

D05E01
Board of Public Works

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$7,729	\$8,270	\$7,355	-\$915	-11.1%
Deficiencies and Reductions	0	35	-184	-219	
Adjusted General Fund	\$7,729	\$8,305	\$7,171	-\$1,134	-13.6%
 Adjusted Grand Total	 \$7,729	 \$8,305	 \$7,171	 -\$1,134	 -13.6%

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- The fiscal 2016 allowance includes one fiscal 2015 deficiency appropriation to provide \$200,000 in general funds to establish a statewide approach to procurement training for State employees.
- Cost containment actions in fiscal 2015 and 2016 reduce funding for the Board of Public Works (BPW) by approximately \$165,000 and \$184,000, respectively. This includes a 2% across-the-board reduction to agency operating expenses in both fiscal years, as well as back of the bill actions to reduce employee salaries by 2% and eliminate increments in fiscal 2016.
- The adjusted fiscal 2016 allowance for BPW reflects a decrease of \$1.1 million from the adjusted fiscal 2015 working appropriation. In addition to the \$200,000 decrease in the allowance reflective of the one-time nature of the fiscal 2015 deficiency for procurement training, this agency's fiscal 2016 budget includes a \$207,000 reduction in funding for the Maryland Zoo in Baltimore, a \$149,000 reduction in funds for the Council of State Governments, and a \$524,000 reduction in funding set aside for payments of judgments against the State.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	9.00	9.00	9.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 1/1/15	n/a	n/a

Analysis in Brief

Major Trends

Value of Contracts Approved Increased: The total value of contracts approved by BPW was \$2.7 billion in fiscal 2014. The \$380 million increase over fiscal 2013 was attributable to contracts for administration of State assessments, accounting services for health insurance and pharmacy payments, child placement agencies, lottery operations, and the E-ZPass toll system.

Minority Business Enterprise Participation in Contracts Decreased: In fiscal 2014, the percentage of contracts approved by BPW with 0.0% Minority Business Enterprise participation increased by 125 contracts, or 51%. These contracts, primarily for information technology services and maintenance, accounted for nearly half of all awards in fiscal 2014.

Issues

Department of Legislative Services' Review of Maryland's Procurement Policies and Structures: A report released by the Department of Legislative Services (DLS) in November 2014 provided a comprehensive assessment of the State's procurement system. The review builds on work conducted by an outside procurement expert who identified multiple policy and structural barriers to the efficient and transparent operation of State procurement. The resulting key recommendations from DLS include the establishment of a chief procurement officer within BPW to control most procurement among Executive Branch agencies, increasing the minimum contract amount requiring direct BPW approval, enhancing the use of eMaryland Marketplace, and increasing training for the State's procurement staff. The last recommendation is being implemented by way of the fiscal 2015 deficiency appropriation provided to BPW in the fiscal 2016 allowance. **BPW should comment on the findings of the analysis, the progress made toward implementing proposed recommendations, and the impact the recommendations have on agency operations. DLS recommends that BPW and the Administration consider developing a plan and identifying resources to continue this training on a periodic basis, at a minimum, as it will clearly be needed for future years.**

Recommended Actions

1. Adopt annual committee narrative directing the Maryland Zoo in Baltimore to submit attendance and financial data reports.

Updates

Maryland Zoo in Baltimore Financial Update: The Maryland Zoo experienced attendance and revenue growth in fiscal 2014. Attendance increased by nearly 25,000 patrons in fiscal 2014 compared to the prior year. Data through the first six months of fiscal 2015 shows that nearly 9,000 more people have visited the zoo than during the same time period in fiscal 2014. The general operating outlook remains stable, despite the \$207,009 decrease in the grant from the State.

D05E01
Board of Public Works

Operating Budget Analysis

Program Description

The Governor, Comptroller, and Treasurer comprise the Board of Public Works (BPW). The board approves the expenditure of all sums appropriated through State loans authorized by the General Assembly and funds appropriated for capital improvements, except construction contracts for State roads, bridges, and highways. The board approves leases and contracts executed by State agencies. It adopts and promulgates rules, regulations, and procedures for the administration of the State's procurement law. The board approves certain actions of the Public School Construction Program, including the funding allocations to school boards in each county and Baltimore City. The board also approves the amount and timing of bond sales.

