

DU.00
Canal Place Preservation and Development Authority

Operating Budget Data

(\$ in Thousands)

	FY 00	FY 01	FY 02		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$246	\$277	\$286	\$9	3.4%
Special Fund	<u>85</u>	<u>76</u>	<u>75</u>	<u>(1)</u>	<u>(0.9%)</u>
Total Funds	\$331	\$353	\$361	\$9	2.5%

Personnel Data

	FY 00	FY 01	FY 02	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	3.00	4.00	4.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	3.00	4.00	4.00	0.00

Vacancy Data: Regular

Budgeted Turnover: FY 02	0.00	0.00%
Positions Vacant as of 12/31/00	0.00	0.00%

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

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Analysis in Brief

Recommended Actions

1. Concur with Governor's allowance.

Updates

Canal Place Development: A number of projects at Canal Place are in various stages of completion. This update provides a discussion of some of the more significant projects underway.

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Operating Budget Analysis

Program Description

Legislation enacted in 1993 created the Canal Place Preservation and Development Authority (CPPDA). The authority is directed by a nine-member commission and is charged with developing and transforming the area adjacent to and including the terminus of the C&O Canal in Cumberland. The authority is to: (1) encourage the redevelopment of the last three miles of the C&O Canal in Cumberland, its western terminus 185 miles from Georgetown; (2) transform the canal and adjacent area into a showcase of historic preservation that will enhance the recreational, commercial, civic, transportation, educational, and ecological values of the area; and (3) work with the City of Cumberland to create a Canal Place Preservation District that will consist of a larger area that is to be preserved, developed, and maintained in a manner that is compatible with the C&O Canal.

Governor's Proposed Budget

As shown in **Exhibit 1**, the fiscal 2002 allowance for CPPDA is \$361,442, which represents a \$8,776, or 2.5% increase over the fiscal 2001 working appropriation. Personnel expenses resulting from the proposed fiscal 2002 general salary increase and the annualization of the fiscal 2001 general salary increase and a reduction in the authority's budgeted turnover rate from 0.16% in fiscal 2001 to a budgeted 0.00% for fiscal 2002 account for most of the \$20,000 increase in personnel expenditures. Due to repeated instances of vandalism within the Canal Place Preservation District, the fiscal 2002 allowance includes \$10,000 for a security service contract. These costs are offset by reductions in expenditures for telecommunications, utilities, auditing services, and brochure design.

Special fund revenues included in the budget are derived from the rental of office and retail space in the Western Maryland Railway Station. Special fund revenues are projected to increase in the out-years as the authority adds additional components to Canal Place.

Exhibit 1

**Governor's Proposed Budget
Canal Place Preservation and Development Authority
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Total</u>
2001 Working Appropriation	\$277	\$76	\$353
2002 Governor's Allowance	286	75	361
Amount Change	\$9	(\$1)	\$9
Percent Change	3.4%	(0.9%)	2.5%

Where It Goes:

Personnel Expenses

Fiscal 2002 general salary increase; increments; phase-in of fiscal 2001 COLA	\$10
Turnover adjustments	7
Other fringe benefit adjustments	3

Operating Expenses

Department of Budget and Management paid telecommunications	(6)
Utilities	(6)
Security	10
Fiscal services: audit	(6)
One-time fiscal 2001 expenditure for consultant expenses for the design of a canal boat brochure	(5)
Increased expenditures for a consultant to assist with web-site update	1
Miscellaneous operating expenditures; building and road repairs, equipment repairs, rentals, and office supplies	1
Total	\$9

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

Performance Analysis: Managing for Results

Exhibit 2

**Program Measurement Data
Canal Place Preservation and Development Authority
Fiscal Years**

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
Economic Impact (\$ millions)	*	5.84	*	7.32	9.03	11.71	0.0%	26.5%
Jobs created	1	9	5	9	6	150	200.0%	308.2%
Canal Place visitors	74,742	92,662	100,000	110,674	130,000	160,500	21.7%	20.4%
Ridership, Western Maryland Railroad	35,410	37,378	40,000	38,648	40,000	45,000	4.5%	7.9%
Museum visitors	*	12,500	*	closed	5,000	15,000	0.0%	0.0%
Canal boat replica visitors	*	*	*	1,500	5,000	6,500	0.0%	108.2%

Note: Fiscal 2001 actual figures for museum and canal boat visitors represent partial year statistics.

Source: Canal Place Preservation and Development Authority

According to the authority's 1996 Canal Place Management Plan, the mission of CPPDA is to be the catalyst for the preservation, development, and management of the lands adjacent to the C&O Canal in Cumberland and be the advocate for the enhancement of heritage tourism in western Maryland. Three key goals have been articulated by the authority:

- to preserve the C&O Canal Park Corridor and its setting;
- to develop appropriate public and private facilities that encourage the use and appreciation of the C&O Canal and other key resources of the Park Corridor; and
- to manage the cultural and natural resources of the Park Corridor to achieve the goals of preservation and development.

