

JOINT CAPITAL IMPROVEMENT
COMMITTEE HEARING
FISCAL YEAR 2021 BUDGET



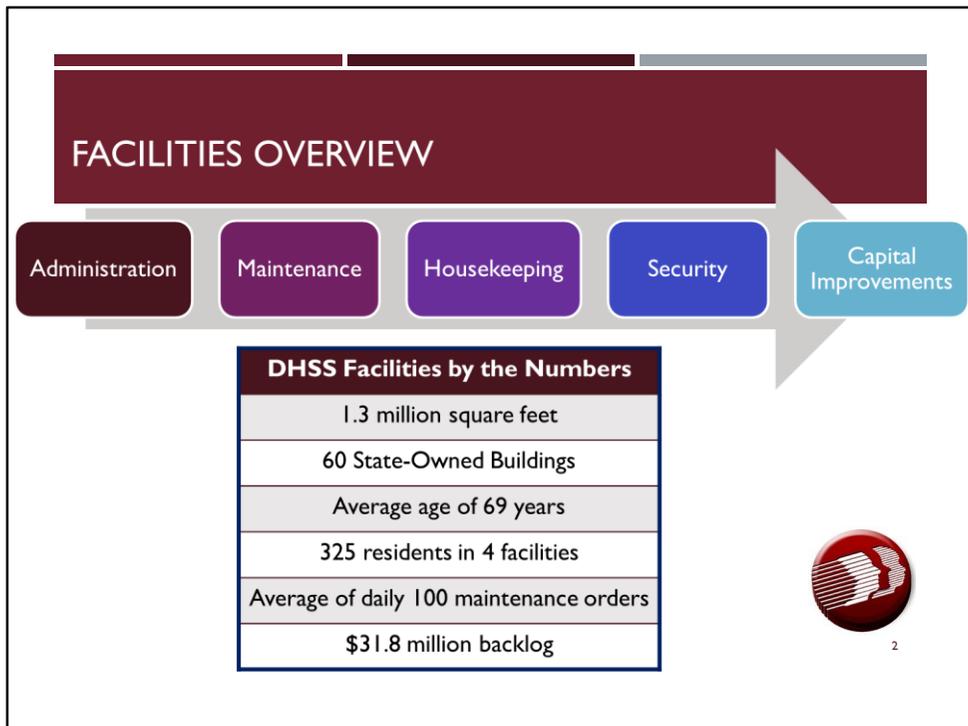
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SECRETARY
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Department of Health and Social Services
March 4, 2020
Legislative Hall, Joint Finance Committee Hearing Room

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

I am Kara Odom Walker, Secretary for the Department of Health and Social Services (DHSS), with me today are my Deputy Secretary Molly Magarik and other members of my leadership team.

Thank you for the opportunity to speak with you today, present our accomplishments and to ask for your support of the Fiscal Year (FY) 2021 Governor's Recommended Capital Budget.



DHSS is responsible for over 1.36 million square feet in 60 state-owned buildings, with an average age of 69 years. This building total includes 8 State Service Centers, the 4 campuses that house our 24/7 facilities and associated administrative buildings. Maintaining these facilities to 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.

Facility Operations staff oversee maintenance, housekeeping and security for the Department’s facilities. However, the services provided do not include security staff for the State Service Centers. These units complete an average of 100 maintenance orders per day for the four hospital campuses (Herman Holloway, Governor Bacon, Delaware Hospital for the Chronically Ill (DHCI) & the Stockley Center).

Maintaining the physical plant of the four DHSS state hospitals is the first priority of Facility Operations. These facilities need to maintain rigorous standards in order to retain their licensure status with state and federal entities.

The Governor’s Recommended Capital Budget will allow us to maintain our facilities in a manner that provides a safe environment for our residents and the staff who care for them.

This is why I am asking for your support of the FY 2021 Governor’s Recommended Capital Budget.

ACCOMPLISHMENTS

Modernize Facilities:

- Holloway Campus Electrical System Replacement

Long-Term Projects for DHSS Facilities:

- Elevators
- Cooling Towers, Boilers and Controls
- Window Replacement
- Roof Repair & Replacement



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During the past year, we completed the second phase of the Holloway Campus Primary Electrical System Replacement, which will avoid preventable electrical failures in the campus residential buildings and our administrative offices.

Our Facilities Operations team also initiated several long-term projects,

- After completing engineering assessments, Facility Operations began **replacing, adding or renovating elevators**. Work is complete at the Holloway Campus, Hudson and Northeast State Service Centers, and ongoing at DHCI and Adams State Service Center. Completing this expensive work while a facility is still in use is challenging, but necessary to allow normal operations to continue.
- Engineering assessments are complete for the **cooling towers** in facilities where the useful life of the equipment is nearing its end. Cooling towers are key components in the temperature control of our facilities. Replacement units and associated equipment will exceed \$1 million each.
- **Replacement Windows**, which are key to occupant comfort and energy efficiency, were completed in the Medical Building at DHCI, Stockley All Star Building, and are ongoing at Adams State Service Center and Bennett House
- **Roof replacement** for the Herman Holloway Campus Main Administration and Annex Buildings is currently underway. This is the final phase of our multi-year roof replacement effort.

