

**D05E01  
Board of Public Works**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 Change</u>	<u>% Change Prior Year</u>
General Fund	\$7,100	\$8,014	\$7,754	-\$260	-3.2%
Contingent & Back of Bill Reductions	0	-318	-10	308	
<b>Adjusted General Fund</b>	<b>\$7,100</b>	<b>\$7,696</b>	<b>\$7,744</b>	<b>\$48</b>	<b>0.6%</b>
Special Fund	8	0	0	0	
<b>Adjusted Special Fund</b>	<b>\$8</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Adjusted Grand Total</b>	<b>\$7,108</b>	<b>\$7,696</b>	<b>\$7,744</b>	<b>\$48</b>	<b>0.6%</b>

- The fiscal 2015 allowance is \$48,113, or 0.6%, more than the 2014 working appropriation, net of contingent and across-the-board reductions. This is primarily driven by a new contract to develop a Procurement Training Manual for use across the State and the elimination of the grant to the Maryland Science Center.

***Personnel Data***

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 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>
<b>Total Personnel</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/13	1.00	11.11%

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

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- No additional regular positions or contractual full-time equivalents are included in the fiscal 2014 allowance.
- The agency has 2 vacancies as of December 31, 2013, and no turnover is budgeted.

## ***Analysis in Brief***

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### **Major Trends**

***Value of Contracts Approved Decreased:*** The total value of contracts approved by the Board of Public Works (BPW) was \$4.7 billion in fiscal 2013. The \$700 million decrease in fiscal 2013 was due to fiscal 2012 being an outlier in approved contracts with the State awarding a \$2.43 billion contract for the State employee pharmacy benefits manager.

***Minority Business Enterprise Participation in Contracts Increases:*** In fiscal 2013, the percentage of contracts approved by BPW with 0% Minority Business Enterprise participation decreased by 92 contracts, or 27%.

### **Issues**

***Implementation and Impact of Legislation Approved in the 2013 Session:*** There were three bills that were passed during the 2013 session which impacted the BPW workload. They include requiring BPW to adopt regulations concerning sanctions on investment activity with Iran. BPW was also required to develop regulations concerning procurement of American manufactured goods. Finally, BPW is currently required to review, designate, and approve potential public-private partnership projects. **The Executive Secretary should comment on BPW's workload and its ability to comply with all legislation currently impacting the agency with its current workforce.**

***Maryland Academy of Sciences:*** During the 2013 session, the General Assembly included a new grant of \$465,283 for the Maryland Science Center to aid in a major refinancing that was initiated by an upcoming expiration of a line of credit. There is no funding in the BPW allowance for the Maryland Science Center in fiscal 2015. The Science Center has been operating at a loss from fiscal 2011 to 2013. **The Maryland Science Center should comment on how funds given by the State were used in fiscal 2014 if not for a successful refinancing as intended.**

## **Recommended Actions**

1. Adopt committee narrative requesting submission of operational reporting for the Maryland Zoo attendance and financials.

## **Updates**

***Maryland Zoo in Baltimore Financial Update:*** The Maryland Zoo experienced modest attendance and revenue decline in fiscal 2013. Attendance was down overall by 9,681 visitors, or 2.4%. The primary driver for the lower attendance was a reduction in general attendance of 17,707 visitors, or 10.9%. The general operating outlook remains stable, according to the zoo.

***BPW Contract Modification:*** In the 2013 session, the General Assembly required BPW to submit a report to the budget committees by December 1, 2013, that identified contract modifications approved by BPW in calendar 2012 that represent an amount greater than 50% of the original base cost of the contract previously approved by BPW. In the report sent by BPW, there were a total of 44 projects approved by BPW where total modifications exceed the original contract by at least 50%.

*D05E01 – Board of Public Works*

**D05E01**  
**Board of Public Works**

***Operating Budget Analysis***

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**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. After consistent high performance in responding to public information requests in a timely and satisfactory manner, customer service measures have been dropped from its MFR reporting in favor of statistics that provide a summary of the State's procurement actions handled by BPW.

