

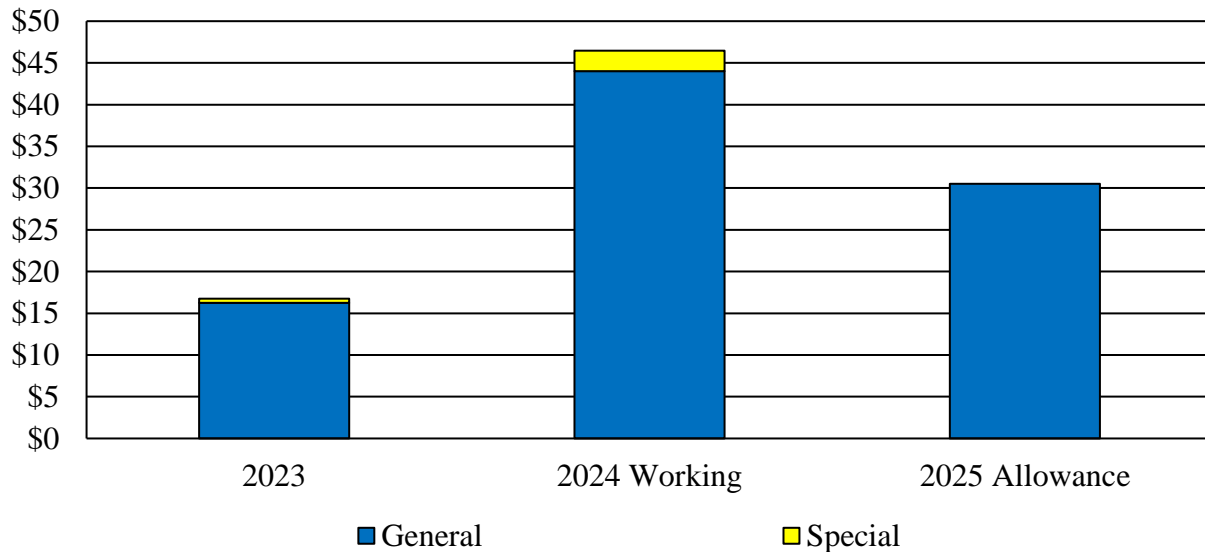
D05E01
Board of Public Works

Program Description

The Governor, the Comptroller, and the State Treasurer comprise the Board of Public Works (BPW). 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 the amount and timing of bond sales. BPW owns multiple properties in Annapolis for which the Historic Annapolis Foundation receives a grant to manage. The Wetlands Administration is a division of the board that is also responsible for the issuance of licenses to people seeking to dredge in or to place fill on State tidal wetlands. This program coordinates the State’s wetlands licensing program with other governmental agencies, landowners, and the public. Primary goals include ensuring that procurements are necessary, fiscally responsible, lawful, and comply with Minority Business Enterprise procedures as well as that wetlands licenses are efficiently administered and environmentally sound.

Operating Budget Summary

Fiscal 2025 Budget Decreases \$15.9 Million, or 34.3%, to \$30.5 Million
(\$ in Millions)



Note: 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.

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Fiscal 2024

Implementation of Legislative Priorities

Section 19 of the fiscal 2024 Budget Bill included a total of \$13.0 million for BPW to provide grants to multiple private nonprofits. As shown in **Exhibit 1**, most of the grantees have received all or a portion of the funding. Some of the grants are paid in installments, and those grants’ final fiscal 2024 payment dates have not yet occurred.

Exhibit 1
Board of Public Works Legislative Grants to Nonprofits
Fiscal 2024-2025

<u>Grantee</u>	<u>2024</u>	<u>2025</u>	<u>Status</u>
Community Preservation Trust – Board of Directors – College Park City – University Partnership	\$7,900,000		\$1,975,000 still to be distributed
Upton Planning Committee – Parren J. Mitchell House	1,500,000		\$375,000 still to be distributed
Water’s Edge Museum – Mid-Shore Community Foundation, Inc.	1,000,000		\$250,000 still to be distributed
Maryland Association of Boards of Education	875,000		\$219,000 still to be distributed
West Baltimore County Redevelopment Authority	750,000		Payment yet to be approved
Mack Lewis Boxing Gym	200,000		\$50,000 still to be distributed
Maryland Council on Economic Education	200,000		\$50,000 still to be distributed
Historic Annapolis Foundation – Supplemental Funding	194,000	\$194,000	\$49,000 still to be distributed
Olney Civic Fund	110,000		\$28,000 still to be distributed
Western Maryland Scenic Railroad – Supplemental Funding	100,000		\$25,000 still to be distributed
York Road Partnership – Govans Ecumenical Development Corporation	100,000		\$25,000 still to be distributed
African Art Museum of Maryland	50,000		Distributed in full
Foundation for the Advancement of Music and Education	50,000		Distributed in full
Prince George’s County Links, Inc. – The Ivy Community of Charities of PG County	25,000		Distributed in full
Total	\$13,054,000	\$194,000	