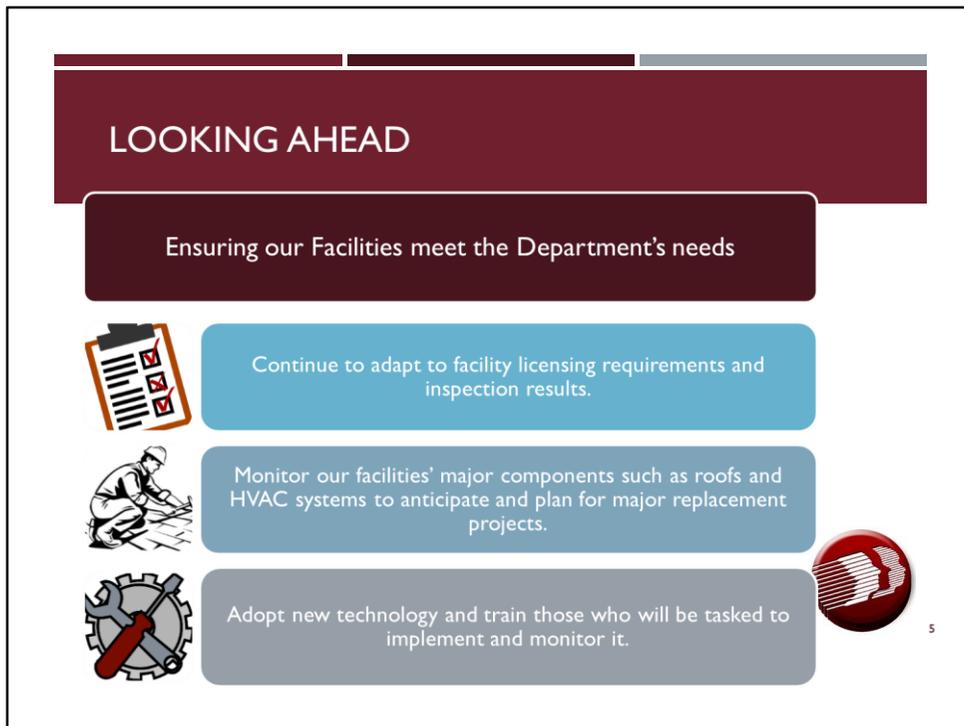


The **Drinking Water State Revolving Fund (DWSRF)** provides low-interest loans to community water systems to repair, replace and maintain our drinking water infrastructure. According to the most recent drinking water needs assessment, a significant annual investment is needed to sustain existing drinking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

The Division of Public Health (DPH) was pleased to award over \$10 million in grants through the FY 2019 and 2020 bond bill funding. By targeting low-income populations, the program is helping the Town of Magnolia replace its water distribution system, installing a new water system for the Ellendale Water District, and upgrading an antiquated water treatment plant in Oak Grove Mobile Home Park.

DPH is beginning a partnership with the City of Wilmington to improve the Hoopes Reservoir. This partnership is the start of a comprehensive plan, involving the City and other regional stakeholders, to address water security and drought preparedness in the area served by Hoopes Reservoir.

The additional funds in the Governor's Budget will support this and other initiatives throughout the State aimed at ensuring all Delawareans have access to safe, clean drinking water.



As the department's operating divisions focus on the social determinants of health – how physical factors in the areas where we work, live, and play affect our health more than the clinical care we receive – it is important that we are mindful of this as we maintain our State facilities

Looking ahead, we will continue to ensure that our facilities meet the Department's needs.

- **Licensing and inspection requirements** are ever-changing, and meeting them can be both challenging and expensive. Facility Operations works with our operating divisions to stay current on licensing requirements and immediately addresses any new ones. For example, the most recent inspection by the Joint Commission on Accreditation of Hospital Organizations for the Delaware Psychiatric Center (DPC) resulted in over \$700,000 in new anti-ligature (hanging) hardware. We have completed the Sussex I wing and work on the remaining wings is continuing.
- Facility Operations routinely contracts with engineering and architectural firms to conduct **periodic professional reviews** to assess the current state of building components, which assist us in planning for major projects.
- Facility Operations is gradually instituting **automated building control environments**, which allow an individual mechanic to check temperatures via an offsite computer and pinpoint areas that may be causing heating or cooling problems. Phase I and II have been completed at the Herman Holloway Campus with Phase III work currently underway.