**1. Value of Contracts Approved Decreased**

**Exhibit 1** lists statewide contract submissions, modifications, and approvals for fiscal 2010 to 2015. In fiscal 2013, the value of contracts approved by the board decreased by \$700 million, or 12.8%. The \$700 million decrease was due to fiscal 2012 being an outlier in approved contracts with the State awarding a \$2.43 billion contract for the State employee pharmacy benefits manager. BPW estimates future approved contacts to be in the \$2.5 billion range. In fiscal 2013, the value of contract modifications approved by the board increased by \$1.0 billion, or 68.3%. The fiscal 2013 contract modifications increased significantly because the State Highway Administration, as part of its internal procurement reform, brought a backlog of modifications to the board for approval.

**Exhibit 1**  
**Contracts Approvals/Modifications and Dollar Values**  
**Fiscal 2010-2015 Est.**

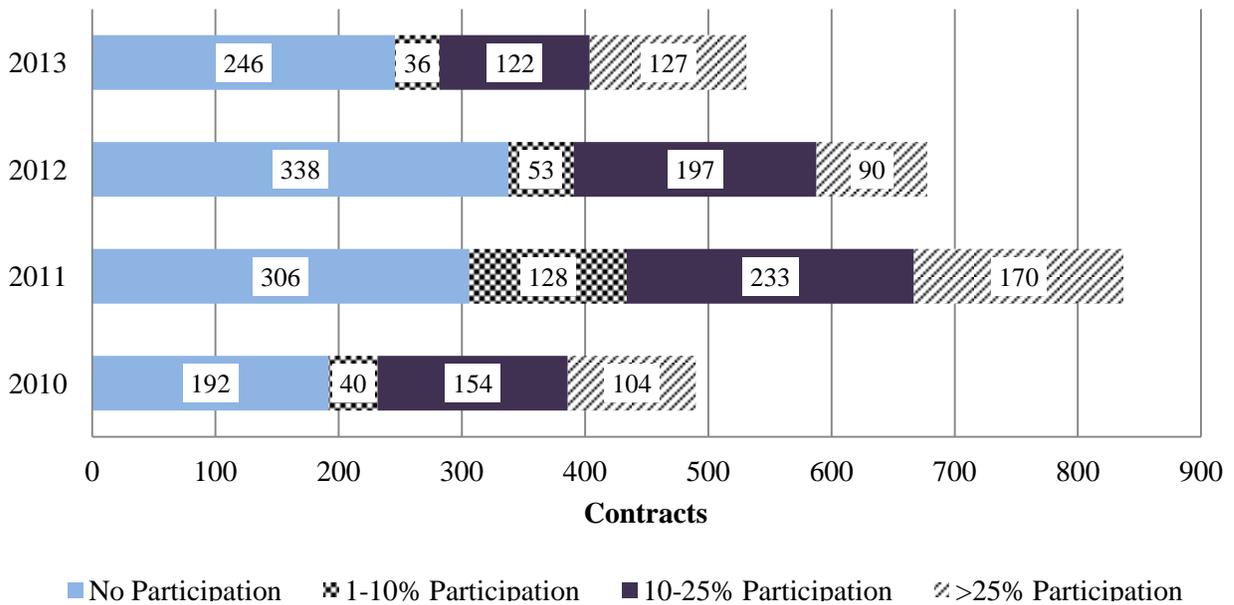
	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>	<u>2012-13</u> <u>% Change</u>	<u>2014</u> <u>Est.</u>	<u>2015</u> <u>Est.</u>
Contracts submitted for approval	579	542	551	578	4.9%	600	600
Contracts approved	548	538	545	559	2.6%	600	600
Total dollar value of contracts (\$ in billions)	\$1.9	\$2.9	\$5.4	\$4.7	-12.8%	\$2.5	\$2.5
Contract modifications submitted for approval	311	340	353	357	1.1%	270	270
Contract modifications approved	298	340	351	355	1.1%	260	260
Total dollar value of approved modifications (\$ in billions)	\$1.2	\$1.8	\$1.4	\$2.4	68.3%	\$1.0	\$1.0

Source: Board of Public Works; Governor's Budget Books, Fiscal 2013-2014

## 2. Minority Business Enterprise Participation in Contracts Increases

In fiscal 2013, the percentage of contracts approved by the board with 0% Minority Business Enterprise (MBE) participation decreased by 92 contracts, or 27%. The majority of contracts with a 0% MBE participation continue to be information technology (IT) services and maintenance contracts. In fiscal 2013, the percentage of contracts with MBE participation over 25% increased by 37 contracts, or 41% over fiscal 2012. 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 2010-2013**



