

**D17B0151**  
**Historic St Mary’s City Commission**

**Program Description**

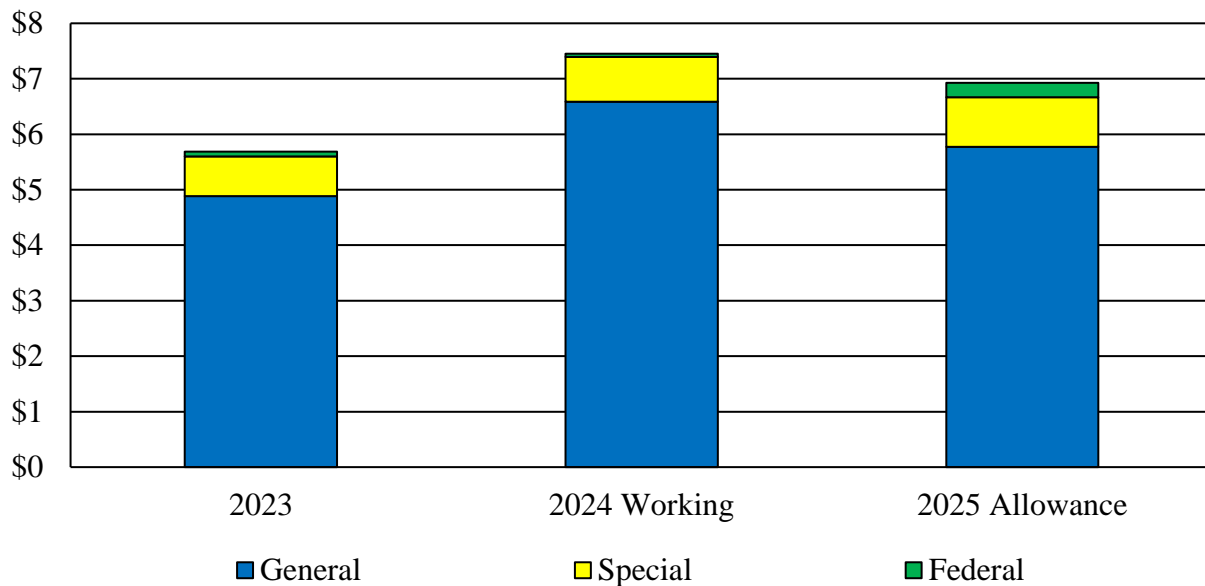
Historic St. Mary’s City is an outdoor history and archaeology museum that preserves, researches, and interprets the site of Maryland’s first capital. The Historic St. Mary’s City Commission (HSMCC) is an independent unit of State government. HSMCC is also part of the Maryland Heritage Project, a multi-year capital improvement project with St. Mary’s College of Maryland (SMCM).

The mission of HSMCC is to preserve and protect the archaeological and historical record of Maryland’s first capital and to appropriately develop historic and scenic sites for the education, enjoyment, and general benefit of the public. The goal of the commission is 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.

***Operating Budget Summary***

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**Fiscal 2025 Budget Decreases \$523,626, or 7.0%, to \$6.9 Million**  
**(\$ in Millions)**



Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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## **Fiscal 2024**