FY 2021 GOVERNOR'S RECOMMENDED BUDGET

Project	FY 2021 GRB
Maintenance and Restoration	\$4,750,000
Minor Capital Improvement and Equipment	\$5,750,000
Herman Holloway Electric System Replacement	\$2,200,000
Holloway Campus Mitchell Building HVAC	\$2,500,000
Drinking Water State Revolving Fund	\$22,500,000
TOTAL	\$37,700,000



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Moving on, the Governor's Recommended Capital Budget for FY 2021 includes \$37.7 million to support our facilities and state drinking water improvements.

FY 2021 GOVERNOR'S RECOMMENDED CAPITAL BUDGET

Maintenance and
Restoration Funds
\$4.75 million



Minor Capital
Improvement and
Equipment
\$5.75 million



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The FY 2021 GRB continues support for Maintenance and Restoration, and Minor Capital Improvement and Equipment needs.

Maintenance and Restoration (M&R) funds are for projects that are generally under \$100,000. Most often, they are for unanticipated repairs or for completing architectural or engineering assessments. DHSS completes an average of 300 to 350 M&R projects annually. Examples include: repairing ruptured 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 for projects that cost between \$100,000 and \$750,000. These are generally for larger projects or major components of building systems, such as minor building renovations; roadway paving; and replacement of nursing stations 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 \$31.8 million deferred maintenance backlog.

FY 20 GOVERNOR'S RECOMMENDED CAPITAL BUDGET

Campus Electrical
System
Replacement
\$2.2 million

Mitchell Building
New HVAC
\$2.5 million



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Funding is also included for additional projects on the Herman Holloway Campus.

\$2.2 million is allocated to complete the **Campus Electrical System Replacement**. This will allow us to complete the final phase of the replacement of the underground high voltage cabling, switch gear and transformers.

In addition, **\$2.5 million** will support a **new HVAC System** at the Mitchell Building, which houses patients at the Delaware Psychiatric Center (DPC) with forensic involvement. This project is critical because the current HVAC systems are failing due to the age of the facility.

FY 2021 GOVERNOR'S RECOMMENDED BUDGET

\$22 million Drinking Water State Revolving Fund



The FY 2021 GRB also includes significant investments in drinking water. DHSS is working with statewide partners to develop plans for the funding.

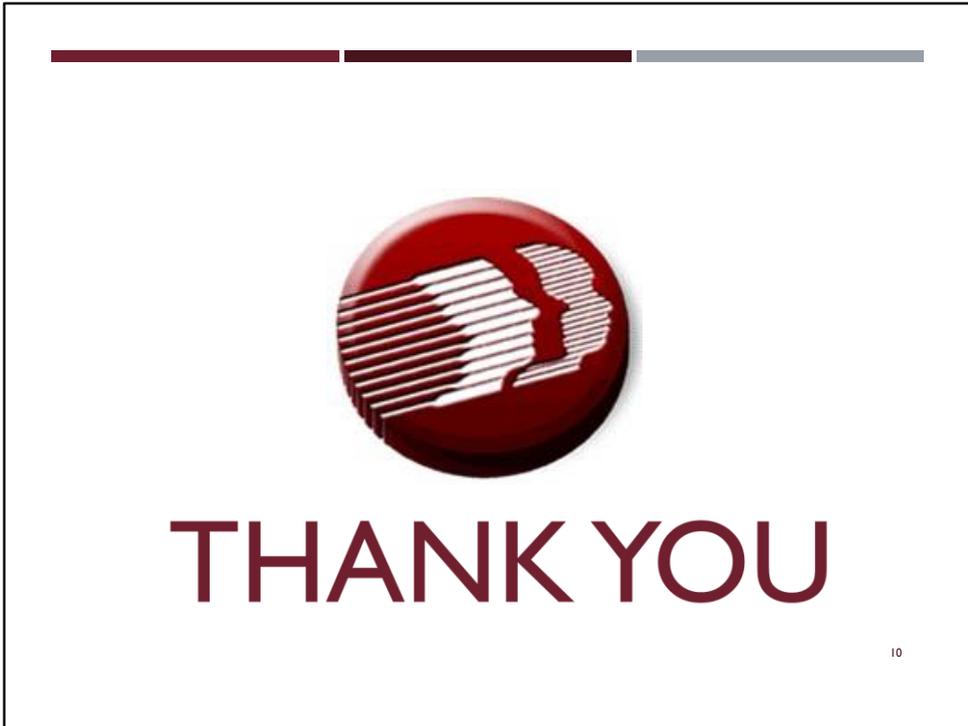
DPH will use these funds to **leverage additional federal funding**.

- \$2.2 million state match for the **DWSRF Capitalization Grant**. This will leverage \$11 million in federal funds.
- \$189,000 state match for the **Water Infrastructure Improvements for the Nation Act Grant**. This will leverage \$420,000 in federal funds.

Other proposals for state funding include:

- Developing plans to serve **private well owners**, with solutions ranging from point of use treatment systems to new wells, for those who face financial challenges to improving their drinking water.
- Considering **interconnection or regionalization** for very small communities with subpar drinking water will become a priority

These projects can be considered long term investments for all 3 counties that will improve health 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.