

D90U00
Canal Place Preservation and Development Authority

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$386	\$192	\$128	-\$64	-33.2%
Adjustments	0	-34	0	34	
Adjusted General Fund	\$386	\$158	\$128	-\$30	-19.0%
Special Fund	427	570	568	-2	-0.4%
Adjustments	0	-3	2	4	
Adjusted Special Fund	\$427	\$568	\$570	\$2	0.4%
Adjusted Grand Total	\$813	\$726	\$698	-\$28	-3.8%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- There is a fiscal 2018 negative deficiency appropriation of \$34,000 to reflect the cancellation of a capital lease agreement.
- The adjusted fiscal 2019 allowance decreases \$28,000, or 3.8%, from the adjusted 2018 working appropriation due primarily to one time maintenance costs.

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

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Personnel Data

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>
Regular Positions	3.00	3.00	3.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	3.00	3.00	3.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/17	0.00	0.00%

Analysis in Brief

Major Trends

Visitors and Events: There has been a decline in the number of visitors to Canal Place as a result of a landslide that affected the train and the Great Allegheny Passage trail.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

D90U00 – Canal Place Preservation and Development Authority

D90U00
Canal Place Preservation and Development Authority

Operating Budget Analysis

Program Description

The Canal Place Preservation and Development Authority’s mission is to be the catalyst for the preservation, development, and management of the lands adjacent to the Chesapeake and Ohio (C&O) Canal in Cumberland; to be the coordinator of activities and programs and partner with various agencies and organizations to present a variety of events at the Canal Place festival area; and to be the advocate for preservation and development within the Canal Place Preservation District and the greater Cumberland area, for the purpose of enhancing heritage tourism in Western Maryland.

Canal Place’s primary goals are to:

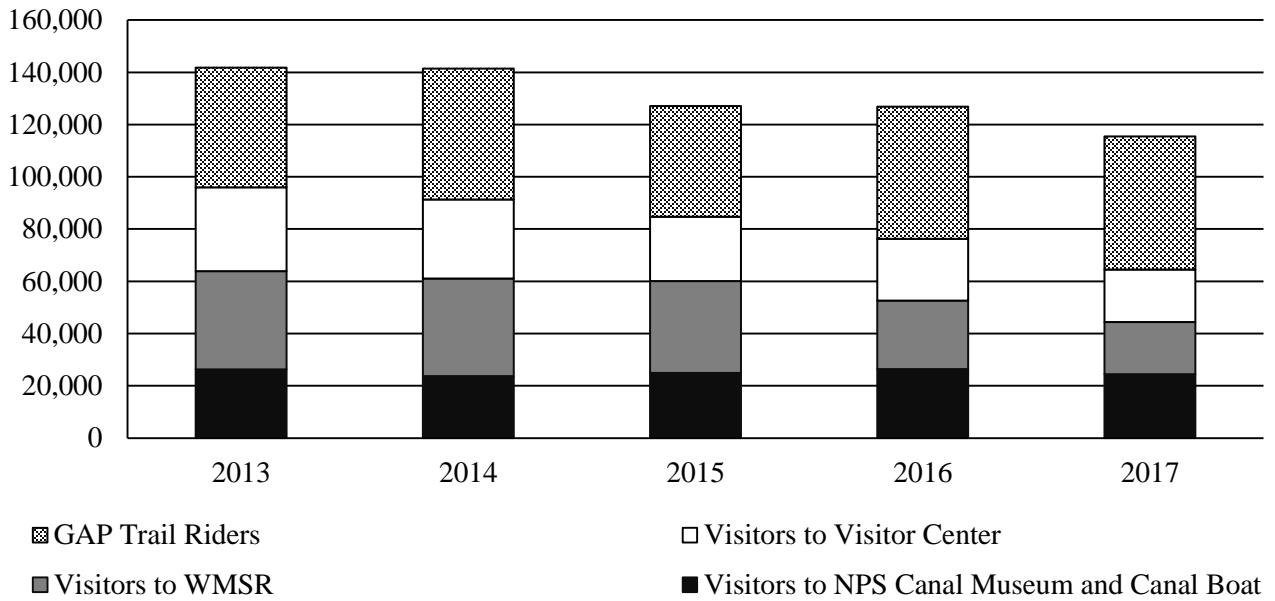
- develop and implement educational and interpretive programs that will enhance visitors to the Canal Place Heritage Area;
- secure public and private support for the Canal Place Heritage Area through corporate sponsorship, partnerships, and private donations;
- partner with local tourism and the Downtown Development Commission to promote events and activities at Canal Place and within the heritage area; and
- coordinate with stakeholders to develop and promote Canal Place as a Heritage Park.

Performance Analysis: Managing for Results

1. Visitors and Events

Canal Place Heritage Area attracts visitors through activities and events. **Exhibit 1** shows the number of visitors for different events and localities within the heritage area. There has been a decline in the number of visitors for the Visitor Center, the Western Maryland Scenic Railroad, the Canal Museum, and the Great Allegheny Passage (GAP) trail. These decreases are because of two landslides that affected both the entrance to the GAP trail and the train tracks between Cumberland and Frostburg. Sections of the Paw Paw Tunnel and the C&O Canal Towpath were also closed for repairs.

