

D17B0151
Historic St. Mary's City Commission

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,010	\$2,135	\$2,178	\$43	2.0%
Contingent & Back of Bill Reductions	0	-47	-24	23	
Adjusted General Fund	\$2,010	\$2,088	\$2,154	\$66	3.2%
Special Fund	754	971	900	-71	-7.3%
Contingent & Back of Bill Reductions	0	0	-2	-2	
Adjusted Special Fund	\$754	\$971	\$898	-\$73	-7.6%
Adjusted Grand Total	\$2,764	\$3,059	\$3,052	-\$7	-0.2%

- The Historic St. Mary's City Commission (HSMCC) budget decreases about \$7,000. While general funds go up about \$66,000 mainly due to salary increases, special funds decline about \$73,000, primarily due to the Department of General Services replacing contractual personnel for maintenance services.
- No federal funds were spent or appropriated from fiscal 2013 through the 2015 allowance.

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	32.00	32.00	32.00	0.00
Contractual FTEs	<u>15.77</u>	<u>18.50</u>	<u>15.50</u>	<u>-3.00</u>
Total Personnel	47.77	50.50	47.50	-3.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.05	3.27%
Positions and Percentage Vacant as of 12/31/13	4.00	12.50%

- The allowances deletes 3.0 full-time equivalent contractual positions for public programs and groundskeeping as these personnel were moved into regular positions.
- Department of Budget and Management data from January 2014 indicates that the agency has a current vacancy rate of 12.5%, or 4.0 positions, but a budgeted turnover rate of 3.3%, or 1.1 positions.

Analysis in Brief

Major Trends

Research and Preservation: Over 1,000 cubic feet of soil was investigated in fiscal 2012 and 2013. This is well above the commission’s goal of 500 cubic feet a year.

Education: HSMCC aims to educate the public by increasing the number of visitors to its sites. While attendance has not yet recovered to the record attendance levels of fiscal 2009 and 2010, attendance is expected to go up in fiscal 2015.

Management and Fund Sources: HSMCC earns revenue through ticket and gift shop sales, rent paid on commission-owned properties, food sales, and an onsite bed and breakfast. If special funds grow, the commission is able to be less reliant on State funding. Special fund revenues were flat in fiscal 2012 and 2013 but are expected to increase in fiscal 2014 and 2015.

Issues

Reaccreditation Process Begins: For the first time since 2003, HSMCC will seek reaccreditation with the American Alliance of Museums. The main deficiency highlighted in the last review was a lack of appropriate storage space for historic artifacts, which should soon be rectified by the reconstruction of Anne Arundel Hall, a facility shared with the St. Mary’s College of Maryland.

Recommended Actions

1. Adopt committee narrative requesting a report on Historic St. Mary’s City Commission’s outreach programs.

D17B0151 – Historic St. Mary’s City Commission

D17B0151
Historic St. Mary's City Commission

Operating Budget Analysis

Program Description

Historic St. Mary's City is an outdoor history and archaeology museum that preserves, researches, and interprets the site of Maryland's first capital. In 1997, the Historic St. Mary's City Commission (HSMCC) became an independent unit of State government, removing it from the Department of Housing and Community Development. HSMCC is also part of the multi-year capital improvement project with St. Mary's College of Maryland (SMCM), known as the Maryland Heritage Project.

The mission of HSMCC is to appropriately develop and use this historic and scenic site for the education, enjoyment, and general benefit of the public. It is the goal of the commission that the archaeological sites and collections, scenic views, and rural character of the historic city be safeguarded by preservation and research practices consistent with its status as a National Historic Landmark District.

Performance Analysis: Managing for Results

HSMCC sets three overarching goals that cover the interrelated aspects of the commission's mission: research and preservation, education, and management and fund sources.

