

**D90U00**  
**Canal Place Preservation and Development Authority**

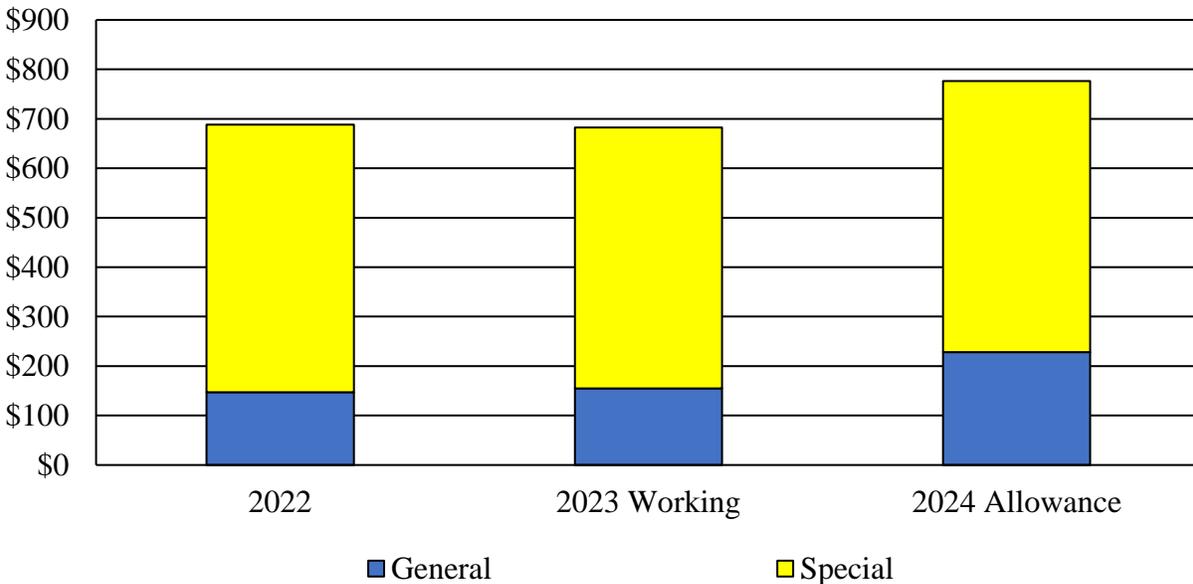
**Program Description**

The Canal Place Preservation and Development Authority (Canal Place) administers the program for the Passages of the Western Potomac Heritage Area (formerly Canal Place Heritage Area) in accordance with a management plan. The Heritage Area is 1.67 square miles and is comprised of over 1,000 acres in Cumberland and a smaller area in the historic core of Frostburg. Canal Place is the 11-acre State-owned property comprised of lands adjacent to the Chesapeake and Ohio (C&O) Canal in Cumberland. Canal Place’s goals are to develop and implement educational and interpretive programs that will enhance visitorship; secure public and private support through corporate sponsorship, partnerships, and private donations; partner with local tourism and the Downtown Development Commission to promote events and activities at the Canal Place and within the Heritage Area; and coordinate with stakeholders to develop and promote Canal Place as a heritage park.

***Operating Budget Summary***

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**Fiscal 2024 Budget Increases \$87,200, or 12.7%, to \$776,300**  
**(\$ in Thousands)**