**Exhibit 1
Visitors
Fiscal 2013-2017**

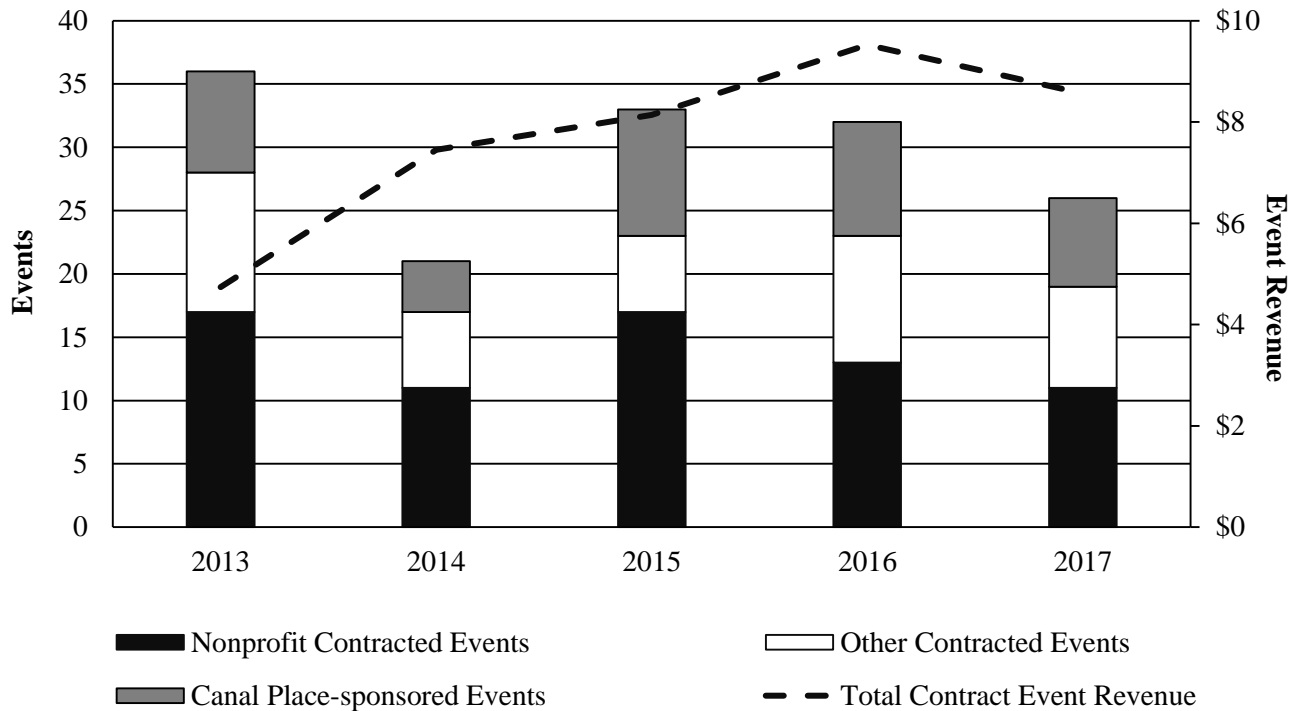


GAP: Great Allegheny Passage
WMSR: Western Maryland Scenic Railroad
NPS: U.S. National Park Service

Source: Canal Place

As a result of the landslides and maintenance, there has also been a decline in the number of events hosted and event revenue as shown in **Exhibit 2**.

**Exhibit 2
Events and Event Revenue
Fiscal 2013-2017
(\$ in Thousands)**



Source: Canal Place

Fiscal 2018 Actions

Proposed Deficiency

There is a fiscal 2018 negative deficiency appropriation for the cancellation of a capital lease agreement for a new heating, ventilation, and air conditioning system in the amount of \$33,553.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency’s share of this reduction is \$2,546 in special funds.

Proposed Budget

Exhibit 3 shows the adjusted fiscal 2019 allowance decreases \$28,000, or 3.8%, from the fiscal 2018 adjusted working appropriation.

**Exhibit 3
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>
Fiscal 2017 Actual	\$386	\$427	\$813
Fiscal 2018 Working Appropriation	158	568	726
Fiscal 2019 Allowance	<u>128</u>	<u>570</u>	<u>698</u>
Fiscal 2018-2019 Amount Change	-\$30	\$2	-\$28
Fiscal 2018-2019 Percent Change	-19.0%	0.4%	-3.8%

Where It Goes:

Personnel Expenses

General salary increase.....	\$2
Health insurance due to the fiscal 2018 health deduction holidays.....	2

Other Changes

MHAA grant funds.....	36
Janitorial services	18
Costs associated with an economic impact study for the Canal Place Heritage Area	15
Utility tractor.....	11
Events and promotional director costs.....	-9
Utilities	-12
Building repairs (based on fiscal 2017 actuals).....	-22
Advertising (anticipated grant funds not received)	-33
Costs associated with painting windows at the Western Maryland Railway Station	-38
Other.....	2

Total **-\$28**

MHAA: Maryland Heritage Area Authority

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

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The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is \$1,892 in special funds.

