the volume of traffic. While the COVID-19 pandemic remains on our radar, we are still dealing with significant staffing shortages, supply chain disruptions and rising costs. We are also dealing with considerable damage to our main building at the Herman Holloway Campus due to a broken pipe in the attic.

Facility Operations staff oversee maintenance and housekeeping for the Department’s facilities. These units are currently completing an average of 68 maintenance orders per day for our three 24/7 campuses and our off-site facilities, which is an increase from last year.

Maintaining the three DHSS state hospitals is the priority for Facility Operations. These facilities need to adhere to rigorous standards in order to retain their licensure status with state and federal entities, as well as ensure the safety and security of our residents, clients and staff. Facility Operations funds are also used to support our crucial security upgrades and security infrastructure.

The Governor’s Recommended Capital Budget will allow us to maintain our facilities in a manner that provides a safe and healthy environment for our residents and the staff who care for them. This is why we are asking for your support of the FY 2024 Governor’s Recommended Capital Budget.

ACCOMPLISHMENTS: CAPITAL PROJECTS

Modernize Facilities:

- Holloway Campus Electrical System Replacement
- Holloway Campus Gas Line Extension
- Holloway Campus Fire Alarms
- Holloway Campus Controls Consolidation



Long-Term Projects for DHSS Facilities:

- Roof Replacements
- Chillers, Boilers and Controls
- Window Replacements
- Sewer and Water System Replacement
- Gas Conversions and Electrical Upgrades



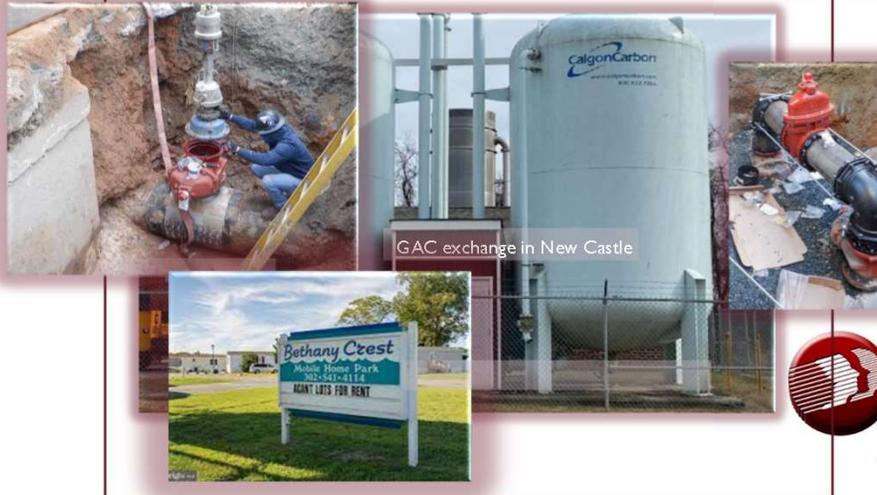
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During the past year, we started working on the final phase of the Holloway Campus Primary Electrical System Replacement. We began the next phase of the gas line extension for the Holloway Campus as well as the Fire Alarm project. We are in the beginning stages of planning a new Security Gatehouse and entrance at the Herman Holloway Campus.

Our Facilities Operations team also initiated, and continued work on, several long-term projects.

- Facility Operations continues to repair and replace roofs, which is the first step in securing the building envelope.
- Gas Conversions are currently in progress in several buildings throughout the State.
- Replacement of windows, which is another component to the building envelope and key to occupant comfort and energy efficiency, continues at the Delaware Hospital for the Chronically Ill (DHCI) and the Herman Holloway Campuses. Several other locations have been completed or are currently in design.
- The next phase of the sewer replacement for the Stockley Center Campus has been designed and is ready to bid. The new septic system for the Pyle State Service Center is in design.
- We continue to make progress on the Delaware Psychiatric Center Anti-Ligature requirements and upgrades. That work is on-going. We are also updating and replacing the nurses stations as we do this work.