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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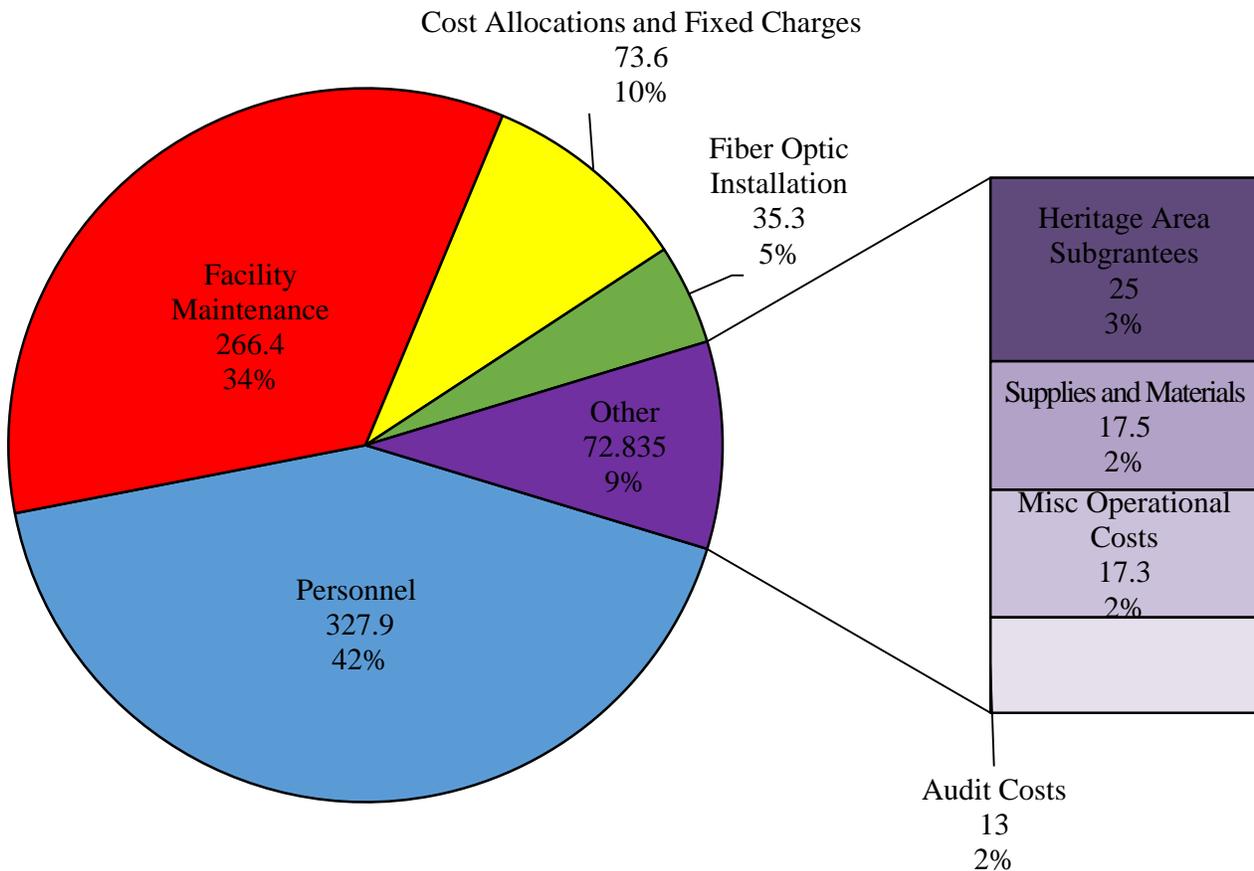
## Fiscal 2023 Proposed Deficiency

There is a proposed fiscal 2023 general fund deficiency of \$27,000 to supplement the agency’s janitorial and maintenance contract.

## Fiscal 2024 Overview of Agency Spending

As shown in **Exhibit 1**, 77% of the fiscal 2024 budget is used for personnel expenses and general preservation and maintenance of the agency’s facilities.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2024 Allowance**  
 (\$ in Thousands)



Source: Governor’s Fiscal 2024 Budget Books  
 OAG: Office of the Attorney General

## Proposed Budget Change

Canal Place’s personnel expenses increase by a net \$30,000 in the fiscal 2024 allowance, accounting for statewide salary and cost-of-living adjustments (COLA), as seen in **Exhibit 2**. Other major changes include the addition of 1 contractual full-time equivalent (FTE) position, discussed in the Personnel section of this analysis. The agency also budgets \$36,000 for the installation of telecommunications infrastructure which will enable connection to various state systems. For further discussion of Canal Place’s technological and logistical challenges, see Issue 2.