MBE: Minority Business Enterprise

Source: Board of Public Works

**Fiscal 2014 Actions**

**Cost Containment**

There are three across-the-board withdrawn appropriations in fiscal 2014. These include reductions to employee/retiree health insurance, funding for a new Statewide Personnel IT system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively. For BPW, these total \$18,285. There is also a \$300,000 negative deficiency appropriation to withdraw the funds restricted in the contingent fund to be expended as a grant to the Hudson family. It was the intent of the General Assembly that up to \$300,000 of the appropriation, if determined by BPW to be appropriate, be expended as a grant to the Alan and Kristin Hudson family for any remaining unreimbursed legal expenses or court costs related to defending the lawsuit brought by the Waterkeeper Alliance alleging violations of the Clean Water Act. The Hudson family has not come forward to request the funds.

**Proposed Budget**

As shown in **Exhibit 3**, the proposed fiscal 2015 budget increases by \$48,113, or 0.6%. The reduction of the \$465,283 grant for the Maryland Science Center is the largest change to the BPW budget.

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**Exhibit 3  
Proposed Budget  
Board of Public Works  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
2014 Working Appropriation	\$7,696	\$7,696
2015 Allowance	<u>7,744</u>	<u>7,744</u>
Amount Change	\$48	\$48
Percent Change	0.6%	0.6%

**Where It Goes:**

**Personnel Expenses**

Annualized fiscal 2014 cost-of-living adjustment and increments .....	\$29
Salary adjustments and increments .....	5
Employee and retiree health insurance .....	-11
State contribution to employee retirement .....	12
Other fringe benefit adjustments .....	1

**Other Changes**

Contingent fund appropriation .....	375
Council of State Governments .....	146
Statewide procurement training manual contract .....	77
Other changes .....	2
Reduction in judgments against the State .....	-123
Maryland Science Center grant .....	-465

<b>Total</b>	<b>\$48</b>
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Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

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Other modifications include a \$375,000 increase in the contingent fund to maintain an initial legislative appropriation equal to fiscal 2014 of \$500,000; \$123,125 reduction in payments for judgments against the State; and a \$77,000 increase in BPW's Administration Office to fund a contract for the production of a statewide procurement training manual.

### **Cost Containment**

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA. For BPW, these total \$9,900 in general funds.

### **Grants to Private Nonprofits**

The fiscal 2015 allowance for grants to private nonprofits totals \$6,086,475 in general funds, which represents a decrease of \$319,293, or 5.0%, over the fiscal 2014 working appropriation. The largest decrease comes from the elimination of the grant for the Maryland Science Center.

- ***Maryland Science Center:*** The fiscal 2014 working appropriation for BPW included a new grant of \$465,283 for the Maryland Science Center. The center reported that the funds were treated as general revenues to aid a major refinancing that was initiated by an impending expiration of a line of credit. The Science Center is further discussed in Issue 2 of this analysis. The grant was eliminated in the fiscal 2015 allowance.
- ***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 2015 allowance includes a \$5,175,218 general fund operating grant to the zoo, the same amount as the prior year. It should also be noted that State funding for education organizations includes \$812,171 for zoo operations, resulting in total State operating funding of \$5,987,389. This means the zoo is level-funded this year. The fiscal 2015 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 \$309,257 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 \$145,990, increase over fiscal 2014 and reflects an increase of the CSG's membership fees.

## ***Issues***

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### **1. Implementation and Impact of Legislation Approved in the 2013 Session**

There were three bills that were passed during the 2013 session which impacted the BPW workload.

#### **Public-private Partnerships**

Chapter 5 of 2013 established a State policy on the use of public-private partnerships (P3) and expressly authorized specified State agencies to enter into P3s. BPW must approve all P3 agreements, subject to processes established in the bill. However, BPW may not approve a P3 partnership that results in the State exceeding its capital debt affordability guidelines. **Exhibit 4** shows the process for P3 projects to be solicited and approved. BPW oversees the process by first designating a project as a P3 before proposals are submitted, and the project ultimately comes back to BPW for final approval.

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#### **Exhibit 4 Timeline for P3 Project Approval**

- Agency decision to solicit for a public-private partnership (P3) project. Reports are sent to the budget committees, the Comptroller, and the State Treasurer.
- Review by the budget committees, the Comptroller, and the State Treasurer.
- Review by BPW and designation given as a P3.
- Solicitation processes and requirements defined.
  
- Solicitation for a P3 project.
- Receive completed proposals.
- Review proposals and begin negotiations.
- Reach acceptable agreement and terms.
  