ACCOMPLISHMENTS: DRINKING WATER STATE REVOLVING LOAN FUND



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The **Drinking Water State Revolving Fund (DWSRF)** provides low-interest loans and grants to communities for the protection of source water and to repair, replace and maintain our drinking water systems infrastructure. According to the most recent drinking water needs assessment, a significant annual investment is needed to sustain existing drinking water infrastructure.

The Division of Public Health (DPH) has been pleased to award over \$32 million in grants utilizing bond bill funding from the past five years.

By targeting low-income populations, the program has helped the Town of Laurel replace its water distribution system and is working to install an interconnection vault for the Lazy Lagoon and Selbyville residents.

This DWSRF is providing grants to fund the installation of safe drinking water distribution systems within the Stage Village and Countryside Hamlet communities. A grant will be made possible to bolster the water infrastructure needed to stand up a new Pharmaceutical Company in Middletown, which is bringing 500 jobs to Delaware by 2026.

A grant was provided to New Castle Municipal Services Commission to fund the exchange of Granulated Activated Carbon, which is in place to mitigate the PFOA/PFAs (perfluorooctanoic acid/per- and polyfluoroalkyl substances) contamination of their source water. Utilizing grant funding, protections from PFOA/PFAs have been or will be installed within the Bethany Crest Manufactured Home Community.

A grant was provided to fund feasibility studies for water systems to explore sustainable energy options.

Two grants were provided to complete the audit of financial statements.

FEDERAL FUNDING: CAPITAL PROJECTS

- \$80 million for new Delaware Hospital for the Chronically Ill (DHCI)
- \$54.7 million for Delaware Public Health Laboratory Expansion*
- \$200,000 for Delaware Psychiatric Center (DPC) Feasibility Study



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*Includes \$3 million from the FY 22 Bond Bill

Additionally, the Department has been able to utilize federal funding to move forward with the following projects.

Delaware Hospital for the Chronically III (DHCI)

DHCI is a 90-year-old long-term care facility in which skilled nursing care is provided to 85 residents. The \$50 million in American Rescue Plan Act (ARPA) funds; as well as the \$30 million appropriated to OMB in the FY 2024 GRB, will provide for the construction of the new facility. There also was \$3 million appropriated to OMB in the FY 2024 GRB for other needed renovations to the Candee and Prickett buildings. These funds are in addition to the \$6 million appropriated to OMB in the FY 2023 Bond Bill, to support renovations for those same buildings. These projects are currently in design and moving forward. We are very appreciative of the additional funding that is included in the FY 2024 GRB for these projects.

Public Health Laboratory Expansion

\$54.7 million in federal and state funding will provide for the expansion of the Public Health Laboratory. The expansion will include two emerging infectious disease laboratories, new administrative office areas, an expanded warehouse, and increased mechanical/electrical space. Work is progressing and construction continues on the Laboratory Wing. Design for the Epidemiology Wing is 90% completed.

Delaware Psychiatric Center (DPC) Feasibility Study

DPC provides services including psychiatric evaluation, diagnosis and inpatient treatment to adults suffering from severe and persistent mental illness. \$200,000 in ARPA funding will be used to conduct a feasibility study, providing for an updated plan for building a Behavioral Health Campus, which would include space for inpatient services, community-based treatment, crisis intervention, and teaching space. We are preparing to award this to a vendor, and this work will begin in the near future.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET

Project	FY 2024 GRB
Maintenance and Restoration	\$4,750,000
Minor Capital Improvement and Equipment	\$10,000,000
CAPS	\$3,302,000
AVAYA Phone System Replacement to CISCO	\$1,525,000
Stockley Electric	\$13,000,000
Drinking Water State Revolving Fund	\$3,200,800
Assist UI	\$2,779,000
Website Replacement	\$2,000,000
TOTAL	\$40,556,800