The board is responsible for the issuance of licenses to people seeking to dredge in or to place fill on State tidal wetlands. The Wetlands Administration unit is a division of the board that conducts public hearings, prepares written recommendations, and issues licenses after approval by the board. This program also coordinates the State's wetlands licensing program with other governmental agencies, landowners, and the general public.

The budget for BPW contains funds for the administrative staff of the board, a contingency fund to supplement general fund appropriations when necessary, grant funds for private nonprofit groups, and funds to pay settlements and judgments against the State.

Performance Analysis: Managing for Results

Although BPW participates in Managing for Results (MFR), its principal charge is overseeing the stewardship of the State's assets. Quantitatively assessing the quality of that decisionmaking is difficult. The agency's MFR statistics focus on providing a summary of the State's procurement actions that are handled by BPW.

1. Value of Contracts Approved Increased

Exhibit 1 lists statewide contract submissions, modifications, and approvals for fiscal 2011 to 2016. In fiscal 2014, the value of contracts approved by the board increased by \$380 million, or 17%. Significant contracts awards included:

- \$96 million for the administration of State assessments;
- \$192 million for accounting services for pharmacy and health insurance payments;

Exhibit 1
Contract Approvals/Modifications and Dollar Values
Fiscal 2011-2016

	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2013-14 % Change</u>	<u>2015 Est.</u>	<u>2016 Est.</u>
Contracts submitted for approval	542	551	578	784	35.6%	618	618
Contracts approved	538	545	559	756	35.2%	600	600
Total dollar value of contracts (\$ in billions)	\$2.9	\$5.4	\$2.3	\$2.7	16.5%	\$2.5	\$2.5
Contract modifications submitted for approval	340	353	357	427	19.6%	262	262
Contract modifications approved	340	351	355	425	19.7%	260	260
Total dollar value of approved modifications (\$ in billions)	\$1.8	\$1.4	\$2.4	\$1.8	-24.7%	\$1.0	\$1.0

Source: Board of Public Works; Governor's Budget Books, Fiscal 2015-2016

- \$129 million for child placement agency contracts;
- \$117 million for lottery operations for veterans' organizations; and
- \$126 million for the E-ZPass toll system.