**Exhibit 2**  
**Proposed Budget**  
**Canal Place Preservation and Development Authority**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Total</b>
Fiscal 2022 Actual	\$147	\$541	\$688
Fiscal 2023 Working Appropriation	155	534	689
Fiscal 2024 Allowance	<u>228</u>	<u>548</u>	<u>776</u>
Fiscal 2023-2024 Amount Change	\$73	\$14	\$87
Fiscal 2023-2024 Percent Change	47.1%	2.7%	12.7%
<b>Where It Goes:</b>			<b><u>Change</u></b>
<b>Personnel Expenses</b>			
Employee and retiree health insurance .....			\$16
Increments and other compensation .....			12
Other fringe benefit adjustments.....			4
Annualization of November 2022 4.5% cost-of-living adjustment.....			3
Reclassification.....			-5
<b>Other Changes</b>			
New contractual full-time equivalent position.....			36
Fiber optic installation .....			35
Cost allocations.....			14
Building and equipment repairs and maintenance .....			4
Parking fees.....			3
Reduction in costs due to tenant .....			-4
Hold for credit card processing.....			-4
Maintenance and janitorial services.....			-24
Other changes .....			-3
<b>Total</b>			<b>\$87</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

***Personnel Data***

	<b><u>FY 22</u></b> <b><u>Actual</u></b>	<b><u>FY 23</u></b> <b><u>Working</u></b>	<b><u>FY 24</u></b> <b><u>Allowance</u></b>	<b><u>FY 23-24</u></b> <b><u>Change</u></b>
Regular Positions	3.00	3.00	3.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>
<b>Total Personnel</b>	<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	<b>1.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 1/1/23	0.00	n/a
Vacancies Above (Below) Turnover	0.00	

- The agency adds 1 contractual FTE in the fiscal 2024 allowance. This new position was recommended by the agency’s annual auditors to ensure financial controls and to oversee the timely completion of regular auditing and reporting requirements.
- The incumbent will focus on grant writing and administration. The volume of assessing and pursuing grant and partnership opportunities is expected to substantially increase as the River Park project develops and as the agency explores expanding the boundary of the Heritage Area further into Allegany County.

## ***Key Observations***

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### **1. Future of Canal Place Remains Unclear**

Canal Place’s future has been studied multiple times in recent years per legislation, but no final reports have been completed. Chapters 618 and 619 of 2020 reestablished the task force to complete the work begun under Chapter 789 of 2018 and required a determination of how to alter the powers of Canal Place as a State agency in order to align the mission and purpose of the Canal Place Heritage Area with that of other certified heritage areas. A report was due to the Senate Budget and Taxation Committee and the House Appropriations Committee by September 1, 2020. While appraisals of the Canal Place property were completed in calendar 2019, there have been no follow-up meetings with the task force since July 30, 2019, and a report was never completed.

Given the lack of resolution from legislatively mandated studies, Canal Place notes that it has instead pursued a recommendation to merge into the Department of Natural Resources (DNR) as a Maryland State Park or as a partnership park, as described in Chapter 39 of 2022 (Great Maryland Outdoors Act). The agency has determined, in conjunction with DNR, that Chapter 39 does not permit existing State agencies to benefit from the partnership park program. Pursuing this path forward would therefore require the passage of additional legislation to make an exception for Canal Place. **The agency should discuss the possibility of becoming a partnership park or merging with DNR outside of that program, including how inclusion in DNR’s organization would help or hinder Canal Place’s ability to achieve its short- and long-term goals.**

### **2. Canal Place Now Subject to Open Meetings Act Requirements; Faces Logistical Challenges to Achieving Full Compliance**

Chapter 346 of 2022 removed exemptions for numerous State agencies and organizations, including Canal Place, from adhering to the requirements of the Open Meetings Act. As of October 2022, Canal Place is therefore newly subject to certain requirements, including:

- making publicly available open meeting agendas at least 48 hours in advance of each meeting;
- making minutes from portions of meetings held in open session publicly available within two business days of approval of the minutes; and
- live video streaming of each portion of meetings held in open session.

Currently, the agency strives for transparency by posting a public Zoom link to join their meetings on their website and posting agendas in their office building, in addition to sending relevant documents to regular meeting attendees and anyone who requests the documents. While the agency does post meeting agendas on their website in advance, it notes that constraints of the

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site prevent it from storing all the documents in a central location. Instead, the documents are posted as individual articles, similarly to blog posts, which can make the documents difficult to find. Creating one centralized page to store all documentation for previous and upcoming meetings would require an update to the website.