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The Governor's Recommended Capital Budget for FY 2024 includes \$40.5 million to:

- Support our facilities;
- Make crucial technology upgrades for the Avaya to Cisco phone system replacement;
- Client Assistance Program software (CAPS);
- ASSIST User Interface (UI);
- Update the DHSS website; and
- Continue with the State Drinking Water Program improvements.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET

Maintenance and
Restoration Funds
\$4.75 million

Minor Capital
Improvement and
Equipment
\$10 million



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The FY 2024 GRB continues support for Maintenance and Restoration, and Minor Capital Improvement and Equipment needs.

Maintenance and Restoration (M&R) funds are used for projects that are generally under \$250,000. Most often, they are for unanticipated repairs, small construction and renovation projects or for completing architectural or engineering assessments. DHSS completes an average of 300 to 350 M&R projects annually. Examples include paving, repairing ruptured sewer and water lines, repairing or replacing defective heating or air-conditioning components, or replacing worn flooring or carpet.

Minor Capital Improvement and Equipment (MCI) funds are used for projects that cost over \$250,000. These are generally for larger projects or major components of building systems, such as building renovations; HVAC upgrades and replacements; roof replacements; replacing deteriorated and failing water and sewer lines; roadway paving; replacing windows and doors; and replacement of nursing stations and other necessary upgrades and repairs in our hospitals.

Both M&R and MCI funds are crucial to addressing immediate building conditions that, if left unchecked, could negatively impact our residents, the staff that care for them or visitors to our state facilities. I would ask that you support the Governor's recommendations for these funds. Equally important, these funds allow DHSS to whittle away at the \$32.1 million deferred maintenance backlog.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET



CAPS
Replacement
\$3.3 million



Phone System
Replacement
\$1.5 million



Stockley Electric
\$13 million



ASSIST UI
\$2.8 million



Website
Replacement
\$2 million



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Funding is also included for five (5) Major Capital Projects, including four (4) Technology Projects.

\$3.3 million is allocated for the continuation of the **CAPS replacement project**. Data gathering has identified many additional, and unexpected, requirements. The current system is extremely outdated and difficult to maintain. Payments such as Emergency Assistance Services (EAS); Kinship Care; Diabetes' Medical Fund; Needy Family Fund; Teen Vouchers; and Utility Assistance, are issued through this system for numerous clients.

\$1.5 million is allocated to continue the replacement of the **Avaya Phone System to the State standard Cisco Phone System**. DHSS has multiple locations throughout the State that will need to be converted.

\$13 million is allocated for the replacement of the **Stockley Campus Electrical System**. These funds will replace the remaining obsolete and significantly deteriorated electrical equipment critical to serving the hospital and the entire facility.

\$2.8 million is allocated to modernize the current **ASSIST User Interface** system. This state match leverages a \$27.8 million federal grant. The ASSIST platform consist of several systems that are used for client eligibility and benefit programs such as SNAP, Medicaid, TANF and Child Care. These programs are mission critical for DHSS services and clients.

\$2 million is allocated to update the current **DHSS Website**. This will make the website more user friendly and help to provide a better customer experience for those needing services while increasing staff efficiency in processing requests.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET

\$3.2 million Drinking Water State Revolving Fund



DPH will use these funds to **leverage additional federal funding.**

- \$3.2 million state match for the **DWSRF Capitalization Grant**. This will leverage approximately \$50 million in federal funds to be issued as low-interest loans to community water systems.

The federal funds will be used to:

- Identify and remove lead service lines.
- Prioritize **interconnection or regionalization** for very small communities with subpar drinking water.
- Provide emerging contaminant treatment systems to disadvantaged communities will become a priority.

These projects can be considered long-term investments for all three (3) counties that will improve the health of our citizens for decades to come.



Thank you for the opportunity to share with you our capital budget and priorities.

My team and I would be happy to answer any questions you may have.