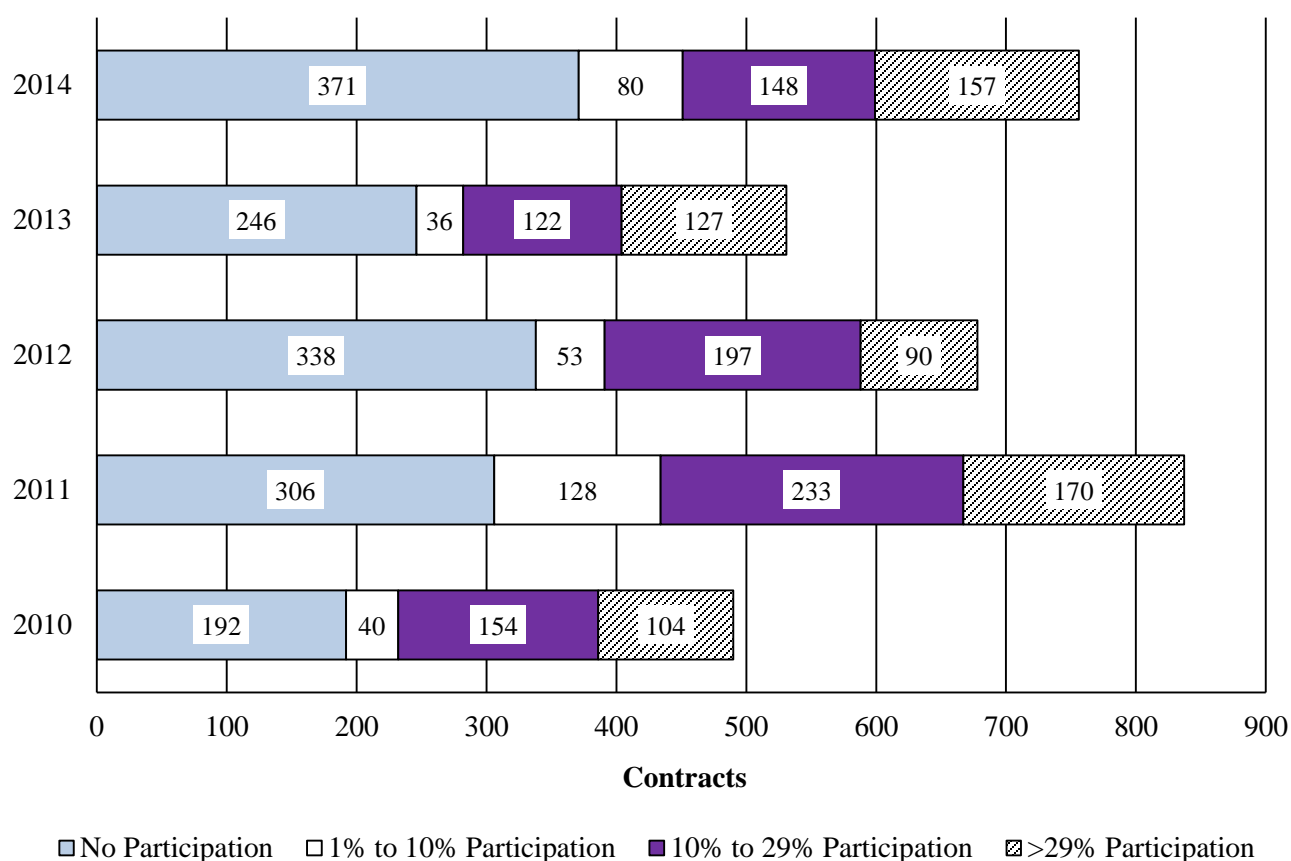
In fiscal 2014, the value of contract modifications approved by the board decreased by \$600 million, or 25%. Although less than the prior year, total contract modifications are still higher than estimated because the State Highway Administration, as part of its internal procurement reform, continues to bring a backlog of modifications to the board for approval.

2. Minority Business Enterprise Participation in Contracts Decreased

In fiscal 2014, the percentage of contracts approved by the board with 0% Minority Business Enterprise (MBE) participation increased by 125 contracts, or 51%. The majority of contracts with a 0% MBE participation continue to be information technology services and maintenance contracts. The percentage of contracts with MBE goals greater than the State's annual goal decreased slightly from 24% in fiscal 2013 to 21% in fiscal 2014; however, this could be reflective of the increase in the State's

annual goal in fiscal 2014. Beginning in fiscal 2014, the MBE goal was increased to at least 29%, whereas the prior goal had been 25% MBE participation. The number of contracts with MBE participation over 29% in fiscal 2014 was 157 contracts. The board continues to emphasize to agencies the importance of setting appropriate MBE goals in State contracts. The board works closely with the Governor’s Office of Minority Affairs to ensure that agencies are well-trained and vigilant in maximizing MBE participation. **Exhibit 2** shows agency attainment of MBE participation.

Exhibit 2
MBE Participation in State Contracts
Fiscal 2010-2014



MBE: Minority Business Enterprise

Note: Starting in fiscal 2014, the ranges reflect the new overall MBE goal of 29%. The prior goal had been 25%.

Source: Governor’s Budget Books, Fiscal 2013-2016

Fiscal 2015 Actions

Proposed Deficiency

BPW receives one fiscal 2015 deficiency providing \$200,000 in general funds to support implementation of a statewide procurement training program in response to recommendations made in a Department of Legislative Services' (DLS) assessment of Maryland's Procurement Policies and Structures. A summary of the DLS report is provided in the Issues section of this analysis. With the fiscal 2015 deficiency, BPW will contract with a training partner selected from among the State's colleges and universities to develop a procurement training curriculum and provide basic training to 500 State employees from the Baltimore and Annapolis regions. An additional 250 State employees who have successfully completed the basic training will be provided more specialized procurement training in topics such as construction procurement or human services procurement. BPW has received best and final offers from three State institutions of higher education.