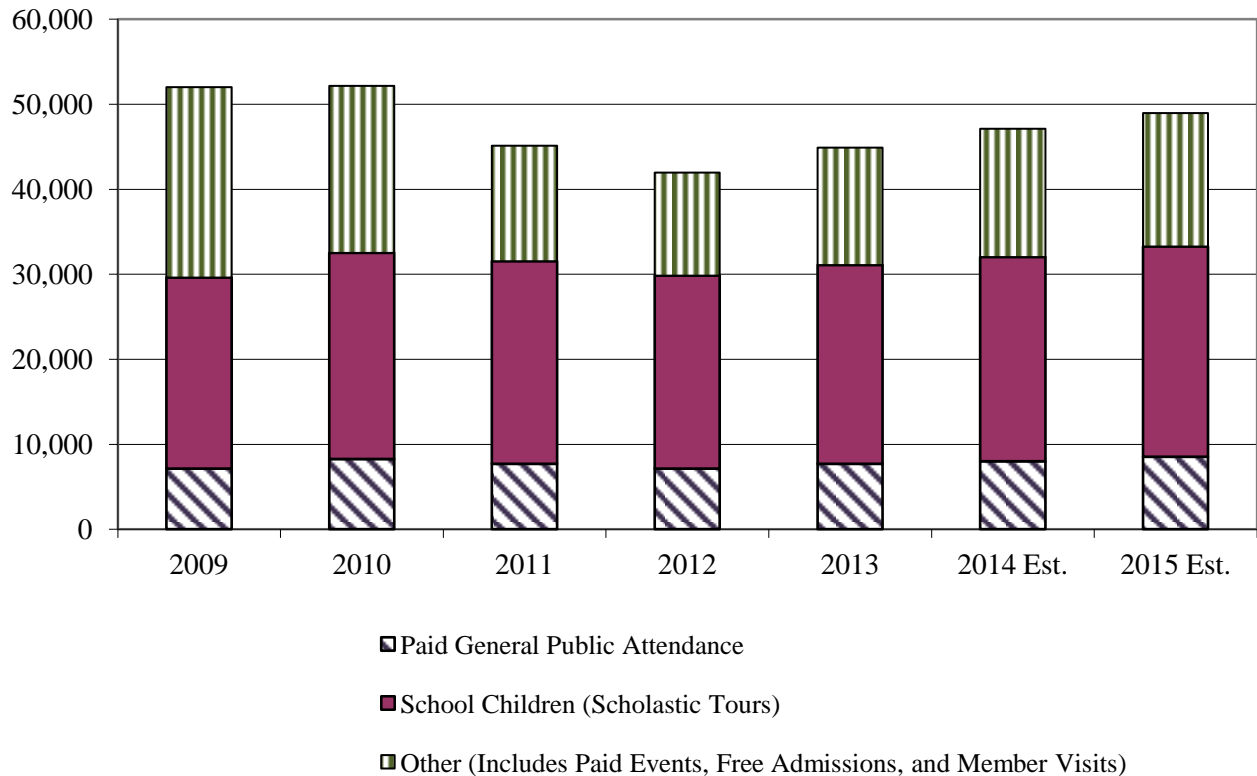
1. Research and Preservation

As a museum and active archeological site, part of the HSMCC mission is to produce original research and catalogue artifacts that are found on the site. Over 1,000 cubic feet of soil was investigated in both fiscal 2012 and 2013, well above the commission's goal of 500 cubic feet a year. In addition, over 25,000 artifacts were cataloged and added to the commission's computer database during both years. The goal is to catalogue at least 20,000 artifacts a year, as a large backlog of artifacts remains.

2. Education

HSMCC aims to educate the public by increasing the number of visitors to its sites. **Exhibit 1** shows attendance levels from paid general attendance, school tours, and other events such as Maryland Day or weddings, that are held on the site. While fiscal 2009 was a very good year due to the celebration of the 375th anniversary of the founding of St. Mary's City, visitor attendance declined in every category in fiscal 2011 and again in 2012. HSMCC reports that due to the struggling economy, regular corporate events were on a smaller scale than in prior years or were cancelled altogether, and that the size of weddings was also smaller.

Exhibit 1
Visitors to Historic St. Mary’s City
Fiscal 2009-2015 Est.