### **Proposed Deficiency**

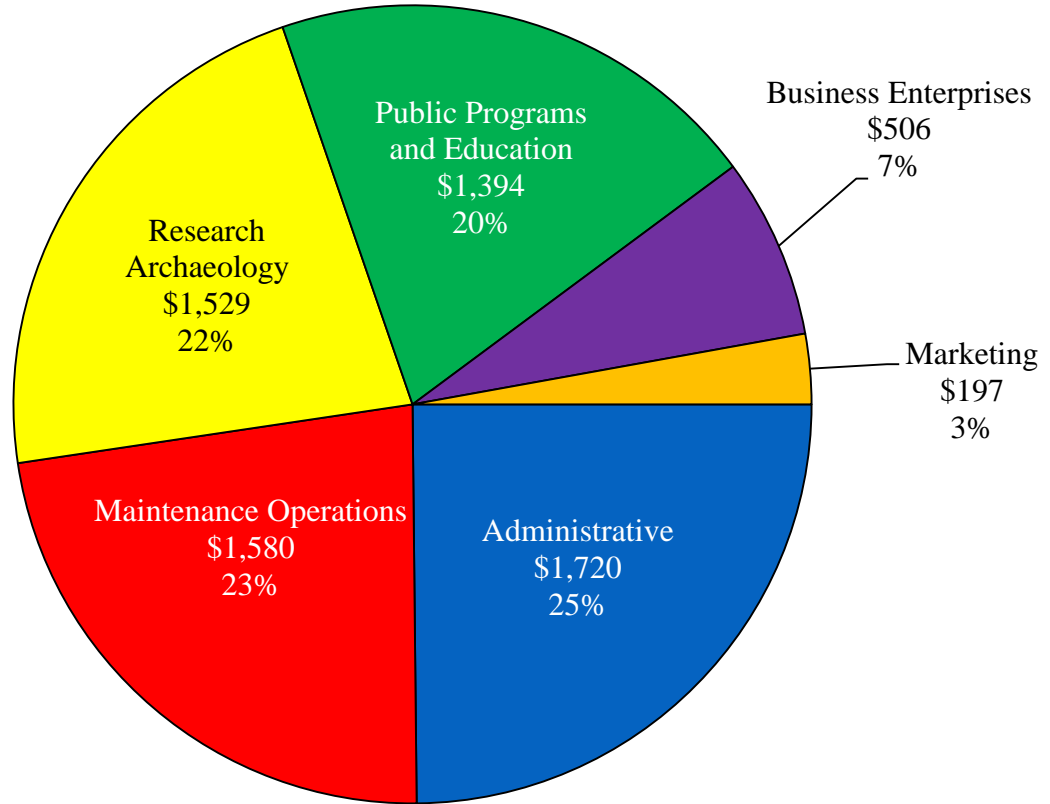
There are two proposed fiscal 2024 deficiency appropriations at HSMCC that add \$358,508 in general funds for the following purposes:

- \$242,882 to provide additional funding for wireless network installment expenses; and
- \$115,626 for cost-of-living adjustment (COLA) related expenses.

### **Fiscal 2025 Overview of Agency Spending**

As shown in **Exhibit 1**, the largest share of HSMCC’s fiscal 2025 allowance is \$1.7 million, or 25%, for administrative functions. Maintenance operations account for a further 23% of the budget, with research archaeology making up another 22% of the allowance. The remaining 30% is allocated to public programming, business enterprise expenses, and marketing.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2025 Allowance**  
**(\$ in Thousands)**



Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2025 Budget Books

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**Proposed Budget Change**

The fiscal 2025 allowance for HSMCC decreases by \$523,626, as shown in **Exhibit 2**. This decrease is largely driven by the removal of more than \$1 million in one-time expenses that were included in the fiscal 2024 appropriation.

**Exhibit 2**  
**Proposed Budget**  
**Historic St. Mary’s City Commission**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2023 Actual	\$4,885	\$717	\$87	\$5,690
Fiscal 2024 Working Appropriation	6,586	808	55	7,449
Fiscal 2025 Allowance	<u>5,775</u>	<u>895</u>	<u>255</u>	<u>6,925</u>
Fiscal 2024-2025 Amount Change	-\$810	\$87	\$200	-\$524
Fiscal 2024-2025 Percent Change	-12.3%	10.8%	362.5%	-7.0%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Salary increases and associated fringe benefits including fiscal 2024 cost-of-living adjustment and increments.....	\$103
Other fringe benefit adjustments.....	1
<b>Other Changes</b>	
Department of Information Technology (DoIT) services allocation.....	216
Funding for contractual personnel.....	81
Contracted service costs for surveying and excavation of test pits for archaeological investigation.....	75
Agency share of statewide cost allocation (excluding DoIT).....	52
Insurance costs for the new Maryland Heritage Interpretive Center and the new Maryland Dove.....	23
Increased costs for electricity.....	19
Funding for administrative, exhibition, and archaeological supplies.....	-15
Advertising expenses.....	-22
One-time funding in fiscal 2024 for additional maintenance equipment.....	-100
One-time funding in fiscal 2024 for new vehicles.....	-158
One-time funding in fiscal 2024 to support non-capital expenses for the new Maryland Heritage Interpretive Center.....	-786
Other.....	-13
<b>Total</b>	<b>-\$524</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

***Personnel Data***

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	<b><u>FY 23 Actual</u></b>	<b><u>FY 24 Working</u></b>	<b><u>FY 25 Allowance</u></b>	<b><u>FY 24-25 Change</u></b>
Regular Positions	32.00	32.00	32.00	0.00
Contractual FTEs	<u>26.29</u>	<u>37.92</u>	<u>37.72</u>	<u>-0.20</u>
<b>Total Personnel</b>	<b>58.29</b>	<b>69.92</b>	<b>69.72</b>	<b>-0.20</b>