It does not appear that funding for procurement training is ongoing in the fiscal 2016 allowance, although the agency has indicated its intent to continue training in future years. **BPW should discuss the timeline for awarding the training contract and beginning the training courses for State employees. The board should also discuss how employees will be selected for participation and how the agency intends to continue outreach to those who do not receive training through this initial funding, particularly since additional funding does not appear to be provided in fiscal 2016.**

Cost Containment

Cost containment actions adopted by BPW in January 2015 implemented a 2% across-the-board reduction to State agency operating expenses. As seen in **Exhibit 3**, this agency's share of that reduction is \$165,404.

Proposed Budget

Exhibit 4 provides detail on how the Governor's fiscal 2016 allowance for BPW decreases by approximately \$1.1 million in general funds, or 13.6%. Aside from the grant funding provided to nonprofits through the BPW budget, the fiscal 2016 allowance reflects the loss of \$270,000 in funding associated with improving procurement practices among State employees. As previously discussed, the fiscal 2015 deficiency appropriation for procurement training appears to be a one-time funding. In addition, \$70,000 was provided in fiscal 2015 to fund the creation of a statewide Procurement Training Manual. Additional funds were not requested in fiscal 2016 for this purpose. The allowance does not provide any funding for payments of judgments against the State, which results in a decrease of \$524,000 when compared to the fiscal 2015 working appropriation. To the extent that a future judgment must be paid in fiscal 2016, an additional appropriation would be required.

Exhibit 3
Fiscal 2015 Reconciliation
(\$ in Thousands)

<u>Action</u>	<u>Description</u>	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Legislative Appropriation with Budget Amendments		\$8,270	\$0	\$0	\$0	\$8,270
Working Appropriation		\$8,270	\$0	\$0	\$0	\$8,270
January BPW	2% across-the-board reduction.	-165	0	0	0	-165
Across the Board						
Deficiency Appropriations		200	0	0	0	200
Total Actions Since January 2015		\$35	\$0	\$0	\$0	\$35
Adjusted Working Appropriation		\$8,305	\$0	\$0	\$0	\$8,305

BPW: Board of Public Works

Source: Department of Legislative Services

Exhibit 4
Proposed Budget
Board of Public Works
(\$ in Thousands)

How Much It Grows:	General Fund	Total
Fiscal 2014 Actual	\$7,729	\$7,729
Fiscal 2015 Working Appropriation	8,305	8,305
Fiscal 2016 Allowance	<u>7,171</u>	<u>7,171</u>
Fiscal 2015-2016 Amt. Change	-\$1,134	-\$1,134
Fiscal 2015-2016 Percent Change	-13.6%	-13.6%

Where It Goes:

Personnel Expenses

Increments and other compensation (prior to cost containment)	-\$7
Section 20: Abolition of prior year general salary increase	-18
Section 21: Abolition of increments and merit increases	-13
Employee and retiree health insurance	31
Employee retirement system	8
Other fringe benefit adjustments	2

Other Changes

One-time fiscal 2015 deficiency appropriation for procurement training	-200
Maryland Zoo in Baltimore	-207
Council of State Governments membership fees	-149
Payments of judgments against the State	-524
One-time funding to create a Statewide Procurement Training Manual	-70
Section 19: Net impact from 2% across-the-board reduction	12
Enterprise Budget System allocation	1

Total	-\$1,134
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Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

Grants to Private Nonprofits

The fiscal 2016 allowance for grants to private nonprofits totals \$5,730,068 in general funds, which represents a decrease of \$356,407, or 6%, over the fiscal 2015 working appropriation.