There is a \$36,000 increase for anticipated grant funding from the Maryland Heritage Area Authority (MHAA). This funding, while not currently confirmed, would be received as special funds to Canal Place as a part of the heritage area funding received by the Department of Planning. Chapters 660 and 661 of 2017 increased the funding from the transfer tax for the MHAA Financing Fund from \$3 million to \$6 million starting in fiscal 2019, with \$5.1 million being allocated for grants. While this increases the likelihood of funding being awarded to Canal Place, it should be noted that as of February 5, 2018, there are 212 applications totaling \$8.4 million in requested funding for MHAA Program grants, although there may be some attrition. The anticipated grant funding would be for building and road maintenance, and to implement a new mini-grant program. This program will award grants in amounts of \$500 to \$5,000 as a cash match for projects that support economic development through heritage tourism within the heritage area.

There is also a \$15,000 increase for costs associated with an economic impact study for the Canal Place Heritage Area. Canal Place received a proposal for the study from Towson University at an estimated \$36,000, which is more than double the \$15,000 allocated in the allowance. In addition, it should be noted that HB 1245 of 2018 proposes a task force on the Canal Place Preservation and Development Authority. The proposed task force would assess options for continuing or restructuring Canal Place, determine the best method for the disposition of Canal Place assets and transfer of leases, and make recommendations to implement any conclusions determined through the work of the task force.

Decreases include \$38,000 in one-time costs associated with painting windows at the Western Maryland Railway Station. There is also a decrease of \$33,000 for anticipated grant funding for advertising that was not received. Annual building maintenance costs decrease by \$22,000 to align with actual costs in fiscal 2017.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
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 2017					
Legislative Appropriation	\$129	\$566	\$0	\$0	\$695
Deficiency Appropriation	257	0	0	0	257
Cost Containment	0	0	0	0	0
Budget Amendments	0	4	0	0	4
Reversions and Cancellations	0	-144	0	0	-144
Actual Expenditures	\$386	\$427	\$0	\$0	\$813
Fiscal 2018					
Legislative Appropriation	\$192	\$570	\$0	\$0	\$762
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working Appropriation	\$192	\$570	\$0	\$0	\$762

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

The fiscal 2017 legislative appropriation for Canal Place increased by \$118,000. General funds increased by \$257,000 through a deficiency appropriation for the emergency replacement of the heating, ventilation, and air conditioning system.

The special fund appropriation increased by \$4,000 for centrally budgeted salary adjustments, but this was more than offset by \$144,000 in cancellations because special fund revenues were lower than anticipated.

Fiscal 2018

To date, the fiscal 2018 legislative appropriation has not changed.

Appendix 2
Object/Fund Difference Report
Canal Place Preservation and Development Authority

<u>Object/Fund</u>	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u> <u>Appropriation</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18 - FY 19</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	3.00	3.00	3.00	0.00	0%
Total Positions	3.00	3.00	3.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 207,157	\$ 219,039	\$ 219,028	-\$ 11	0%
03 Communication	12,048	12,710	14,707	1,997	15.7%
04 Travel	2,670	3,500	3,600	100	2.9%
06 Fuel and Utilities	71,436	85,799	73,322	-12,477	-14.5%
07 Motor Vehicles	1,594	4,680	2,580	-2,100	-44.9%
08 Contractual Services	220,243	298,700	291,389	-7,311	-2.4%
09 Supplies and Materials	19,018	21,100	26,200	5,100	24.2%
10 Equipment – Replacement	4,539	34,053	11,000	-23,053	-67.7%
11 Equipment – Additional	9,356	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	0	0	10,000	10,000	n/a
13 Fixed Charges	4,437	3,134	3,156	22	0.7%
14 Land and Structures	260,831	79,122	41,000	-38,122	-48.2%
Total Objects	\$ 813,329	\$ 761,837	\$ 695,982	-\$ 65,855	-8.6%
Funds					
01 General Fund	\$ 386,024	\$ 191,553	\$ 128,000	-\$ 63,553	-33.2%
03 Special Fund	427,305	570,284	567,982	-2,302	-0.4%
Total Funds	\$ 813,329	\$ 761,837	\$ 695,982	-\$ 65,855	-8.6%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 3
Fiscal Summary
Canal Place Preservation and Development Authority**

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 General Administration	\$ 813,329	\$ 761,837	\$ 695,982	-\$ 65,855	-8.6%
Total Expenditures	\$ 813,329	\$ 761,837	\$ 695,982	-\$ 65,855	-8.6%
General Fund	\$ 386,024	\$ 191,553	\$ 128,000	-\$ 63,553	-33.2%
Special Fund	427,305	570,284	567,982	-2,302	-0.4%
Total Appropriations	\$ 813,329	\$ 761,837	\$ 695,982	-\$ 65,855	-8.6%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.