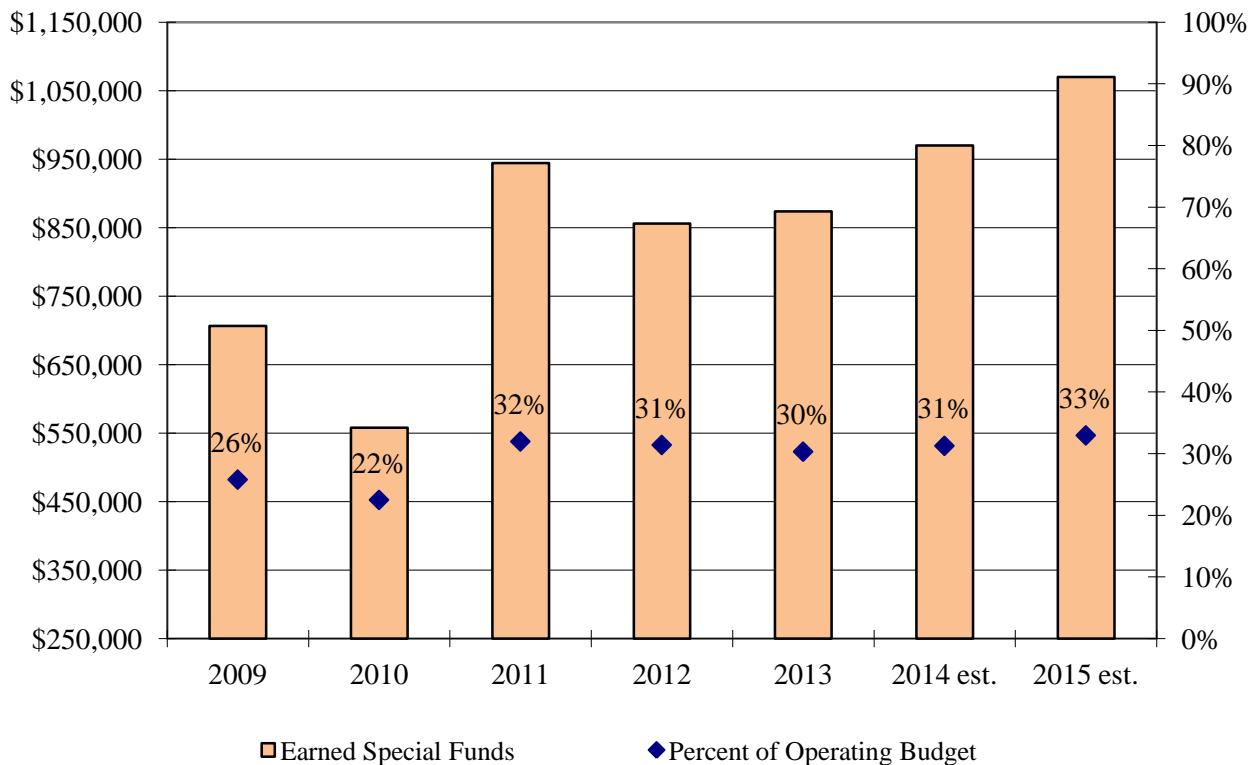
Source: Governor’s Budget Books, Fiscal 2012-2015

In fiscal 2013, every category of visitor increased, most notably in the other category, which is made up of member visits and special events, such as an annual Madrigal Dinner and the Beer Fest, which began in 2011. The commission is expecting growth in fiscal 2014 and 2015, as it is actively soliciting tour groups to visit, working to attract new audiences, and restoring its onsite bed and breakfast, the Inn at Brome Howard. Despite these efforts, total visitation in fiscal 2015 is not projected to overtake the highs seen in fiscal 2009 and 2010. Additionally, elementary school children make up about half of all attendance and likely will remain so into the foreseeable future. HSMCC reports that it is increasing its use of social media and recently redesigned its website to attract more visitors.

3. Management and Fund Sources

Increasing the number of visitors will increase the commission’s special fund revenue through ticket sales, gift shop sales, and stays at the onsite bed and breakfast. Rent paid on commission-owned properties and for events such as weddings also adds to HSMCC’s special funds. As the commission works to be less reliant on State funding, fluctuations in special funds are very important. **Exhibit 2** shows earned special funds as a percent of HSMCC’s total budget. HSMCC reports that a contract paid partially in advance with SMCM to employ students as researchers is the reason for fiscal 2011’s strong growth. Fiscal 2012 and 2013 revenues suffered from declining attendance at HSMCC. However, HSMCC projects strong special fund growth in fiscal 2014 and 2015. The largest sources of income are general admissions tickets, housing rental units, the inn, and Historic St. Mary’s City Foundation program sponsorship. Additionally, options for cell phone tower rental income are under consideration. **HSMCC should comment on how it can increase special fund revenues.**

Exhibit 2
Earned Special Funds
Fiscal 2009-2015 Est.



Source: Governor’s Budget Books, Fiscal 2011-2015

Fiscal 2013

HSMCC requested and received \$75,000 from the fiscal 2013 contingent fund through a budget amendment from the Board of Public Works due to an unexpected shortfall in sponsorship funding and leasing revenue.

Fiscal 2014

There are three across-the-board withdrawn appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology 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, respectively. For HSMCC, these actions reduce fiscal 2014’s appropriation by about \$47,000. HSMCC reports that the fiscal 2014 budget is balanced, and there is no concern for a deficiency appropriation as was necessary for the closeout of fiscal 2013.

Fiscal 2015

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 the State Retirement Agency. For HSMCC, these actions reduce the fiscal 2015 allowance by about \$26,000.