- ***Maryland Zoo in Baltimore:*** The State has provided the Maryland Zoo in Baltimore with a variety of grants to support its general operations over the past 20 years. These funds have resided in the BPW budget since 2004. The board's fiscal 2016 allowance includes a \$4,968,209 general fund operating grant to the zoo, a reduction of \$207,009 (4%) from the prior year. It should also be noted that State funding for educational organizations includes \$812,171 for zoo operations, resulting in total State operating funding of \$5,780,380. The fiscal 2016 capital budget also includes a proposed \$5,000,000 grant for capital improvements.
- ***Historic Annapolis Foundation:*** The fiscal 2014 allowance provides a \$602,000 general fund grant to the Historic Annapolis Foundation (HAF). HAF leases 11 State-owned historic buildings in Annapolis and is contractually obligated to operate and maintain them. The grant funds will be used for operating expenditures to heat and maintain State properties.
- ***Council of State Governments:*** A \$159,859 general fund grant to the Council of State Governments (CSG) provides the organization with an operating budget subsidy. CSG uses these funds to provide support services for priorities established by legislative leaders and executives through the Eastern Office of the Council of State Governments, the Southern Legislative Conference, and the Southern Governors' Association. The amount budgeted represents a \$149,398 decrease below fiscal 2015 because additional funds were budgeted in the current fiscal year to support CSG's Eastern Regional Conference, held in August 2014 in Baltimore City.

Cost Containment

In addition to the \$31,002 in back of the bill reductions to employee salaries, the 2% across-the-board reduction to agency operating expenses is continued in fiscal 2016. This results in a \$153,000 decrease for the agency, although this is slightly less than the 2% reduction to operating expenses to be implemented in fiscal 2015.

BPW should identify how the 2% across-the-board reductions will be implemented in fiscal 2015 and 2016 and the impact that it will have on agency operations.

Issues

1. Department of Legislative Services’ Review of Maryland’s Procurement Policies and Structures

Each year, the State of Maryland procures about \$7 billion in construction, services, and commodities from outside vendors. The basic organization and structure of the State procurement system has remained largely unchanged since 1980. A report released by DLS in November 2014 provided a comprehensive assessment of the State’s procurement system and makes recommendations for its improvement. The review builds on work conducted by an outside procurement expert who identified multiple policy and structural barriers to the efficient and transparent operation of State procurement.

Section 11-101 of the State Finance and Procurement article defines procurement as “the process of leasing real or personal property as lessee; or buying or otherwise obtaining supplies, services, construction, construction-related services, architectural services, engineering services, or services provided under an energy-performance contract.” Statute authorizes BPW to oversee most procurement for the State by setting policy, adopting regulations, and establishing internal operational procedures. In general, BPW authorizes primary procurement agencies to enter into procurement contracts up to \$200,000 without board approval. Any procurement contract over this amount, or any modification in excess of \$50,000, must be submitted to BPW for approval. Statute also requires BPW to appoint a procurement advisor, although that position is not authorized to manage or oversee procurement by State agencies. For this reason, in addition to the sheer volume of procurements that come before the board for review, the State’s procurement advisor is unable to dedicate time and attention to strategic oversight of State procurement.

Maryland uses numerous methods for awarding procurement contracts, with competitive sealed bidding as the preferred method. Other procurement methods include noncompetitive negotiation, sole source procurement, emergency or expedited procurement, small procurement, intergovernmental cooperative purchasing agreement, auction bids, and unsolicited proposals. Although the number of sole source contracts has declined, the number of procurements receiving only one bid or proposal has increased. This could be indicative of problems with the State’s procurement structure and policies.

In reviewing Maryland’s procurement structure, both DLS and the outside consultant identified multiple issues. These issues included having a decentralized authority, conflicting requirements, inadequate data, and a lack of training and appropriate compensation for procurement staff. State law establishes 10 primary procurement units with exclusive jurisdiction over their own specified procurements, subject to the authority of the board. Seven of those 10 agencies are authorized to control and supervise the procurement of specified goods and services for other agencies. In the last four years, over 200 procurement-related bills were introduced by the General Assembly. The purpose of many of those bills was not to improve the procurement process but to advance specified policy initiatives, which makes for a convoluted set of requirements. Additionally, analysis by DLS and the consultant found that there was a lack of consistency in procurement skill levels and compensation. The quality

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and morale of procurement staff in the State was found to be a major issue, as there is no clear career track for procurement, and most staff feel overworked and grossly undercompensated.

The consultant's report included 11 recommendations for improving the State's procurement process, including the following 5 recommendations identified as high-priority goals:

- establishing a single set of procedures through a statewide procurement manual;
- refocusing BPW staff to allow increased time on process improvement activities;
- establishing a statewide training program and increasing procurement delegation thresholds;
- implementing best practices for contracting management; and
- creating a strategic sourcing plan across State agencies to leverage the purchasing power of the State.