***Vacancy Data: Regular Positions***

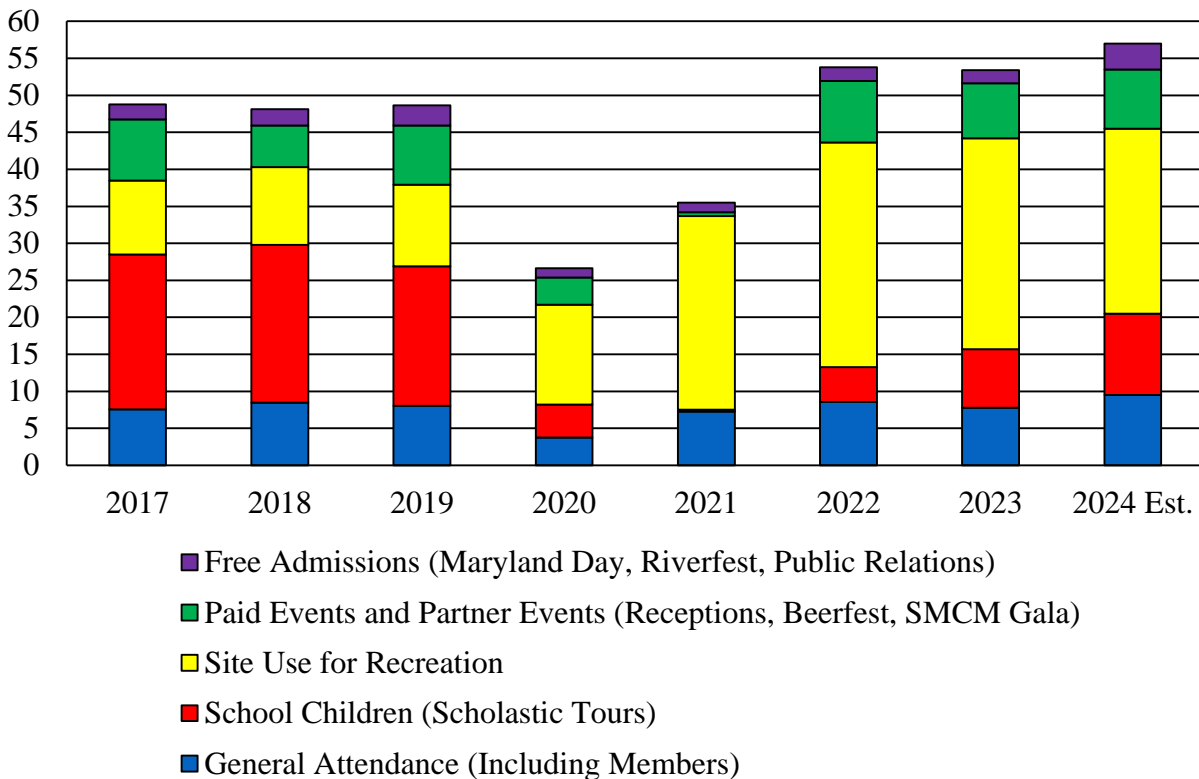
Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/23	0	0.00%
Vacancies Above Turnover	0.00	

## Key Observations

### 1. Visitation Drops Slightly, Continues to Exceed Prepandemic Levels

HSMCC aims to educate members of the public by increasing the number of visitors of all backgrounds to its site. Attendance levels fell slightly in fiscal 2023 with 53,388 members of the public visiting HSMCC, a decrease of 388 visitors from fiscal 2022. These visitor totals continue to surpass totals from years immediately prior to the COVID-19 pandemic. A breakdown of the total number of different types of visitors is shown in **Exhibit 3**.

**Exhibit 3**  
**Visitors to Historic St. Mary’s City**  
**Fiscal 2017-2024 Est.**  
**(in Thousands)**



SMCM: St. Mary’s College of Maryland

Source: Department of Budget and Management; Department of Legislative Services

HSMCC continues to explore new ways to increase the number of visitors as they continue archaeological activities and the creation of new exhibits. One key group of visitors that HSMCC is eager to bring to the site is school children. HSMCC is currently working to develop new school tour programs while improving existing programming to ensure that all school programs meet teacher curriculums and State standards. Additionally, HSMCC seeks to increase the number of other groups of visitors through continued improvements to facilities and signage throughout the entire site as well as coordinating with entities including SMCM, Historic Jamestowne, and others to increase awareness of Historic St. Mary’s City. HSMCC hopes that these efforts along with increased marketing and advertising will grow visitor numbers beyond the numbers seen in fiscal 2022 and 2023.