Source: Fiscal 2024 Budget Bill; Board of Public Works

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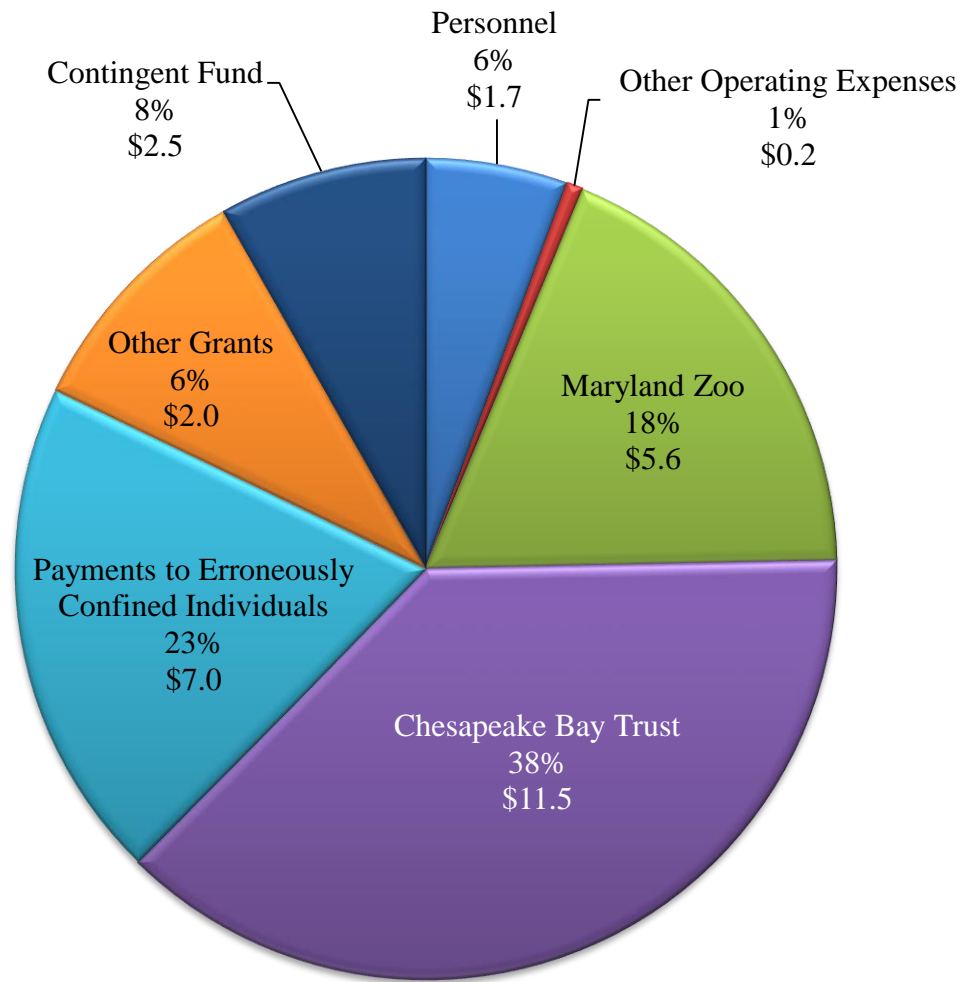
Language in the fiscal 2024 Budget Bill added \$875,000 in general funds to the appropriation for program D05E01.10 Miscellaneous Grants to Private Nonprofit Groups within BPW for the purpose of providing a grant to the Maryland Association of Boards of Education (MABE) to fund pilot programs in at least two counties establishing direct primary care health centers for school system employees and their families. Also, the language required MABE to submit a report to the budget committees by January 1, 2024, on their progress in implementing the program. This report was submitted on February 9, 2024. MABE indicates that three new health centers in St. Mary’s, Washington, and Wicomico counties have been approved and are scheduled to open before the end of the fiscal year. Additional school systems are in the approval process. To date, MABE reports that \$535,000 has been committed for the three school systems already approved.