The DLS report includes a total of nine individual recommendations:

- retain BPW as the lead control agency for procurements by most Executive Branch agencies, and maintain the current exemption from BPW oversight for capital projects related to State roads, bridges, and highways;
- establish the position of chief procurement officer (CPO) within BPW to head the new office of the CPO and report directly to the board;
- reorient the purpose of State procurement to be obtaining the best value for the State rather than the best price through the utilization of performance-based metrics to measure progress;
- the CPO should advise the General Assembly on proposed legislation and the appropriateness of existing exemptions and preferences in order to enhance the efficiency and transparency of State procurement;
- increase the minimum value of most contracts requiring BPW approval from \$200,000 to \$1 million, with the exception of contracts using general obligation bonds in any amount;
- reconfigure position titles, classifications, and compensation for procurement staff to establish clear lines of authority and a career track for procurement professionals;
- the CPO should assume control of eMaryland Marketplace (eMM) and revisit the option to link eMM to the State's financial management system;

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- repeal obsolete programs and take advantage of eProcurement to consolidate reporting requirements; and
- raise the ceiling for small procurements from \$25,000 to \$50,000 and incorporate all small procurements and purchasing card transactions into annual reporting by the CPO.

BPW has made an effort to administratively implement some of the suggested reforms through the creation of a statewide procurement manual in fiscal 2014 and establishment of a statewide procurement training program in fiscal 2015. Although it does not implement all of the recommendations, HB 698 of 2015 would establish the CPO position and increase the minimum value of contracts requiring BPW approval.

BPW should comment on the findings of the analysis, the progress made toward implementing proposed recommendations, and the impact the recommendations have on agency operations. DLS recommends that BPW and the Administration consider developing a plan and identifying resources to continue this training on a periodic basis, at a minimum, as it will clearly be needed for future years.

Recommended Actions

1. Adopt the following narrative:

Operational Reporting: In continuance of the practice that began in July 2008, the committees request that the Maryland Zoological Society submit:

- audited financial statements for fiscal 2015; and
- year-to-date monthly attendance figures for the zoo for fiscal 2016 (by visitor group).

Information Request	Author	Due Date
Audited Financials	Maryland Zoological Society	November 1, 2015
Attendance Report	Maryland Zoological Society	Monthly

Updates

1. Maryland Zoo in Baltimore Financial Update

The 2014 *Joint Chairmen's Report* again directed the Maryland Zoo to submit audited financial statements and monthly attendance reports. Throughout fiscal 2014, the zoo submitted monthly attendance reports to the budget committees and provided its financial statements on October 20, 2014.

Zoo Attendance Increases in Fiscal 2014

Exhibit 5 shows zoo attendance for fiscal 2010 through 2014 by visitor group type. In general, attendance increased by nearly 25.0% over the five-year period. Significant growth occurred among general admissions and visitors entering by passes. In fiscal 2014, zoo attendance increased by 24,684, or 6.2%, when compared to fiscal 2013. General public attendance experienced the most significant growth, increasing by 27,736 visitors, or 17.0%. The number of member visits also increased by 3,493 visitors, or 2.8%, between fiscal 2013 and 2014.

Exhibit 5
Maryland Zoo in Baltimore Attendance by Groups
Fiscal 2010-2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>#</u> <u>Change</u> <u>2013-14</u>	<u>%</u> <u>Change</u> <u>2013-14</u>	<u>%</u> <u>Change</u> <u>2010-14</u>
General	148,319	154,899	180,904	163,197	190,933	27,736	17.0%	28.7%
Member	112,297	123,721	137,868	126,194	129,687	3,493	2.8%	15.5%
School	75,397	81,521	87,750	88,383	85,852	-2,531	-2.9%	13.9%
Passes	4,441	14,470	3,321	22,388	18,374	-4,014	-17.9%	313.7%
Total	340,454	374,611	409,843	400,162	424,846	24,684	6.2%	24.8%

Source: Maryland Zoological Society

In contrast to general and member admissions, the number of visits by passes decreased 17.9% in fiscal 2014. The passes category includes those entering the zoo without paying an admission fee, excluding vendors, contractors, and school groups. The number of school visits also decreased in fiscal 2014, albeit not as significantly. A total of 85,852 patrons visited by way of a school trip, which reflects a decrease of approximately 2.9% from the previous year.