CPPDA has undertaken the task of updating its 1996 management plan. A draft of the new Canal Place Heritage Area Master Plan will be presented to the Maryland Historical Trust and the Maryland Heritage Areas Authority for approval in the spring of 2001. The new master plan is intended as an

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addendum to the original 1996 master plan. While many new goals and objectives have been articulated in the new master plan, the major goals identified by the authority in its 1996 report remain valid and continue to guide CPPDA.

Exhibit 2 shows the significant performance measurement indicators included in CPPDA's fiscal 2002 Managing for Results (MFR) submission. The level of activity and public interest in the Canal Place properties can be partially measured by the number of visitors to Canal Place, Western Maryland Scenic Railroad, the Transportation and Industrial Museum, and the canal boat replica. The number of jobs created and the amount of economic activity generated by Canal Place also provide a measure of CPPDA's success in generating interest in Canal Place.

The continued development of the Canal Place Heritage Area as a major tourist attraction for the western region of the State provides an excellent example of what can be accomplished when public (State, local, federal) and private resources are combined. As evidenced by CPPDA's development of a new master plan, the authority is continuing to define and redefine its goals and objectives for the project.

As the project continues to take shape, the Department of Legislative Services (DLS) advises that CPPDA should continue to identify new performance measures. Examples might include the number of private sector partnerships created, the amount of private sector contributions, the number of new project elements completed, the number of events held at Canal Place, and the amount of revenues generated to promote the site's self reliance.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Canal Place Development

Many projects in the overall development plan are complete, and many others are either underway or scheduled to commence during fiscal 2002. What follows is a discussion and update on some of the recent major initiatives undertaken by CPPDA.

Trestle Walk/Canal Street Promenade

This walkway will provide the primary pedestrian access to the C&O Canal towpath. Construction for this project is scheduled to begin in the spring of 2001 and be completed in the spring of 2002. Total project costs including planning and construction is estimated at \$1.66 million. Funding consists of a \$1.0 million grant through the Intermodal Surface Transportation and Efficiency Act of 1991 (ISTEA) and \$661,000 of State general obligation (GO) bonds authorized in 1997.

Footer's Dye Works

The State provided approximately \$708,000 of GO bond funding for the acquisition and repair of the Footer's Dye Works. The intent is to use the facility as a hotel, and the authority is actively engaged in the final stages of securing a 50-year lease option agreement with a private developer. Final execution of the lease option agreement is expected in early 2001. Under the agreement, the authority would receive annual rent payments of \$6,000 during the first four years of hotel operations. Thereafter, the authority would receive a percentage share of gross room sales revenue consisting of one-half percent for years five through ten and three and one-half percent in years 11 through 50. The authority anticipates annual revenues at \$12,000 in years five through ten, and between \$100,000 and \$150,000 in years 11 through 50 depending upon occupancy and room rates. The authority is presently engaged in negotiations to acquire two adjacent sites; their use by the private developer is built into the lease option agreement. Construction could start as soon as the lease option agreement is executed. The amount of private investment in the construction project is estimated at between \$4.0 and \$5.0 million.

Festival Grounds/Crescent Lawn

The Crescent lawn will be the major public recreational area for Canal Place. The project will proceed in two phases and include the construction of a festival grounds, amphitheater, canal basin plaza, interpretive entryway, and building complex. Including the \$2.0 million general fund PAYGO appropriation made in fiscal 2001 for Phase I, proposed \$1,979,000 fiscal 2002 PAYGO funds for Phase II, \$286,325 of prior State bond funds, and \$150,000 grant from the Appalachian Regional Commission, the total amount of available funds for the project is \$4,415,325. Design and engineering work is scheduled for completion in March 2001. Phase I construction, which consists of most of the building complex construction, is scheduled to begin in the summer of 2001. Phase II construction is scheduled

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to start in the spring of 2002 and be completed in the spring of 2003 in time for the 2003 tourist season. The building complex component of the project will provide 14,500 gross square feet of retail space of which the authority has retail commitments on about 90% of the available space. Revenues from retail lease agreements is estimated at \$100,000 annually beginning in fiscal 2004. The project time schedule has been heavily influenced by several factors. First, the City of Cumberland is scheduled to start work on the replacement of a major city sewer line in the fall of 2001. Although the sewer will cut through the center of the Crescent Lawn, the authority anticipates that it can complete both Phases I and II of the project unencumbered by the sewer line project. The discovery of two relatively intact canal boats during an archeological survey funded with a \$150,000 grant from the Appalachian Regional Commission also influenced the design schedule. An assessment by the National Park Service on the cost of removing and reconditioning the canal boats proved to be too expensive. As a result, the boats will remain in the ground. Finally, and most importantly, is the impact of the canal rewatering project discussed below.

