

JOINT CAPITAL IMPROVEMENT COMMITTEE HEARING FISCAL YEAR 2019 BUDGET



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DHSS DEPUTY SECRETARY

Department of Health and Social Services
May 15, 2018
Legislative Hall, Joint Finance Committee Hearing Room

Good morning, Representative Johnson, Senator Sokola and members of the Joint Bond Bill Committee. My name is Molly Magarik and I am honored to serve as the Deputy Secretary of the Delaware Department of Health and Social Services (DHSS). I am here today to share information and to answer questions about the Fiscal Year (FY) 2019 Bond Bill recommendations for our Department.

Joining me are Deputy Director of Management Services, Mary Parker; Danny Episcopo, our Department's Director of Facility Operations; and Midge Holland, Director of our Information Resources Management (IRM) unit. All of them are here to assist in addressing any questions you might have regarding our FY 19 Bond Bill initiatives.

The packet of materials handed out includes photos depicting a few of the hundreds of projects you approved through our Minor Capital Improvements (MCI) and Maintenance and Restoration (M&R) Programs. We thank you for your support of these necessary capital improvements. Again this year, our MCI and M&R Programs are a priority for the Department's FY 19 Bond Bill requests.

MAINTENANCE AND RESTORATION (M&R)
\$4.7 MILLION

CHIMNEY REPAIR, MAIN BUILDING, HOLLOWAY CAMPUS



For M&R -- our top priority -- the Recommended Budget includes \$4.7 million for the Department in FY 19. These funds will enable us to maintain a safe, homelike environment for our residents, the staff who care for them and the standards necessary to retain our current licensure status.

We use M&R funding for projects that are generally \$100,000 or less. In an average year, about 400 M&R projects are completed, repairing those items that unexpectedly fail or that require replacement. Examples of projects we have completed this fiscal year are: repairing the chimneys on the Main Building at the Holloway Campus (pictured); replacing the door and entranceway at the Northeast State Service Center; and replacing exhaust hoods in the kitchen at the Delaware Hospital for the Chronically Ill (DHCI). Repairs were also made to parking areas on the Stockley Campus and improved lighting was installed.

I am asking that you fully fund the amount recommended for M&R, in the amount of \$4.7 million. The age and daily use of our 24/7 facilities and state service centers make the provision of M&R funds critical for our continued operations.

MINOR CAPITAL IMPROVEMENT AND EQUIPMENT
\$5.7 MILLION

REPLACEMENT EMERGENCY GENERATOR
FOR THE MITCHELL BUILDING



The MCI program protects DHSS buildings and grounds from significant deterioration, and supports the funding of larger projects that control the escalation of our deferred maintenance backlog.

Examples of recent MCI projects include:

- Emergency power generator moved from the (closed) Emily P. Bissell hospital to the Mitchell Building (pictured above);
- Continued window replacement at DHCI and initiation of window replacement at the Adams State Service Center;
- A second elevator for the Hudson State Service Center and reconditioning of the existing elevator; and
- Demolition of the old and unsafe Williams Cottages at the Stockley Center.

The \$5.7 million recommended for FY 19 will assist the Department to maintain the safety and integrity of the buildings and related infrastructure on which our residents and staff rely.

The M&R and MCI funds will help address unanticipated emergencies and the ever-growing \$46 million deferred maintenance backlog.

ROOF REPLACEMENT AND REPAIR
\$1.0 MILLION



The FY 19 Recommended Budget also includes \$ 1.0 million in funding to continue the Roof Replacement/Repair for DHSS facilities.

A secure roof is the first step in providing an intact building envelope for those working or residing in our facilities. A leaky roof will eventually cause problems in the interior of the facility including the possibility of mold growth that has the potential to harm building occupants.

The top two priorities for the roofs of the buildings that DHSS maintains are, in order, a coating for the roof of the Candee building that will come with a ten year warranty and a replacement roof for the Main/Annex Building on the Holloway Campus (pictured above).

DRINKING WATER STATE REVOLVING FUND
\$3 MILLION



The FY 19 recommended budget includes \$3.0 million for the Drinking Water State Revolving Fund (DWSRF). These funds represent the state match of 20%, which leverages approximately \$8.5 million of federal funding.

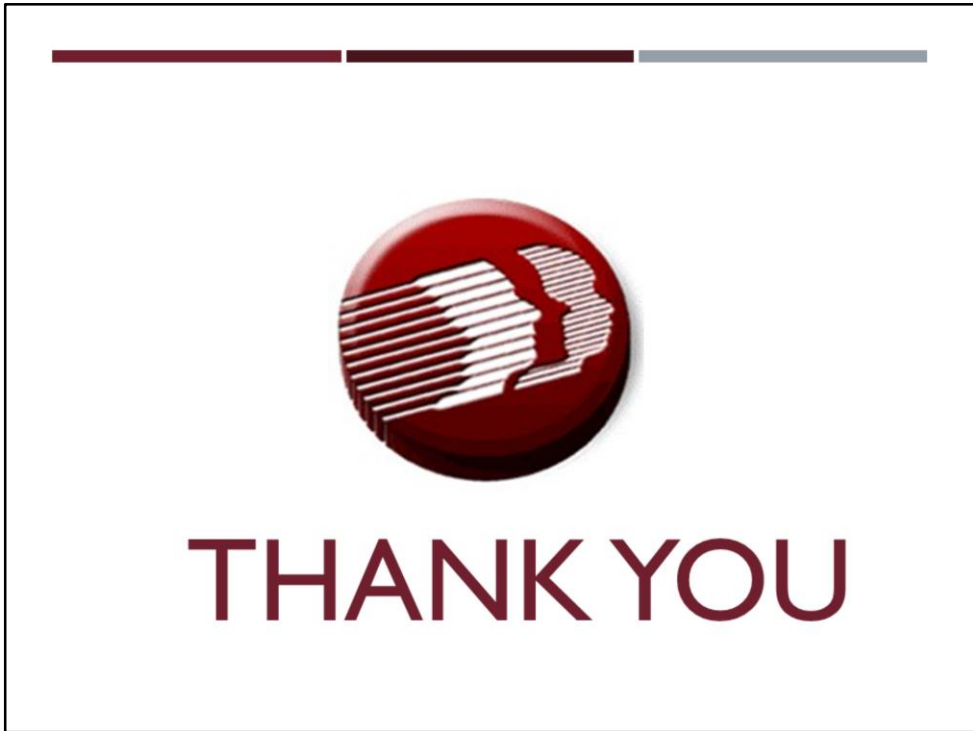
DWSRF provides low-interest loans to community water systems to repair, replace and maintain our drinking water infrastructure. According to the most recent drinking water needs assessment, an annual investment of \$60 million is needed to sustain existing drinking water infrastructure.

Examples of projects completed with funds previously authorized under this program include: the Town of Georgetown for tetrachloroethylene removal, the Town of Smyrna for replacement of antiquated and under-sized water mains, and the City of Wilmington for city-wide water distribution upgrades. A list of qualified applications for the upcoming year is being finalized.

ENERGY SAVINGS COMPANY (ESCO)



This year, DHSS will partner with Seiberlich Trane Energy Services as we embark on installing energy saving lighting in state service centers and facilities throughout the state. The initial focus will be on interior and exterior lighting, as this will result in energy savings and create a safer environment. The agreement outlines a guaranteed annual savings of over \$275,000.



Thank you for the opportunity to share with you the challenges and opportunities facing the Department of Health and Social Services. I look forward to your questions.