Proposed Budget

Exhibit 3 shows that HSMCC’s budget decreases by \$7,000 between fiscal 2014 and 2015. Overall personnel costs increase about \$219,000, mainly due to the increase in salaries from a cost-of-living adjustment (COLA) and other compensation increasing due to 3 contractual staff being moved into regular positions that had been vacant. The largest change in the budget comes from an agreement with the Department of General Services to perform much-needed maintenance at HSMCC’s facilities, which include interpretive structures, rental properties, administrative buildings, and roads. This will save HSMCC about \$135,000 beginning in fiscal 2014 and accounts for the largest decrease in special funds, which had originally been budgeted for contractual services in fiscal 2014. DGS values the services it will provide at about \$200,000 per year, a significant difference from how much HSMCC estimates it would have cost to manage in-house. Other large adjustments included deferring purchase of a new vehicle, reducing gift shop inventory, and moving some food services from in-house operations to a vendor.

Exhibit 3
Proposed Budget
Historic St. Mary’s City Commission
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Total
2014 Working Appropriation	\$2,088	\$971	\$3,059
2015 Allowance	<u>2,154</u>	<u>898</u>	<u>3,052</u>
Amount Change	\$66	-\$73	-\$7
Percent Change	3.2%	-7.6%	-0.2%

Where It Goes:

Personnel Expenses		
Increments and other compensation.....		\$112
Annualization of salaries.....		62
Workers’ compensation premium assessment		42
Turnover adjustments.....		16
Other personnel expense changes		4
Health insurance adjustments.....		-16
Other Changes		
Equipment rental and other supplies and materials.....		14
Food Service funding re-categorized to vendor services		13
Other adjustments		-2
Utilities and building and household cost reductions.....		-10
Gift shop inventory reorganization		-10
Deferred vehicle purchase.....		-35
Contractual personnel moving to regular positions.....		-74
Other contractual services and maintenance performed by the Department of General Services		-125
Total		-\$7

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.

Federal Funds

No federal funding is in the fiscal 2015 allowance; however, HSMCC reports that it is currently pursuing several sources of federal funding.

First, HSMCC is in talks with the National Park Service (NPS) to rehabilitate Chancellor’s Point. The potential funding comes through the Chesapeake Bay Gateways Network, which provides aid to state and local governments and nonprofit organizations to conserve and interpret historic and natural resources within the Chesapeake Bay watershed. Chancellor’s Point Natural History Area is owned by HSMCC and located directly south of the historic city center and SMCM. NPS would like to increase canoe and kayak access to the waterfront. In addition, SMCM would like to increase use of the site for academic and recreational purposes.

Second, in December 2013, HSMCC applied for a two-year federal grant of about \$150,000 from the Institute of Museum and Library Services (IMLS). HSMCC has been successful in obtaining IMLS grants in the past but will not hear about the next round of awards until fall 2014. HSMCC last received IMLS funding in fiscal 2012.

In a related matter, in fiscal 2009, HSMCC loaned three seventeenth-century lead coffins to the Smithsonian Institution in Washington, DC, for research and public display. In winter/spring 2014, federal funding within the Smithsonian Institution will cover the transfer of the three lead coffins back to HSMCC. Potentially in fiscal 2015, HSMCC will pursue a Heritage Area Grant to create a crypt in its reconstructed chapel to return the coffins to public display in an appropriate venue in Maryland.

Issues

1. Reaccreditation Process Begins

HSMCC is accredited by the Alliance of American Museums (AAM), formerly the American Association of Museums. AAM is a nonprofit association that seeks to promote and professionalize museums across the country. Its accreditation process is similar in concept to how the Middle States Commission on Higher Education accredits Maryland’s college and universities. Other institutions that are also accredited by AAM include the Baltimore Museum of Art and the Historic Annapolis Foundation, as well as other living-history and heritage museums like Colonial Williamsburg in Virginia.

HSMCC received its first accreditation review from AAM in 2003; however, this designation was provisional. The review found deficiencies in facilities and a lack of adequate storage space for museum collections and other artifacts in HSMCC’s care. To resolve these findings, the demolition and reconstruction of Anne Arundel Hall, a facility shared by HSMCC and SMCM, have been critical for the next AAM review visit. HSMCC was able to defer AAM reaccreditation until fiscal 2016, partly due to revised AAM accreditation guidelines but also because Anne Arundel Hall’s reconstruction did not start until fiscal 2014. For the next review, AAM is stressing that institutions move beyond the traditional notion of what museums do to also incorporate local communities as a core component of each museum’s mission.

