

JOINT CAPITAL IMPROVEMENT
COMMITTEE HEARING
FISCAL YEAR 2022 BUDGET



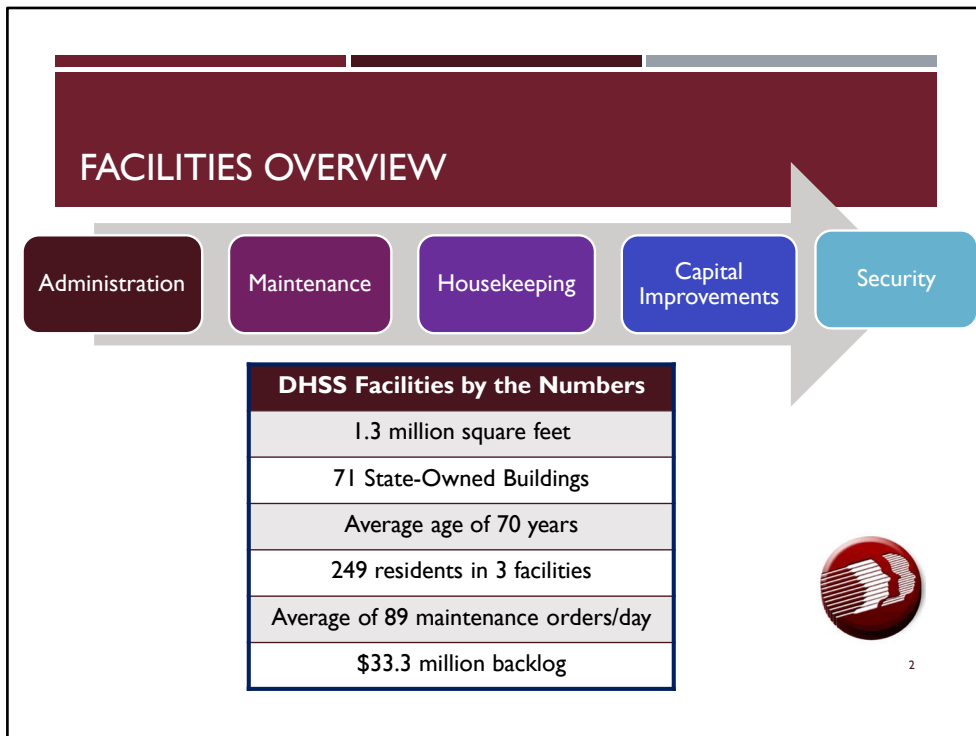
MOLLY MAGARIK, MS
SECRETARY
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Department of Health and Social Services
May 4, 2021
Legislative Hall, Joint Finance Committee Hearing Room

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

I am Molly Magarik, Secretary for the Department of Health and Social Services (DHSS), with me today are my Deputy Secretary Sarah Noonan-Davis, 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) 2022 Governor's Recommended Capital Budget.



DHSS is responsible for over 1.36 million square feet in 71 state-owned buildings, with an average age of 69 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. 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. This year has been even more challenging due to the COVID-19 pandemic.

Facility Operations staff oversee maintenance, housekeeping and security for the Department’s facilities. These units complete an average of 89 maintenance orders per day for the three hospital campuses (Herman Holloway Campus, Delaware Hospital for the Chronically Ill (DHCI) and the Stockley Center Campus). Our work order numbers are down significantly due to COVID-19 restrictions but are slowly getting back on track as we navigate through this pandemic.

Maintaining the physical plant of the three 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 2022 Governor’s Recommended Capital Budget.

