
JOINT CAPITAL IMPROVEMENT
COMMITTEE HEARING
FISCAL YEAR 2020 BUDGET



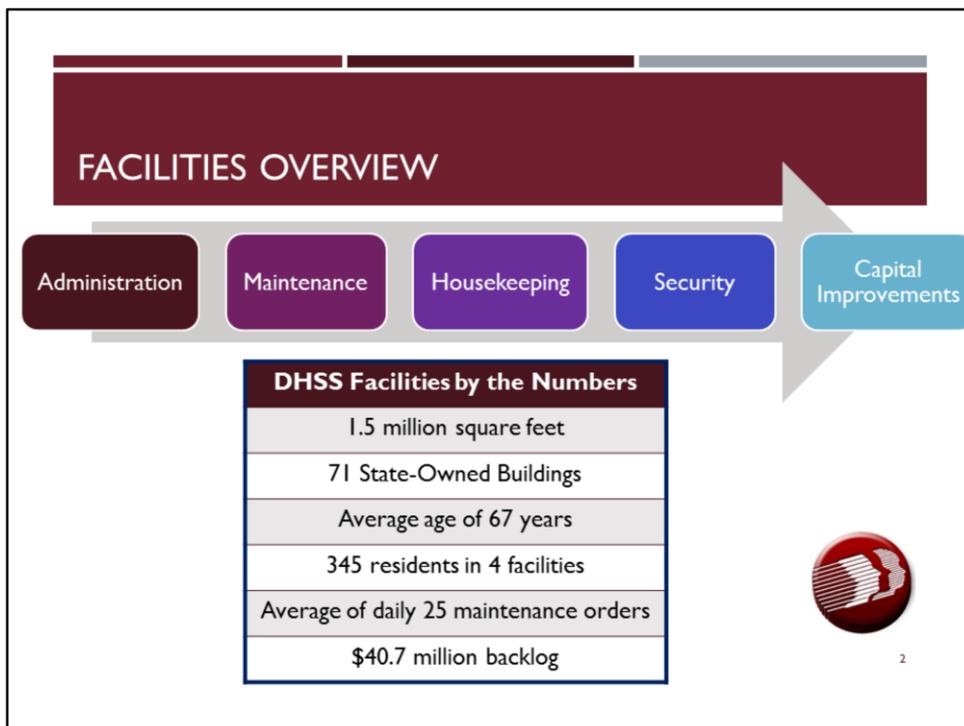
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SECRETARY
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Department of Health and Social Services
April 2, 2019
Legislative Hall, Joint Finance Committee Hearing Room

Good Morning Senator Sokola, Representative Heffernan, 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) 2020 Governor's Recommended Capital Budget.



DHSS is responsible for over 1.5 million square feet in 71 state-owned buildings, with an average age of 67 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 25 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 2020 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 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,

- Facility Operations **began replacing, adding or renovating elevators** as required after completing engineering assessments. This work is ongoing at the Holloway Campus, DHCI and the Hudson and Northeast State Service Centers. Completing this expensive work while a facility is still in use is challenging, but necessary to allow normal operations to continue.
- **Engineering assessments** are underway for the **cooling towers** in those 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 can easily exceed \$1 million each.
- **New boilers** have been placed in the All Star Building on the Stockley Campus and in the Laundry and Café at the Holloway Campus. Also at Holloway, we repurposed two boilers from Emily P. Bissell Hospital to provide hot water at the Kent and Sussex Buildings at the Delaware Psychiatric Center – maximizing our use of available resources.
- **Replacement Windows** – which are key to occupant comfort and energy efficiency – will be completed in the Medical Building at the Delaware Hospital for the Chronically Ill and Adams State Service Center this fiscal year.
- **Roof repairs** are underway at the All-Star Building on the Stockley Campus, and were completed at the Mitchell Building at the Holloway Campus and the Powerhouse, GPI and GP2 buildings at DHCI,

DRINKING WATER STATE REVOLVING LOAN FUND \$5.0

Repair, Replace & Maintain



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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 \$5 million included in the FY 2019 budget and proposed FY 2020 budget, is allowing the program to serve additional stakeholders in Delaware. These funds provide the required match to leverage federal drinking water funds, and will be used to support projects that would not be eligible for traditional funding through the revolving fund due to the nature of the projects or other factors.

FY 2019 bond bill funds are close to commitment on projects in two areas of existing need:

- Installing a drinking water distribution system, including fire protection, for the Town of Cheswold; and
- Upgrades to the perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) removal treatment in the Town of Blades.