BPW has not yet executed a grant agreement with the West Baltimore County Redevelopment Authority.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance for BPW totals \$30.5 million. As shown in **Exhibit 2**, 93% of BPW’s budget supports grants, payments to erroneously confined individuals, and the contingent fund. The remainder of the allowance supports personnel costs and other operating expenses. The Chesapeake Bay Trust accounts for the largest portion of the grant funding, which totals \$11.5million. Chapter 645 of 2021 mandates \$10 million per year from fiscal 2024 to 2031 to the Chesapeake Bay Trust for an Urban Trees grant program. Chapter 38 of 2022 mandates an appropriation of \$1.5 million for the Chesapeake Conservation Corps to the Chesapeake Bay Trust. The Chesapeake Conservation Corps program trains young people to be stewards of the environment.

Exhibit 2
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



Source: Governor’s Fiscal 2025 Budget Books

The contingent fund provides funding that may be allocated for shortfalls in agency budgets. The fiscal 2025 allowance includes \$2.5 million for this fund, the same level as fiscal 2024. BPW has reported expenditures of approximately \$353,000 from the fund in fiscal 2024.

Proposed Budget Change

As shown in **Exhibit 3**, the fiscal 2025 allowance reflects a net decrease of \$15.9 million compared to the fiscal 2024 working appropriation. A decrease of \$12.9 million is related to one-time grant funding to nonprofits allocated in Section 19 of the fiscal 2024 Budget Bill.

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

How Much It Grows:	General Fund	Special Fund	Total
Fiscal 2023 Actual	\$16,261	\$500	\$16,761
Fiscal 2024 Working Appropriation	44,000	2,465	46,465
Fiscal 2025 Allowance	<u>30,529</u>	<u>0</u>	<u>30,529</u>
Fiscal 2024-2025 Amount Change	-\$13,472	-\$2,465	-\$15,936
Fiscal 2024-2025 Percent Change	-30.6%	-100.0%	-34.3%
Where It Goes:			<u>Change</u>
Personnel Expenses			
Salary increases and associated fringe benefits including fiscal 2024 cost-of-living adjustment and increments			\$47
Reclassification			3
Other Changes			
Cost allocations.....			\$27
Historic Sotterley plantation revitalization to meet mandate in Chapter 595 of 2022			25
Justice Thurgood Marshall Center			-250
Payments to erroneously confined individuals.....			-1,459
One-time funds to Baltimore City Artscape 2023.....			-1,500
One-time grants to nonprofits in Section 19 of the fiscal 2024 Budget Bill....			-12,860
Other expenses			31
Total			-\$15,936

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

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The Justice Thurgood Marshall Amenity Center is located at P.S. 103, the school in Baltimore City that U.S. Supreme Court Justice Thurgood Marshall attended. The goal is to develop the location into a national park. The center, which is operated by the Beloved Community Services Corporation (BCSC), received a \$1.8 million grant in fiscal 2023, with additional funding in fiscal 2024 totaling \$250,000. No funding is provided in the fiscal 2025 allowance. As of December 31, 2023, the restoration of the center was completed using funds from the grant. BCSC is currently in the process of finalizing the leases for multiple tenants. The center is expected to open in July 2024.

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	9.00	11.00	11.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	9.00	11.00	11.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/23	1.00	9.09%
Vacancies Above Turnover	1.00	

- As of December 31, 2023, 1 vacant position has been vacant for less than six months. However, BPW reports that since that time, the position has been filled.