Earned Income and Expenses

Exhibit 6 shows the changes in zoo revenues and expenses from fiscal 2012 to 2014, as detailed in the audited financial statements. Notable changes in the zoo's fiscal 2014 revenues and expenditures include the following:

- **Grants and Awards:** Grants and awards increased by nearly \$7.7 million, or 72%, in fiscal 2014. Grants and awards generally consist of public funding from State and local jurisdictions. The increase reflects additional funding from the State for capital expenditures and the zoo's education program.

Exhibit 6 Maryland Zoo in Baltimore – Audited Financial Statements Fiscal 2012-2014

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue, Gains, and Other Support					
Grants and Awards	\$11,596,581	\$10,643,094	\$18,293,118	\$7,650,024	72%
Contributions	548,762	1,758,675	1,148,573	-610,102	-35%
In-kind Donations	831,749	809,567	831,463	21,896	3%
Education Programs	8,498	248,083	262,342	14,259	6%
Visitor Revenue	2,728,786	2,693,401	3,124,269	430,868	16%
Investment Income	951	15,315	24,442	9,127	60%
Membership Dues	1,210,237	1,374,096	1,372,583	-1,513	0%
Insurance Recoveries	1,153,752	27,798	1,388,978	1,361,180	4,897%
Special Events	464,483	437,851	419,522	-18,329	-4%
Other Revenue	343,276	19,410	10,061	-9,349	-48%
Total	\$18,887,075	\$18,027,290	\$26,875,351	\$8,848,061	49%
Expenses					
Program Services	\$12,233,038	\$12,896,782	\$13,523,737	\$626,955	5%
Supporting Services	3,079,548	2,802,541	2,854,408	51,867	2%
Fundraising	525,135	532,203	849,149	316,948	60%
Total	\$15,837,721	\$16,231,526	\$17,227,294	\$995,768	6%
Net Income	\$3,049,354	\$1,795,764	\$9,648,057	\$7,852,293	437%

Source: Maryland Zoological Society Consolidated Financial Statements, June 30, 2013, and 2014

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- ***Contributions:*** Contributions declined by \$610,102 million, or 35% in fiscal 2014. Contributions are comprised of annual donations from individuals and corporations, excluding memberships. Fiscal 2013 contributions had reflected a substantial increase over fiscal 2012, largely due to booked one-time gifts for use toward the new penguin exhibit. The fiscal 2014 decline is reflective of the one-time nature of those contributions.
- ***In-kind Donations:*** In-kind donations increased by \$21,896, or 3%, reflective of general increases in rent, waste removal services, and electricity from Baltimore City.
- ***Visitor Revenue:*** Visitor revenue increased \$430,868, or 16%, in fiscal 2014. Visitor revenue comprises revenue obtained from admission ticket sales, concession commissions, enjoyment rides (net of revenue sharing paid to vendors), and facility rentals. The category of visitor revenue includes primarily general ticket sales but does not include membership sales. This increase is consistent with the 17% increase in general attendance in fiscal 2014.
- ***Program Expenses:*** Program expenses increased by approximately \$626,955, or 5%, primarily because of an increase in payroll expenses, exhibit depreciation, and the disposal of damaged materials from the Marsh and African aviaries.

Outlook for the Future Remains Stable, Despite Revenue Loss

The largest sources of nongrant revenue growth between fiscal 2013 and 2014 came from revenue and membership dues. Additionally, grant revenues have historically been somewhat volatile, due to the unpredictability of capital grants. The fiscal 2016 allowance reduces the State grant by \$207,009; although not ideal, the zoo has indicated that this should not have a severely negative impact on operations.