As the program continues to define needs within and outside of the traditional revolving fund loan process, there is the potential to meet significant needs in the area of infrastructure update and improvement as further funds are made available in future years.

LOOKING AHEAD

Ensuring our Facilities meet the Department's needs

- Continue to adapt to facility licensing requirements and inspection results.
- Monitor our facilities' major components such as roofs and HVAC systems to anticipate and plan for major replacement projects.
- Adopt new technology and train those who will be tasked to implement and monitor it.

As the department’s operating divisions start to 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 will result in DHSS having to add over \$700,000 in new anti-ligature (hanging) hardware to materials already in place in the psychiatric hospital. We already are reprioritizing projects to meet this critical need.

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.

We invest in **new technology** to create energy-efficient facilities and to more immediately address any problems. 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.

FY 20 GOVERNOR'S RECOMMENDED BUDGET

Project	FY 20 GRB
Maintenance and Restoration	\$4,750,000
Minor Capital Improvement and Equipment	\$5,750,000
Roof Replacement & Repair	\$2,493,500
Drinking Water State Revolving Fund	\$5,000,000
TOTAL	\$17,993,500



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Moving on, the Governor's Recommended Capital Budget for FY 2020 includes \$17.9 million to support our facilities and state drinking water improvements.

FY 20 GOVERNOR'S RECOMMENDED CAPITAL BUDGET

Maintenance and
Restoration Funds
\$4.75 million

Minor Capital
Improvement and
Equipment
\$5.75 million



The FY 2020 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 \$40 million deferred maintenance backlog.

FY 20 GOVERNOR'S RECOMMENDED CAPITAL BUDGET

Roof
Replacement/Repair
\$1.76 million

Drinking Water
State Revolving
Fund
\$5.0 million

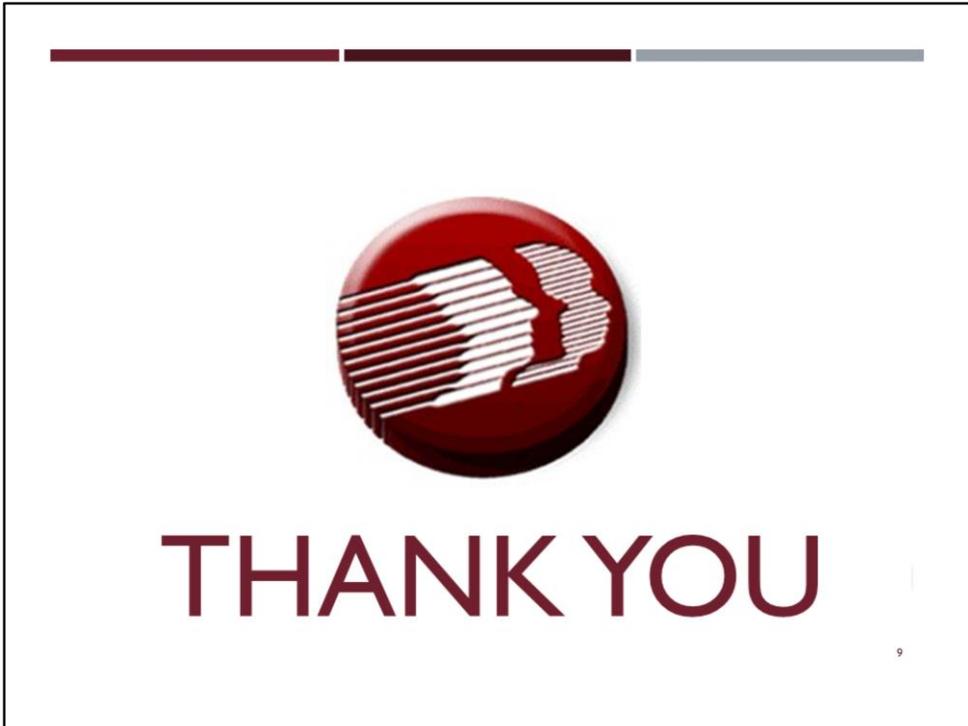


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Funding is also included for additional projects.

Roof Replacement/Repair funds for FY 2020 will replace the roof on the Main Building and Annex on the Holloway Campus. This project is now in design, so funding for this project will allow it to be bid early in the upcoming fiscal year.

Drinking Water State Revolving Funds will leverage approximately \$11.1 million in federal funds to provide low-interest loans to community water systems for infrastructure improvements. Examples of projects currently under consideration for the FY 2020 funds include: improvements for the Ellendale Water District; research and planning for the City of Wilmington's Hoopes Reservoir/drought preparedness project; and funding for low-income/disadvantaged private well users.



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.