Key Observations

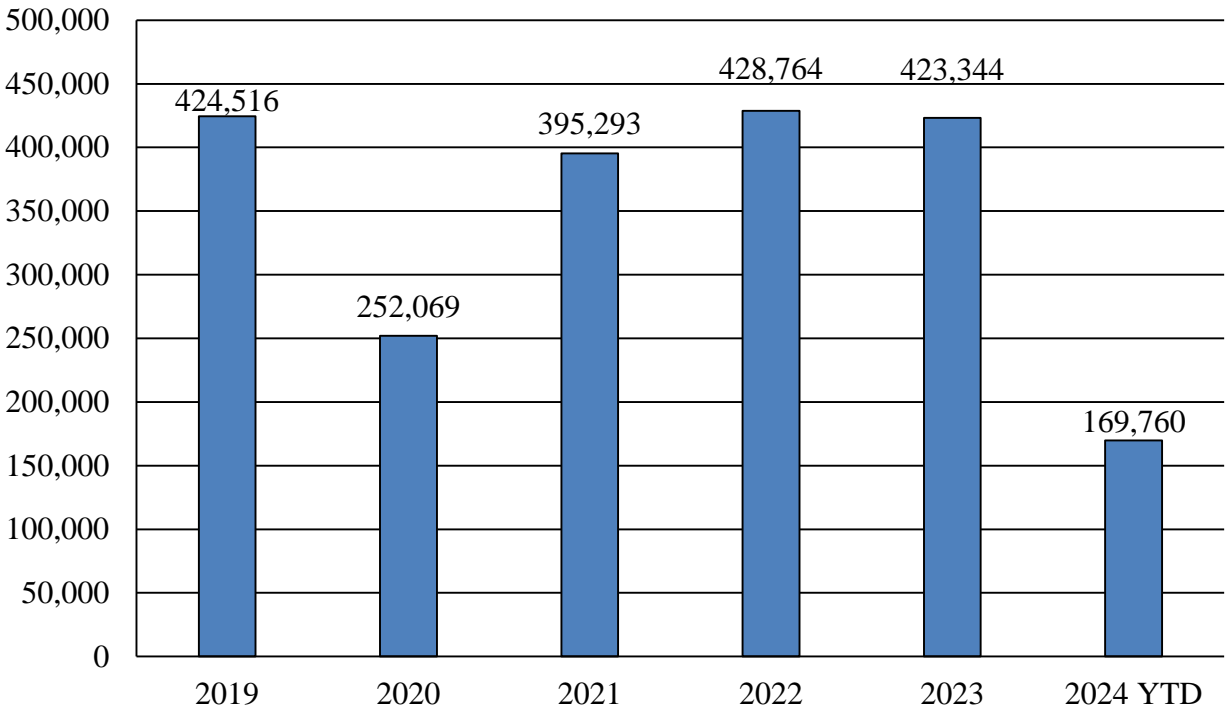
1. Annual Review of Maryland Zoo Attendance and Financial Statement

The Maryland Zoo in Baltimore is in year 32 of a 40-year lease between the State of Maryland and Baltimore City. There is a concurrent sub-lease between the State and the Maryland Zoological Society, Inc. (MZS) to manage the zoo. MZS is a nonprofit organization established for scientific, charitable, and education purposes, chiefly in the fields of zoology, zoo operations, and other related endeavors, and the organization manages the daily operations of the zoo. The title to the zoo facilities and the animal and horticultural collection remains with Baltimore City. The zoo employs approximately 200 people.

Committee narrative in the 2023 *Joint Chairmen's Report* (JCR) requested that MZS submit financial statements and attendance reports to the budget committees. Attendance reports are provided quarterly, and the audited fiscal 2023 financial statement was received in November 2023. The quarterly reports include monthly attendance figures by visitor group.

As shown in **Exhibit 4**, zoo attendance decreased by 1.2%, or 5,267 attendees, from fiscal 2022 to 2023. Despite the decrease, the zoo's actual attendance for fiscal 2023 was higher than forecasted. External factors like weather and other activities make it difficult to forecast zoo attendance accurately. In general, the zoo strives to forecast conservatively for revenue and attendance. Attendance at the zoo in fiscal 2023 of 423,344 attendees was in line with prepandemic levels. An ongoing stormwater and parking lot reconstruction project dramatically reduced available parking and likely caused some attendees to postpone their visit to a later date. The MZS goal is to implement a 10-year Master Plan with multiple additions to the zoo, including adding the first new habitat with a new species in several decades to increase attendance.