## **2. Implementation of Operational Changes Underway in Response to Independent Audit**

The *2022 Joint Chairmen’s Report (JCR)* restricted funds in HSMCC’s budget pending the submission of a report to the budget committees and the St. Mary’s County Delegation on the results of a performance audit. This report was not submitted until March 2023, several months after the due date. The audit was requested due to concern from the committees regarding financial management practices at HSMCC. The audit, which was completed by UHY Advisors MidAtlantic, Inc., found that HSMCC’s business operations were run informally, with subpar supervision of purchasing cards, cash management, and a lack of updated operating and property lease agreements, among other issues. The report included nine recommendations made to HSMCC that would resolve issues identified during the audit. **Appendix 2** shows the list of audit findings and **Appendix 3** lists the recommendations made in the report.

The audit found that HSMCC lacked documented policies and procedures regarding multiple aspects of its work including procurement, disbursements, and the use of purchasing cards. HSMCC also did not have updated operating agreements with key partners including SMCM or the Historic St. Mary’s City Foundation, and there were no mechanisms in place to regularly review these operating agreements. The audit also found a lack of key performance indicators in critical operating areas, including property management and operation of the Brome Howard Inn, among other areas.

HSMCC has committed to implementing the audit recommendations and has already completed several of the recommendations. The first recommendation stated that HSMCC should hire a chief operating officer (COO), which has been completed. HSMCC has also created key performance indicators and written policies and procedures for the tracking and governance of HSMCC’s operations as recommended.

HSMCC is in the process of updating operating agreements with key partners, including SMCM and the foundation, and will review these operating agreements annually, with formal approval by the Board of HSMCC every three years. HSMCC has stated that the process is taking longer than anticipated due to the complexity of updating operating agreements with multiple partners.

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HSMCC has not yet implemented a recommendation regarding the Brome Howard Inn. HSMCC has recognized that the inn was not operating at its full potential, often remaining empty or underutilized; and as such, the inn has been closed while HSMCC evaluates efficient uses for it in the future. In the past several months, HSMCC has issued a request for information (RFI) and a request for proposals (RFP), as it works to identify the best way to utilize the Brome Howard Inn. HSMCC reported that the RFI was published first and did not receive any submissions. The RFP was published second, and HSMCC did receive at least one submission, which is being evaluated by staff. When the Brome Howard Inn is brought back online, HSMCC should implement Recommendation 6 as part of the process.

**HSMCC should comment on the status of implementing recommendations from the audit that have not been fully implemented. The Department of Legislative Services (DLS) recommends the adoption of committee narrative requesting a report on the progress toward full implementation of all nine recommendations from the audit.**



## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Audit Recommendations Implementation Report:** The committees are concerned about the recommendations made in an external audit of the Historic St. Mary’s City Commission (HSMCC). The committees request a report, to be submitted by September 1, 2024, detailing the progress toward full implementation of all recommendations made in the audit report, including examples of how each recommendation has been implemented.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Audit recommendations implementation report	HSMCC	September 1, 2024

**Appendix 1**  
**2023 Joint Chairmen’s Report Responses from Agency**

The 2023 JCR did not request that HSMCC prepare any reports. The 2022 JCR did request one report, which was submitted after the publication of the fiscal 2024 budget analysis for HSMCC. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Findings of a Performance Audit on Efficiency and Effectiveness of Financial Management Systems:*** This report, which was requested in the 2022 JCR, was submitted several months after the due date with the results of the requested external audit. Further discussion of this report can be found in Key Observation 2 of this analysis.

**Appendix 2**  
**External Audit Findings**

- Finding 1:** Lack of documented policies and procedures over procurement, disbursements, purchasing cards, human resources, payroll, cash management, fleet management, property management, and community events, which align operating procedures to applicable State laws and regulations.
- Finding 2:** Lack of detailed analysis over key performance indicators in critical operating areas, such as property management, Brome Howard Inn operations, community events, fleet and property management, and deferred maintenance on HSMCC assets.
- Finding 3:** Lack of updated operating agreements with critical partners, such as the foundation and SMCM.
- Finding 4:** Lack of coordinated and cooperative efforts with some key constituents critical to assisting HSMCC to achieve its strategic objectives, such as the foundation and SMCM.
- Finding 5:** Failure to provide the board of the commission with detailed analysis linked to the strategic plan for the commission to exercise appropriate oversight.