In addition, the agency does not have the technological capabilities to livestream meetings. An update to the website to allow for this capability would cost an estimated \$7,500 for setup, plus \$4,500 annually for maintenance. **Canal Place should discuss the logistical challenges imposed by the new Open Meetings Act requirements and how making the necessary investments to achieve full compliance would impact the agency's long-term finances.**

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

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1. Concur with Governor's allowance.

## Updates

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- **Required Annual Audits Continually Delayed:** The agency has struggled to complete its required annual audited financial statements due to challenges to finance the effort and contractor delays. The April 2021 analysis by the Office of Legislative Audits (OLA) noted that the agency did not ensure that these required annual audits were completed in a timely manner. At the time of the OLA examination, Canal Place had not completed their annual audits for fiscal 2018 through 2020. A primary reason for the delay was difficulty in identifying sufficient funding to procure an independent auditor. During last year’s budget cycle, these funding issues were resolved, and the fiscal 2018 audit was completed while the fiscal 2019 through 2021 audits were in progress with a secured vendor. Initial estimates projected that the fiscal 2019 and 2020 audits would be completed by January 2022, and the fiscal 2021 audit would be completed by mid-year. As of this writing, the agency has submitted all requested documentation but has yet to receive final reports for audits covering fiscal 2019 through 2021. The vendor advised that these final reports should be available in late February.
- **River Park at Canal Place:** The agency has secured additional funding from various sources for River Park project, a multiphase effort that will revamp the connection of the Heritage Area to the Potomac River and improve access to the Potomac River generally, adding features including a whitewater course, docks for canoes and kayaks, and walking trails. The agency anticipates \$6 million in federal support via an earmark that will funnel through the State Highway Administration’s Transportation Alternative Program. This funding will support engineering and design of a trail system that will create connections with the C&O Canal Towpath, the Great Allegheny Passage, and other trails systems in West Virginia. The agency also plans to apply these funds to development of trailheads and interpretive signage.
- The agency has also secured \$100,000 from Allegany County and \$50,000 from the city of Cumberland. These local awards will be used in conjunction with a \$250,000 tourism grant from the Economic Development Administration, via the Maryland Department of Commerce, to support an engineering and design study. The study, which is expected to cost \$1.5 million, will procure detailed engineering and cost estimates for various project components including the removal of the Cumberland Dam, sediment testing, and mitigation of water pumps owned by the National Park Service. The agency has also applied for funding from the Maryland Heritage Areas Authority to further support completion of the engineering and design study. Removal of the Cumberland Dam will complete the north branch of the Potomac Water Trail and allow for the planned installation of the whitewater features, another phase of the River Park project.

**Appendix 1  
Object/Fund Difference Report  
Canal Place Preservation and Development Authority**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	3.00	3.00	3.00	0.00	0%
02 Contractual	0.00	0.00	1.00	1.00	N/A
<b>Total Positions</b>	<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	<b>1.00</b>	<b>33.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 252,906	\$ 254,019	\$ 290,865	\$ 36,846	14.5%
02 Technical and Special Fees	0	0	35,712	35,712	N/A
03 Communication	7,269	7,700	7,700	0	0%
04 Travel	2,484	4,100	4,100	0	0%
06 Fuel and Utilities	65,028	69,313	69,314	1	0%
07 Motor Vehicles	997	1,230	1,230	0	0%
08 Contractual Services	336,335	267,296	283,955	16,659	6.2%
09 Supplies and Materials	10,552	21,500	17,514	-3,986	-18.5%
12 Grants, Subsidies, and Contributions	8,574	25,000	25,000	0	0%
13 Fixed Charges	3,690	5,020	5,612	592	11.8%
14 Land and Structures	443	0	35,288	35,288	n/a
<b>Total Objects</b>	<b>\$ 688,278</b>	<b>\$ 655,178</b>	<b>\$ 776,290</b>	<b>\$ 121,112</b>	<b>18.5%</b>
<b>Funds</b>					
01 General Fund	\$ 147,259	\$ 128,000	\$ 228,000	\$ 100,000	78.1%
03 Special Fund	541,019	527,178	548,290	21,112	4.0%
<b>Total Funds</b>	<b>\$ 688,278</b>	<b>\$ 655,178</b>	<b>\$ 776,290</b>	<b>\$ 121,112</b>	<b>18.5%</b>

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or COLAs.