Exhibit 4
Zoo Attendance
Fiscal 2019-2024 YTD



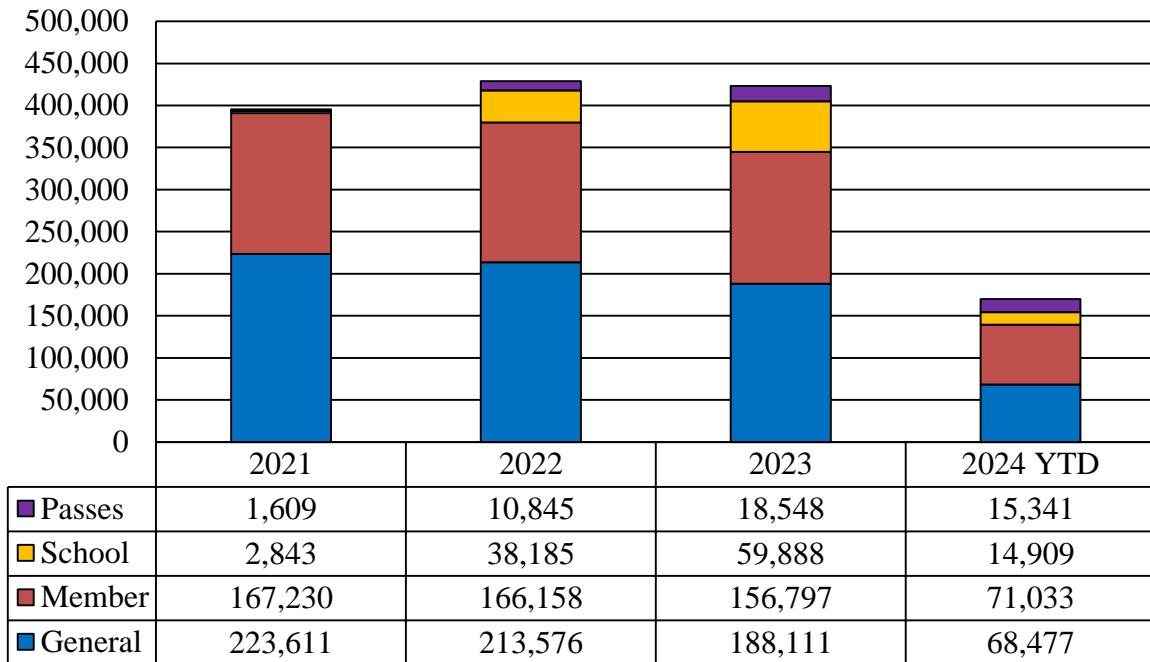
YTD: year to date

Source: Maryland Zoo in Baltimore

The fiscal 2024 monthly attendance data has been submitted from July to December 2023. The year-to-date data totals 169,760 attendees, which is a 13.1% decrease compared to the same period in 2022.

As shown in **Exhibit 5**, the general public attendance decreased by 11.9%, and member attendance decreased by 5.6% in fiscal 2023 compared with fiscal 2022. School field trips increased by 56.8% from fiscal 2022 to 2023. This is due to the ability to schedule more school field trips to the zoo with an increased number of bus drivers.