**Appendix 3**  
**External Audit Recommendations**

- Recommendation 1:** Hiring of a COO that will help manage the three distinct lines of business; oversee the design, implementation, and operation of HSMCC policies and procedures; and monitor the key performance indicators to validate the achievement of the objectives of the Strategic Plan.
- Recommendation 2:** Develop key performance objectives and the metrics to monitor the achievement toward those objectives for procurement, disbursements, human resources, payroll, cash management, events, fleet management and property management.
- Recommendation 3:** Develop written policies and procedures that describe HSMCC’s operating procedures, including monitoring of the key performance metrics described previously, and align such procedures with applicable State laws and regulations. These written policies and procedures should cover, at a minimum, the following areas and be completed by July 1, 2023: procurement disbursements; human resources; payroll; cash management; fleet management; and property management, including rental property tenant waiting lists.
- Recommendation 4:** Update and monitor operating agreements with critical partners, such as the HSMCC Foundation, SMCM, and Patterson Park Museum. Such updates should be completed by July 1, 2023. Such operating agreements should be reviewed annually and formally approved by the board every three years.
- Recommendation 5:** Develop and implement a plan to meet at least semi-annually with key constituents to help ensure achievement of the commission's strategic objectives.
- Recommendation 6:** Develop operational metrics, based on hospitality industry best practices, for financial and nonfinancial key performance indicators for the Brome Howard Inn. These metrics should be developed, and regularly presented to the HSMCC Board, by July 1, 2023.
- Recommendation 7:** Conduct a comprehensive analysis of the deferred maintenance requirements for all HSMCC properties. Such analysis should be reviewed by an independent third party for sufficiency. Such analysis should be completed by December 31, 2023.
- Recommendation 8:** Conduct an organizational cultural assessment to identify the current state of the workforce culture and to develop and implement recommendations to improve HSMCC’s workplace culture. This assessment should be completed by December 31, 2023.

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**Recommendation 9:** Conduct meetings between the board committee chairs and HSMCC staff in advance of board meetings to discuss the information to be presented to the board and ensure alignment.

**Appendix 4  
Object/Fund Difference Report  
Historic St Mary's City Commission**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	32.00	32.00	32.00	0.00	0%
02 Contractual	26.29	37.92	37.72	-0.20	-0.5%
<b>Total Positions</b>	<b>58.29</b>	<b>69.92</b>	<b>69.72</b>	<b>-0.20</b>	<b>-0.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 3,219,596	\$ 3,355,708	\$ 3,575,829	\$ 220,121	6.6%
02 Technical and Special Fees	1,289,864	1,979,246	2,059,814	80,568	4.1%
03 Communication	29,271	16,630	38,750	22,120	133.0%
04 Travel	19,596	25,000	25,000	0	0%
06 Fuel and Utilities	161,186	140,581	160,775	20,194	14.4%
07 Motor Vehicles	64,979	180,368	42,780	-137,588	-76.3%
08 Contractual Services	599,544	1,063,985	780,853	-283,132	-26.6%
09 Supplies and Materials	225,632	185,704	170,695	-15,009	-8.1%
10 Equipment – Replacement	47,504	7,465	12,070	4,605	61.7%
11 Equipment – Additional	0	110,000	10,000	-100,000	-90.9%
13 Fixed Charges	32,333	25,887	48,890	23,003	88.9%
<b>Total Objects</b>	<b>\$ 5,689,505</b>	<b>\$ 7,090,574</b>	<b>\$ 6,925,456</b>	<b>-\$ 165,118</b>	<b>-2.3%</b>
<b>Funds</b>					
01 General Fund	\$ 4,885,313	\$ 6,227,454	\$ 5,775,475	-\$ 451,979	-7.3%
03 Special Fund	716,906	807,953	894,820	86,867	10.8%
05 Federal Fund	87,286	55,167	255,161	199,994	362.5%
<b>Total Funds</b>	<b>\$ 5,689,505</b>	<b>\$ 7,090,574</b>	<b>\$ 6,925,456</b>	<b>-\$ 165,118</b>	<b>-2.3%</b>

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or COLAs.