HSMCC did provide a 2013 update to its original 2003 accreditation review that begins the process of conducting an extensive self-study to determine institutional strengths and weaknesses prior to the actual reaccreditation visit in 2016. **Given the expanded scope of review that AAM will give HSMCC in fiscal 2016, the director should comment on ideas HSMCC has for working with local communities and other organizations in Southern Maryland to promote education of and access to Maryland’s historical resources.**

Recommended Actions

1. Adopt the following narrative:

Report on Historic St. Mary’s City Commission’s Role and Outreach in Southern Maryland: Given the Historic St. Mary’s City Commission’s (HSMCC) important role in promoting knowledge and access to Maryland’s historical and natural resources and the expectation that HSMCC show how it is involved in the local community in its upcoming accreditation review, the committees request that HSMCC report on its current educational outreach programs and ideas for future programs, as well as how it promotes regional heritage tourism. The report should consider other organizations and institutions that HSMCC currently works with, such as St. Mary’s College of Maryland, and groups that HSMCC could improve or create new ties with, such as the National Park Service’s Chesapeake Bay Gateways Network. HSMCC should also consider how it could do more to work with underserved communities in the State.

Information Request	Author	Due Date
HSMCC’s Role and Outreach in Southern Maryland	HSMCC	December 1, 2014

Current and Prior Year Budgets

Current and Prior Year Budgets Historic St. Mary’s City Commission (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$1,941	\$923	\$150	\$0	\$3,014
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	75	9	0	0	84
Reversions and Cancellations	-7	-178	-150	0	-335
Actual Expenditures	\$2,010	\$754	\$0	\$0	\$2,764
Fiscal 2014					
Legislative Appropriation	\$2,105	\$969	\$0	\$0	\$3,074
Budget Amendments	30	2	0	0	32
Working Appropriation	\$2,135	\$971	\$0	\$0	\$3,106

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

Fiscal 2013

General funds increased \$75,000 due to a budget amendment transferring funds from the fiscal 2013 contingent fund to HSMCC due to decreases in sponsorship funding and property leasing revenue. Special funds increased \$9,400 to reflect the COLA.

General funds decreased by about \$7,000 due to a fee for development of a new Statewide Personnel System. In fiscal 2013, the State spent approximately 48% of this major information technology project’s appropriated budget, with the remainder reverted to the general fund.

End-of-year cancelations totaled \$178,000 in special funds due to a decline in general admissions, gift shop sales, and rental revenue. Federal funds also decreased \$150,000 due to the expiration of grant from the Institute of Museum and Library Services.

Fiscal 2014

The legislative appropriation increased by about \$30,000 in general funds and \$2,400 in special funds to reflect the COLA and salary increments.

Audit Findings

Audit Period for Last Audit:	August 3, 2009 – June 30, 2012
Issue Date:	July 2013
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	N/A

Finding 1: Proper controls were not established to ensure all cash receipts were deposited in a timely manner.

Finding 2: The commission did not follow its procurement policy when procuring services from one vendor.

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
Historic St. Mary's City Commission**

<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>
Positions					
01 Regular	32.00	32.00	32.00	0.00	0%
02 Contractual	15.77	18.50	15.50	-3.00	-16.2%
Total Positions	47.77	50.50	47.50	-3.00	-5.9%
Objects					
01 Salaries and Wages	\$ 1,930,552	\$ 2,039,924	\$ 2,246,038	\$ 206,114	10.1%
02 Technical and Spec. Fees	332,212	382,263	308,582	-73,681	-19.3%
03 Communication	11,019	11,400	12,100	700	6.1%
04 Travel	9,757	9,200	8,000	-1,200	-13.0%
06 Fuel and Utilities	112,444	133,400	120,827	-12,573	-9.4%
07 Motor Vehicles	32,186	73,820	31,820	-42,000	-56.9%
08 Contractual Services	216,826	293,122	200,915	-92,207	-31.5%
09 Supplies and Materials	80,393	132,412	114,900	-17,512	-13.2%
10 Equipment – Replacement	1,308	2,000	2,000	0	0%
11 Equipment – Additional	6,805	2,000	3,900	1,900	95.0%
13 Fixed Charges	30,201	26,593	29,457	2,864	10.8%
Total Objects	\$ 2,763,703	\$ 3,106,134	\$ 3,078,539	-\$ 27,595	-0.9%
Funds					
01 General Fund	\$ 2,009,918	\$ 2,134,806	\$ 2,178,239	\$ 43,433	2.0%
03 Special Fund	753,785	971,328	900,300	-71,028	-7.3%
Total Funds	\$ 2,763,703	\$ 3,106,134	\$ 3,078,539	-\$ 27,595	-0.9%

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