- Agreement terms sent to budget committees, the Comptroller, and the State Treasurer for concurrent review and comment.\*
- Agreement posted online for public review.\*\*
- Board of Public Works approval.

\*Comptroller and State Treasurer review not required for Maryland Transportation Authority projects.

\*\*Proprietary information to be withheld.

Source: Department of Legislative Services

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## **American Manufactured Goods Regulations**

Chapter 438 of 2013 required a public body in the State to require a contractor or subcontractor to use or supply American-manufactured goods when carrying out a contract to build or maintain a public work or buy or manufacture machinery or equipment to be installed at a public work site. This would be required unless:

- the price of American-manufactured goods exceeds the price of similar foreign-made manufactured goods by an unreasonable amount;
- the item or a similar item is not manufactured or available for purchase in the United States in reasonably available quantities;
- the quality of the item or a similar item made in the United States is substantially less than the quality of a comparably priced, similar, and available foreign-made item; or
- the procurement of a manufactured good is inconsistent with the public interest.

BPW had to develop regulations that defined “reasonably available,” “unreasonable amount,” and “substantially less.” The proposal for implementation of Chapter 438 was published in the Maryland Register on January 10, 2014, for public comment. Public comment ends on February 10, 2014, and BPW estimates the regulations should be finalized sometime in March 2014.

## **Procurement – Investment Activities in Iran – BPW Authority to Adopt Regulations**

Chapter 554 of 2013 requires BPW to adopt regulations in response to changes to the federal Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) or any other federal law that imposes sanctions on investment activities in Iran. It also amended Chapter 447 of 2012 to expand its applicability to include any enacted federal law that alters the CISADA or investment sanctions in Iran and any State law that alters Chapter 447. As there has been no changes to federal law requiring new State regulations, BPW has not had to draft regulations pursuant to Chapter 554.

**The Executive Secretary should comment on BPW’s workload and its ability to comply with all legislation currently impacting the agency with its current workforce.**

## **2. Maryland Academy of Sciences**

During the 2013 session, the General Assembly included a new grant of \$465,283 for the Maryland Science Center to aid in a major refinancing that was initiated by an upcoming expiration of a line of credit. There is no funding in the BPW allowance for the Maryland Science Center in

fiscal 2015. The center receives a grant through the State Aided Educational Institutions Program and is proposed to receive \$873,169 in the fiscal 2015 allowance which will match what the institution received for the fiscal 2014 working appropriation. The Science Center has been unsuccessful in refinancing even with the extra infusion of State funds in fiscal 2014. The terms for refinancing that have been given are financially unviable for the institution.

The General Assembly also requested that the Maryland Academy of Science, doing business as the Maryland Science Center, submit audited financial statements for the Maryland Academy of Science for fiscal 2013.

### **Statement of Activities**

**Exhibit 5** shows the total revenue and expenses accrued by the Maryland Science Center between fiscal 2011 through 2013. Total revenue and support totaled \$8.9 million in fiscal 2013. Total revenue and support include admissions, education programs, membership dues, the science store, and other revenue generating activities including public and private support. This is a decrease of approximately \$1.0 million from fiscal 2012 when revenues totaled \$9.8 million.

Expenses totaled \$10.1 million in fiscal 2013. Expenses include education programs, exhibits, and the IMAX theater and planetarium as well as marketing and management expenses. This is a decrease of \$612,000 from fiscal 2012 when expenses totaled \$10.7 million. Exhibit 5 shows that the Maryland Science Center has been operating at a loss. In fiscal 2011, the Science Center's operating income was -\$1.8 million. While expenses have been trimmed, deficits persist. **The Maryland Science Center should comment on how funds given by the State were used in fiscal 2014 if not for a successful refinancing as intended.**

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**Exhibit 5**  
**Maryland Science Center Audited Finances**  
**Fiscal 2011-2013**  
**(\$ in Thousands)**

<u>Statement of Activities</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Revenue and Support	\$10,348	\$9,827	\$8,867
Total Expenses	12,182	10,663	10,051
<b>Operating Income (Loss)</b>	<b>-\$1,834</b>	<b>-\$836</b>	<b>-\$1,184</b>

Source: Maryland Academy of Sciences Audited Financial Statements 2011-2013

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## ***Recommended Actions***

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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 2014; and
- year-to-date monthly attendance figures for the zoo for fiscal 2015 (by visitor group).