ACCOMPLISHMENTS: CAPITAL PROJECTS

Modernize Facilities:

- Holloway Campus Electrical System Replacement
- Holloway Campus Gas Line Extension
- Stockley Center New Entrance
- Holloway Campus Main Building and Annex Roof Replacement

Long-Term Projects for DHSS Facilities:

- Elevators
- Cooling Towers, Boilers and Controls
- Window Replacements
- Sewer and Water System Repair & Replacement



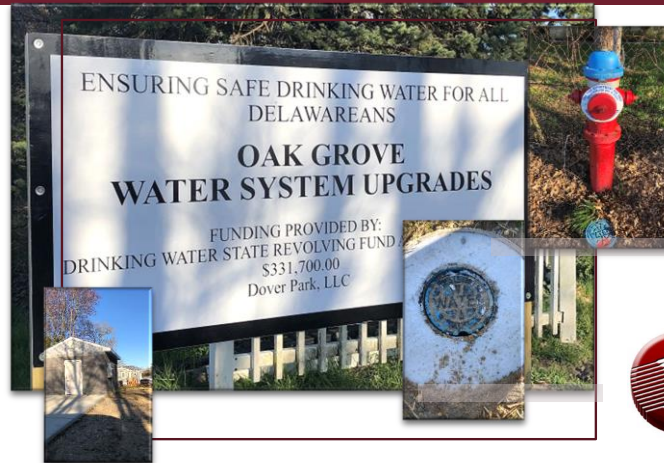
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During the past year, we completed the third phase of the Holloway Campus Primary Electrical System Replacement, which will help to avoid preventable electrical failures in the campus residential buildings and our administrative offices. Roof replacements for the Herman Holloway Campus Main Administration and Annex Buildings were completed. A new secure entrance to the Stockley Center was completed and brought up to current safety and environmental standards.

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

- After completing engineering assessments, Facility Operations began **replacing, adding or renovating elevators**. Work is ongoing at DHCI and Adams State Service Center. Completing this work while a facility is still in use is challenging, but necessary to allow normal operations to continue.
- Engineering assessments were completed for the HVAC systems and **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. **Gas Conversions** are currently being designed for several buildings.
- **Replacement Windows**, which are key to occupant comfort and energy efficiency, were completed in the Adams State Service Center and Bennett House and are ongoing in the Stockley Gehrt Building and DHCI Prickett Building.
- **Sewer replacement** for the Stockley Center is currently underway. Sewer and water line replacement for the DHCI Candee Building is currently in design.

ACCOMPLISHMENTS: DRINKING WATER STATE REVOLVING LOAN FUND



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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 \$15 million in grants through the FY 2019, 2020 and 2021 bond bill funding.

By targeting low-income populations, the program has helped the Town of Magnolia replace its water distribution system, is working to install a new water system for the Ellendale Water District and is working to upgrade an antiquated water treatment plant in Oak Grove Mobile Home Park.

DPH began a partnership with the City of Wilmington to improve the Hoopes Reservoir. The first phase of the Hoopes Reservoir project, repairing deteriorated concrete on the massive structure, restoring it to “like-new condition,” will be complete at the end of summer 2021. 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.

This year, the program is providing a distribution system to a population on Delaware Avenue in Frankford, which has struggled with safe drinking water for over 2 decades. The Town of Frederica will receive watermain replacements and upgrades, while the Pepper Ridge Manufactured Home Community will receive drinking water distribution upgrades and fire protection provisions. Additionally, the program is working with the Brandywine Conservancy to protect Delaware’s source water.

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.

FY 2022 GOVERNOR'S RECOMMENDED BUDGET

Project	FY 2022 GRB
Maintenance and Restoration	\$4,750,000
Minor Capital Improvement and Equipment	\$5,750,000
Delaware Psychiatric Center Anti-Ligature	\$2,000,000
Delaware Public Health Lab Renovations/Expansion	\$3,000,000
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	\$42,700,000



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Moving on, the Governor's Recommended Capital Budget for FY 2022 includes \$42.7 million to support our facilities, the Delaware Public Health Lab and State drinking water improvements.

FY 2022 GOVERNOR'S RECOMMENDED BUDGET

Maintenance and
Restoration Funds
\$4.75 million



Minor Capital
Improvement and
Equipment
\$5.75 million



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The FY 2022 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 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 for projects that cost between \$100,000 and \$750,000. These are generally for larger projects or major components of building systems, such as building renovations; replacing deteriorated and failing water and sewer lines; roadway paving; replacing windows and doors; 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 \$33.3 million deferred maintenance backlog.