Current and Prior Year Budgets

Current and Prior Year Budgets **Board of Public Works** (\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2014					
Legislative Appropriation	\$8,073	\$0	\$0	\$0	\$8,073
Deficiency Appropriation	-49	0	0	0	-49
Budget Amendments	-107	0	0	0	-107
Reversions and Cancellations	-188	0	0	0	-188
Actual					
Expenditures	\$7,729	\$0	\$0	\$0	\$7,729
Fiscal 2015					
Legislative Appropriation	\$8,262	\$0	\$0	\$0	\$8,262
Cost Containment	0	0	0	0	0
Budget Amendments	9	0	0	0	9
Working					
Appropriation	\$8,270	\$0	\$0	\$0	\$8,270

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

General fund expenditures for BPW totaled \$7.7 million in fiscal 2014, reflecting a decrease of approximately \$344,000 when compared to the legislative appropriation.

- Actions taken via deficiency appropriations reduced the legislative appropriation by a net \$49,000. Retirement contributions were reduced by approximately \$13,000, and health care contributions were reduced by nearly \$15,000 through across-the-board deficiencies among all State agencies. A \$300,000 withdrawn appropriation, to reflect the reversion of funds restricted in the contingent fund for a grant to the Hudson family, was offset by a \$280,000 appropriation to provide funds for payment to BEKA Industries, Inc. in satisfaction of a judgment and settlement agreements.
- Budget amendments further reduced the legislative appropriation by approximately \$107,000. Amendments for the cost-of-living adjustment (COLA) and salary increments increased the appropriation by nearly \$16,000. These increases were offset by amendments transferring \$123,000 from the contingent fund to the Office of the State Prosecutor to support the enactment of legislation, Historic St. Mary's City to support operating costs resulting from a harsh winter, and the Interagency Committee on School Construction to cover unexpected annual leave payout costs.
- The board reverted nearly \$188,000 at the end of fiscal 2014 due to vacancies.

Fiscal 2015

The fiscal 2015 working appropriation reflects a \$9,000 general fund increase to implement the 2% COLA for State employees.

**Object/Fund Difference Report
Board of Public Works**

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0.00	0%
Total Positions	9.00	9.00	9.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 858,532	\$ 975,421	\$ 1,008,964	\$ 33,543	3.4%
02 Technical and Spec. Fees	13,819	21,000	21,750	750	3.6%
03 Communication	6,032	7,931	7,926	-5	-0.1%
04 Travel	749	3,600	4,200	600	16.7%
08 Contractual Services	27,193	116,791	46,772	-70,019	-60.0%
09 Supplies and Materials	15,411	17,650	22,400	4,750	26.9%
10 Equipment – Replacement	0	6,200	4,200	-2,000	-32.3%
11 Equipment – Additional	889	4,500	2,500	-2,000	-44.4%
12 Grants, Subsidies, and Contributions	6,804,117	7,110,783	6,230,068	-880,715	-12.4%
13 Fixed Charges	2,280	4,373	4,525	152	3.5%
14 Land and Structures	0	2,000	2,000	0	0%
Total Objects	\$ 7,729,022	\$ 8,270,249	\$ 7,355,305	-\$ 914,944	-11.1%
Funds					
01 General Fund	\$ 7,729,022	\$ 8,270,249	\$ 7,355,305	-\$ 914,944	-11.1%
Total Funds	\$ 7,729,022	\$ 8,270,249	\$ 7,355,305	-\$ 914,944	-11.1%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

**Fiscal Summary
Board of Public Works**

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
01 Administration Office	\$ 782,538	\$ 949,034	\$ 912,470	-\$ 36,564	-3.9%
02 Contingent Fund	0	500,000	500,000	0	0%
05 Wetlands Administration	142,367	210,432	212,767	2,335	1.1%
10 Miscellaneous Grants to Private Nonprofit Groups	6,400,992	6,086,475	5,730,068	-356,407	-5.9%
15 Payments of Judgments Against the State	403,125	524,308	0	-524,308	-100.0%
Total Expenditures	\$ 7,729,022	\$ 8,270,249	\$ 7,355,305	-\$ 914,944	-11.1%
General Fund	\$ 7,729,022	\$ 8,270,249	\$ 7,355,305	-\$ 914,944	-11.1%
Total Appropriations	\$ 7,729,022	\$ 8,270,249	\$ 7,355,305	-\$ 914,944	-11.1%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.