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Audited Financials	Maryland Zoological Society	November 1, 2014
Attendance Reports	Maryland Zoological Society	Monthly

## Updates

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### 1. Maryland Zoo in Baltimore Financial Update

The 2013 *Joint Chairmen's Report* again directed the Maryland Zoo to submit audited financial statements and monthly attendance reports. Throughout fiscal 2013, the zoo submitted monthly attendance reports to the budget committees and provided its financial statements on November 1, 2013.

#### Zoo Attendance Decreases in Fiscal 2013

**Exhibit 6** shows zoo attendance for fiscal 2009 through 2013 by visitor group type. Zoo attendance decreased by 9,681, or 2.4%, in fiscal 2013 as compared to fiscal 2012. General public attendance experienced the largest decline, decreasing by 17,707 visitors, or 10.9%. The number of member visits also decreased by 11,674 visitors, or 9.3%, between fiscal 2012 and 2013. The Maryland Zoo originally forecasted 376,000 total visitors for fiscal 2013 and attributes the higher than forecasted attendance to an unexpectedly strong attendance in April, May, and June bolstered by good weather and school groups.

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**Exhibit 6**  
**Maryland Zoo in Baltimore Attendance by Groups**  
**Fiscal 2009-2013**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>#</u> <u>Change</u> <u>2012-13</u>	<u>%</u> <u>Change</u> <u>2012-13</u>	<u>%</u> <u>Change</u> <u>2009-13</u>
General	153,800	148,319	154,899	180,904	163,197	-17,707	-10.9%	6.1%
Member	99,877	112,297	123,721	137,868	126,194	-11,674	-9.3%	26.3%
School	74,005	75,397	81,521	87,750	88,383	633	0.7%	19.4%
Passes	2,999	4,441	14,470	3,321	22,388	19,067	85.2%	646.5%
<b>Total</b>	<b>330,681</b>	<b>340,454</b>	<b>374,611</b>	<b>409,843</b>	<b>400,162</b>	<b>-9,681</b>	<b>-2.4%</b>	<b>21.0%</b>

Source: Maryland Zoological Society

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In contrast to general and member admissions, the number of visits by passes increased significantly by 85.2% in fiscal 2013. The passes category includes those entering the zoo without paying an admission fee, excluding vendors, contractors, and school groups. In fiscal 2011, the zoo changed its methodology of counting visitors in this category based on industry standards, by including visitors to rental events for the first time, resulting in a significant increase. The zoo attributes the increase in this category in fiscal 2013 to the success in booking rentals on a year-round

basis. Air-conditioning was recently installed for the Mansion House Porch, and for the first time, the venue can be used year-round.

## **Earned Income and Expenses**

**Exhibit 7** shows the changes in zoo revenues and expenses from fiscal 2012 to 2013, as detailed in the audited financial statements. The largest decrease in fiscal 2013 related to insurance reimbursements received. There were fewer insurance claims in fiscal 2013 for an overall decrease of \$1.1 million. Other notable changes in the zoo's fiscal 2013 revenues and expenditures include the following:

- **Grants and Awards:** Grants and awards decreased by \$953,487, or 8%, in fiscal 2013. Grants and awards generally consist of public funding from State and local jurisdictions. The zoo reports that the decrease was due to expenditures of capital grants, and there is an ebb and flow of expenditures on capital projects at the zoo.
- **Contributions:** Contributions increased substantially by \$1.18 million, or 214% in fiscal 2013. Contributions are comprised of annual donations from individuals and corporations, excluding memberships. Fiscal 2013 contributions were much higher than fiscal 2012 due to the support of the new penguin exhibit enhancement. Over \$900,000 of the increase in the contributions category is comprised of booked one-time gifts, which will specifically support this project. There has also been a continued upward trend in the receipt of annual fund gifts to the operating programs of the zoo.
- **Donated Facilities and Utilities:** Donated facilities and utilities decreased by \$31,945, or 4%, because of lower electrical usage due to the installation of energy-efficient systems and upgrades.
- **Visitor Revenue:** Visitor revenue decreased \$62,060, or 2%, in fiscal 2013. Visitor revenue comprises revenue obtained from admission ticket sales, concession commissions, enjoyment rides (net of revenue sharing paid to vendors), and facility rentals. According to the zoo, the primary driver behind the decrease in visitor revenues was the shift of general ticket sales to membership sales. The category of visitor revenue includes primarily general ticket sales but does not include membership sales. A successful membership sales drive resulted in a shift toward that ticket sales category and is reflected in the even greater increase in membership revenues year-over-year.
- **Other Revenue:** Other revenue decreased by \$42,233, or 12%, in fiscal 2013. Other revenue consists of revenues from education programs, animal adoptions, and other miscellaneous revenue.