Rewatered C&O Canal

This project will entail rebuilding the original main canal boat basin within the Crescent Lawn, and rewatering the last 2.1 miles of the canal in order to allow the National Park Service to offer canal boat rides down the canal. The U.S. Congress passed an authorization bill in 1999 in the amount of \$15.0 million for the canal rewatering. Currently, the U.S. Army Corp of Engineers (USACE) has completed 50% of the engineering and construction documents for the project. A \$700,000 federal appropriation has been made to re-start the design process in the spring of 2001 with a projected completion date of December 2001. Several grade elevations need to be determined by USACE in order for the authority to complete final plans for the festival grounds and building complex components of the Crescent Lawn project. The authority has indicated that it can proceed with various aspects of Phases I and II of the Crescent Lawn Project independent of USACE's design work. However, completion of Crescent Lawn is predicated upon finalization of these design documents. The authority plans to request part if not all of the \$10.0 to \$12.0 million in construction funds in the federal fiscal 2002 budget. Once appropriated, construction could start as early as the summer or fall of 2002 and completed in the spring of 2004.

Parking

The authority engaged a consultant to help determine the appropriate amount of parking space needed to support Canal Place. Based upon a projected annual visitor population of 135,000 by 2005, the consultant study determined that 680 spaces would be required to meet parking demand. The authority will address the majority of its parking space needs in two phases. Phase I includes the construction of two parking lots accommodating 100 parking spaces. Phase I funding consists of \$224,000 of a fiscal 2001 State general fund PAYGO appropriation. For Phase II, the Governor's fiscal 2002 budget includes PAYGO general funds in the amount of \$500,000 to construct a parking lot which will accommodate 225 parking spaces for long-term and bus parking at Canal Place. The 325 parking spaces created in Phases I and II combined with the existing 263 spaces currently available at Canal Place will provide the majority of the parking spaces recommended in the consultant study. The remaining shortfall of parking spaces will be provided by City of Cumberland downtown parking spaces.

Current and Prior Year Budgets

**Current and Prior Year Budgets
Canal Place Preservation and Development Authority
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2000					
Legislative Appropriation	\$243	\$53	\$0	\$0	\$296
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	3	40	0	0	43
Reversions and Cancellations	0	(8)	0	0	(\$8)
Actual Expenditures	\$246	\$85	\$0	\$0	\$331
Fiscal 2001					
Legislative Appropriation	\$275	\$76	\$0	\$0	\$351
Budget Amendments	2	0	0	0	2
Working Appropriation	\$277	\$76	\$0	\$0	\$353

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

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Fiscal 2000

CPPDA finished fiscal 2000 \$36,219 above its legislative appropriation. Adjustments include: (1) additional general funds in the amount of \$3,253 to implement the new salary plan and provide the State match for the employee deferred compensation plan; (2) a \$40,000 special fund budget amendment which appropriated a grant from the Maryland Heritage Areas Authority to move the canal boat replica "Cumberland" to the Canal Place Heritage Area in downtown Cumberland; and (3) an \$8,000 cancellation of special funds by the authority representing a reduction in revenues derived from rent on the Footer's Dye Works.

Object/Fund Difference Report
Canal Place Preservation and Development Authority

	<u>Object/Fund</u>	FY01		FY02 <u>Allowance</u>	FY01 - FY02 <u>Amount Change</u>	Percent <u>Change</u>
		FY00 <u>Actual</u>	Working <u>Appropriation</u>			
Positions						
01	Regular	3.00	4.00	4.00	0	0%
Total Positions		3.00	4.00	4.00	0	0%
Objects						
01	Salaries and Wages	\$ 137,633	\$ 173,307	\$ 192,963	\$ 19,656	11.3%
03	Communication	7,970	14,485	7,747	(6,738)	(46.5%)
04	Travel	986	3,000	3,000	0	0%
06	Fuel & Utilities	31,856	45,000	38,111	(6,889)	(15.3%)
07	Motor Vehicles	475	3,000	1,000	(2,000)	(66.7%)
08	Contractual Services	120,707	90,154	99,125	8,971	10.0%
09	Supplies & Materials	12,859	11,000	13,000	2,000	18.2%
11	Equip - Additional	10,099	9,000	3,500	(5,500)	(61.1%)
12	Grants, Subsidies, Contr	4,182	0	0	0	0.0%
13	Fixed Charges	4,640	3,730	2,996	(734)	(19.7%)
Total Objects		\$ 331,407	\$ 352,676	\$ 361,442	\$ 8,766	2.5%
Funds						
01	General Fund	\$ 245,948	\$ 276,632	\$ 286,086	\$ 9,454	3.4%
03	Special Fund	85,459	76,044	75,356	(688)	(0.9%)
Total Funds		\$ 331,407	\$ 352,676	\$ 361,442	\$ 8,766	2.5%

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.