FY 2022 GOVERNOR'S RECOMMENDED BUDGET

Delaware Psychiatric
Center Anti-Ligature
\$2,000,000

Mitchell Building New
HVAC \$2,500,000

Public Health
Laboratory
\$3,000,000

Herman Holloway
Campus Electrical
Replacement
\$2,200,000



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Funding is also included for additional Major Capital Projects on the Herman Holloway Campus and at the Delaware Public Health Lab. Major Capital Projects are projects that exceed \$750,000.

\$2 million is allocated for **anti-ligature upgrades at the Delaware Psychiatric Center**. These upgrades are required for the safety of clients and to maintain accreditation for the facility.

\$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 beginning to fail due to the age of the systems.

\$3.0 million is allocated for **renovations and expansion of the Delaware Public Health Lab**. This will add 22,805 square feet of additional space to the facility. The Public Health Laboratory is a crucial part of the first response for major health events in Delaware.

In addition, **\$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.

FY 2022 GOVERNOR'S RECOMMENDED BUDGET

\$22.5 million Drinking Water State Revolving Fund



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The FY 2022 GRB also includes significant investments in drinking water. DHSS is working with statewide partners to develop plans for the funding.

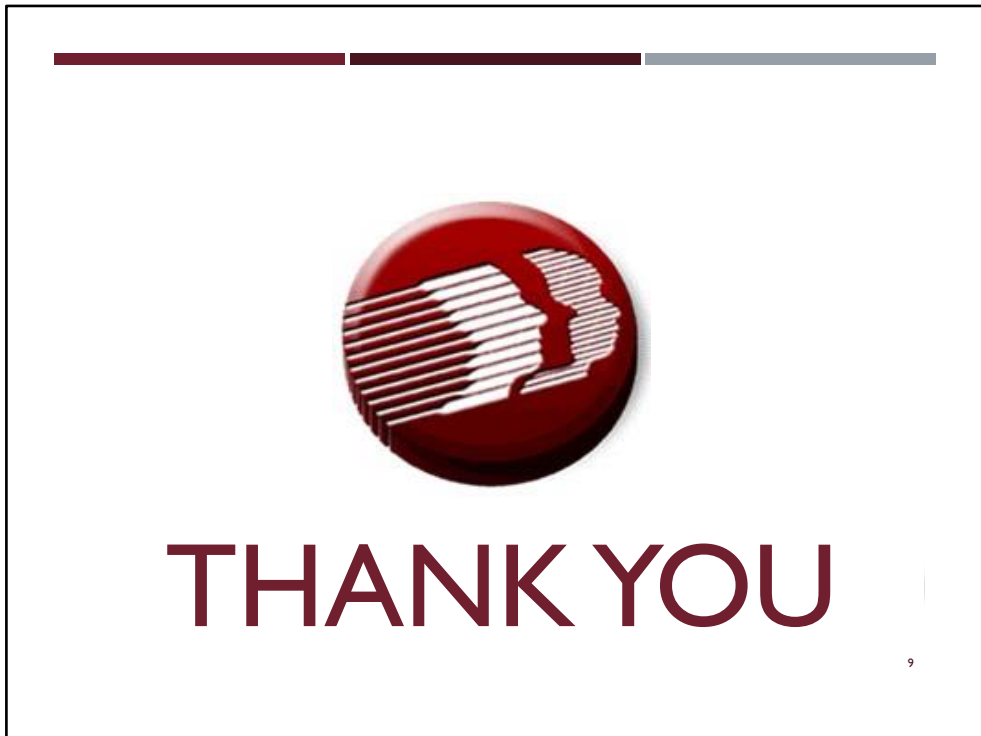
DPH will use these funds to **leverage additional federal funding.**

- \$2.2 million state match for the **DWSRF Capitalization Grant**. This will leverage \$11 million in federal funds.

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.