**Exhibit 7**  
**Maryland Zoo in Baltimore – Audited Financial Statements**  
**Fiscal 2012-2013**

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenue, Gains, and Other Support</b>				
Grants and Awards	\$11,596,581	\$10,643,094	-\$953,487	-8%
Contributions	548,762	1,725,125	1,176,363	214%
Donated Facilities and Utilities	831,749	799,804	-31,945	-4%
Donated Services and Materials	8,498	9,763	1,265	15%
Visitor Revenue	2,728,786	2,666,726	-62,060	-2%
Investment Income	-951	15,315	14,364	1510%
Membership Dues	1,210,237	1,374,096	163,859	14%
Insurance Recoveries	1,153,752	27,798	-1,125,954	-98%
Special Events	464,483	464,526	43	0%
Other Revenue	343,276	301,043	-42,233	-12%
<b>Total</b>	<b>\$18,885,173</b>	<b>\$18,027,290</b>	<b>-\$859,785</b>	<b>-5%</b>
<b>Expenses</b>				
Program Services	\$12,233,038	\$12,896,782	\$663,744	5%
Supporting Services	3,079,548	2,802,541	-277,007	-9%
Fundraising	525,135	532,203	7,068	1%
<b>Total</b>	<b>\$15,837,721</b>	<b>\$16,231,526</b>	<b>\$393,805</b>	<b>2%</b>
<b>Net Income</b>	<b>\$3,047,452</b>	<b>\$1,795,764</b>	<b>-\$1,253,590</b>	<b>-41%</b>

Source: Maryland Zoological Society, Consolidated Financial Statements June 30, 2012 and 2013

- Program Expenses:** Program expenses increased by approximately \$393,805, or 2%, primarily because of increased water bills and depreciation. Due to the aging water infrastructure, the zoo had some significant leaks in fiscal 2013. Water expenses increased \$158,348, or 32%, between fiscal 2013 and 2012. With the State of Maryland capital funding, the zoo has completed several large capital projects over the last several years, which has led to an increase in depreciation of buildings and leasehold improvements of \$291,211 from fiscal 2012 to 2013.

## **Outlook for the Future Remains Stable, Despite Revenue Loss**

The largest sources of nongrant revenue growth between fiscal 2012 and 2013 came from contributions and membership dues. Additionally, grant revenues have historically been somewhat volatile, due to the unpredictability of capital grants. The zoo anticipates significant growth in revenues in fiscal 2014 from an increase in public funds, an increase in admissions due to a small ticket price increase in July 2013, and continued success with the facility rental revenues.

## **2. BPW Contract Modification**

In the 2013 session, the General Assembly required BPW to submit a report to the budget committees by December 1, 2013, that identified contract modifications approved by BPW in calendar 2012 that represent an amount greater than 50% of the original base cost of the contract previously approved by BPW.

In the report sent by BPW, there were a total of 44 projects where total modifications exceeded the original contract by at least 50%. Of the 44 projects, 10 projects associated with the Department of Health and Mental Hygiene exceeded the 50% contract modification threshold. This was the most of any agency. The largest percentage increase along with largest total modification amount came under the Department of Public Safety and Correctional Services. The original amount slated for the contract to Wexford Health Sources, Inc. to provide inmate health care utilization management services was \$22.0 million. The percentage increase was 552%, or \$121.2 million. The modification reason given in the report was to add funding.

## *Current and Prior Year Budgets*

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$7,511	\$0	\$0	\$0	\$7,511
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-261	8	0	0	-253
Reversions and Cancellations	-149	0	0	0	-149
<b>Actual Expenditures</b>	<b>\$7,100</b>	<b>\$8</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,108</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$8,073	\$0	\$0	\$0	\$8,073
Budget Amendments	-59	0	0	0	-59
<b>Working Appropriation</b>	<b>\$8,014</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,014</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

The fiscal 2013 budget closed at \$7.1 million, which was \$402,530 less than the legislative appropriation. General funds decreased overall by \$261,141 due to budget amendments. Special funds increased by \$8,019 due to budget amendments. The increase reflected the fiscal 2013 statewide cost-of-living adjustment (COLA). A total of \$411,109 in general funds was transferred from the contingent fund to cover the following expenses:

- \$149,968 was moved from the contingent fund to BPW's Administrative Office to cover the cost of a consulting contract to review the State's current procurement process and develop a business plan.
- \$100,000 to pay for expenses necessary to implement Chapter 582 of 2012.
- \$20,000 to pay for the State's share of the reward related to the murder of Trooper First Class Wesley Brown.
- \$75,000 to pay for the maintenance personnel and administrative costs to the Historic St. Mary's City Commission due to an unexpected shortfall.
- \$19,641 were used to pay for annual leave for an employee who deceased and an employee who retired.
- \$46,500 to pay for expenses for an AmeriCorps grantee, the Maryland Institute College of Arts Community Art Collaborative program not anticipated in the fiscal 2013 budget.

The unexpended balance in the contingent fund, \$88,891, reverted at the end of the year. An additional \$57,688 reverted due to vacancies, unspent supply funds, and adjustments to the DBM telecommunications amount.

## **Fiscal 2014**

The fiscal 2014 working appropriation is \$59,013 less than the legislative appropriation, totaling \$8.0 million. General funds increased by \$12,209 to reflect the fiscal 2014 statewide COLA. General funds also increased by \$3,778 as a result of the statewide salary increment budget amendment. General funds decreased by \$75,000 due to providing funding for 2 positions in the State Prosecutor's office to implement the provisions of HB 1499, the Campaign Finance Reform Act of 2013.

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

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	9.00	9.00	9.00	0.00	0%
<b>Total Positions</b>	<b>9.00</b>	<b>9.00</b>	<b>9.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 906,587	\$ 952,980	\$ 983,396	\$ 30,416	3.2%
02 Technical and Spec. Fees	14,186	21,500	21,000	-500	-2.3%
03 Communication	6,692	10,011	7,931	-2,080	-20.8%
04 Travel	1,382	3,442	3,600	158	4.6%
08 Contractual Services	173,286	41,865	116,791	74,926	179.0%
09 Supplies and Materials	11,169	15,650	17,650	2,000	12.8%
10 Equipment – Replacement	4,014	5,200	6,200	1,000	19.2%
11 Equipment – Additional	4,767	3,500	4,500	1,000	28.6%
12 Grants, Subsidies, and Contributions	5,983,089	6,953,893	6,586,475	-367,418	-5.3%
13 Fixed Charges	3,008	4,145	4,373	228	5.5%
14 Land and Structures	0	2,000	2,000	0	0%
<b>Total Objects</b>	<b>\$ 7,108,180</b>	<b>\$ 8,014,186</b>	<b>\$ 7,753,916</b>	<b>-\$ 260,270</b>	<b>-3.2%</b>
<b>Funds</b>					
01 General Fund	\$ 7,100,161	\$ 8,014,186	\$ 7,753,916	-\$ 260,270	-3.2%
03 Special Fund	8,019	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 7,108,180</b>	<b>\$ 8,014,186</b>	<b>\$ 7,753,916</b>	<b>-\$ 260,270</b>	<b>-3.2%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary  
Board of Public Works**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Administration Office	\$ 936,525	\$ 852,542	\$ 956,036	\$ 103,494	12.1%
02 Contingent Fund	0	425,000	500,000	75,000	17.6%
05 Wetlands Administration	188,566	207,751	211,405	3,654	1.8%
10 Miscellaneous Grants to Private Nonprofit Groups	5,814,964	6,405,768	6,086,475	-319,293	-5.0%
15 Payments of Judgments Against the State	168,125	123,125	0	-123,125	-100.0%
<b>Total Expenditures</b>	<b>\$ 7,108,180</b>	<b>\$ 8,014,186</b>	<b>\$ 7,753,916</b>	<b>-\$ 260,270</b>	<b>-3.2%</b>
General Fund	\$ 7,100,161	\$ 8,014,186	\$ 7,753,916	-\$ 260,270	-3.2%
Special Fund	8,019	0	0	0	0.0%
<b>Total Appropriations</b>	<b>\$ 7,108,180</b>	<b>\$ 8,014,186</b>	<b>\$ 7,753,916</b>	<b>-\$ 260,270</b>	<b>-3.2%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.