**Exhibit 5
Attendance by Visitor Group
Fiscal 2021-2024 YTD**

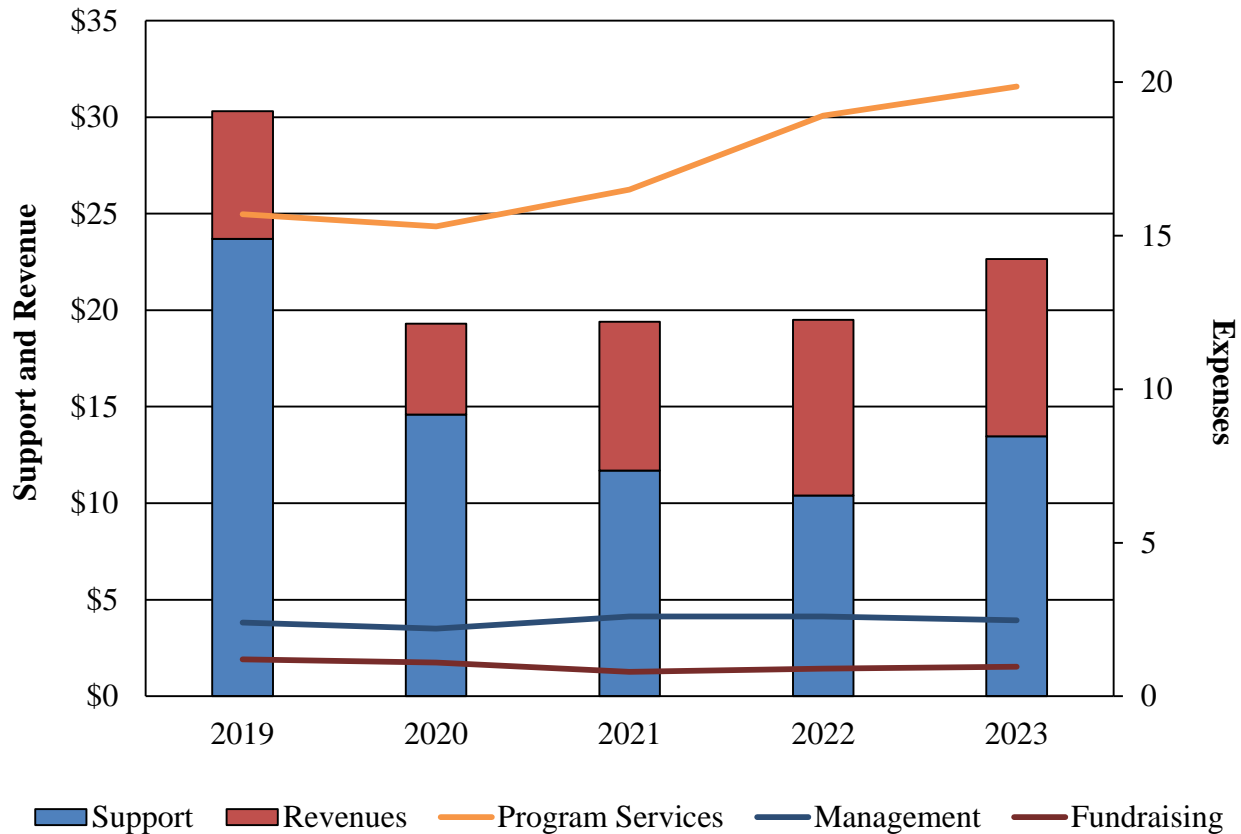


YTD: year to date

Source: Maryland Zoo in Baltimore

As shown in **Exhibit 6**, the total combined support and revenue with and without donor restrictions in fiscal 2023 was \$22.7 million. Support comes from grants and awards, contributions, and in-kind contributions, with a total of \$13.5 million in fiscal 2023, an increase of 29.5% compared to fiscal 2022. The total for grants and awards was \$10 million, contributions totaled \$2.4 million, and in-kind contributions totaled \$1.1 million. Revenues consist of visitors, education programs, net investment return, membership dues, and special events, with a combined total of \$9.2 million in fiscal 2023, a 1% increase compared to fiscal 2022. The total revenue for visitor attendance was \$5.4 million, education programs was \$253,649, net investment return was \$134,169, membership dues were \$2.6 million, and special events was \$853,612.

Exhibit 6
Maryland Zoo – Audited Consolidated Statement of Activities
Fiscal 2019-2023
(\$ in Millions)



Source: Maryland Zoological Society Consolidated Financial Statements,

The expenses that cover program services, management, and fundraising total \$23.3 million in fiscal 2023. Program services expenditures increased by 5% from fiscal 2022 to 2023. Management decreased by 5% in fiscal 2023 compared to fiscal 2022. Fundraising increased by 7% from fiscal 2022 to 2023.

Exhibit 7 shows State and local government contributions to the zoo, including in-kind contributions. The majority of these contributions, approximately \$5.6 million, are from BPW. Baltimore City donations included electricity of approximately \$641,000, trash removal of approximately \$158,000, and rent of approximately \$253,000.

Exhibit 7
Contributions from State and Local Governments
Fiscal 2023

<u>Source</u>	<u>Amount</u>
Board of Public Works	\$5,634,700
Baltimore City – Electricity	640,700
Baltimore City – Trash Removal	157,900
Baltimore City – Rent	252,500
Total	\$6,685,800

Source: Maryland Zoological Society

From the zoo’s audit report, MZS is in the process of completing 14 construction project commitments, with a total contract amount of \$10.5 million. As of June 30, 2023, MZS has expended \$2.3 million. The remaining contract commitment totals \$8.2 million. These commitments are to be reimbursed through capital funding from the State. Additional discussion of capital funding for the Maryland Zoo can be found in the ZA00 – Miscellaneous Grants Program analysis.

2. Review of Erroneous Convictions

BPW is authorized by statute to award compensation to individuals who have been erroneously convicted, sentenced, and confined if they have received from the Governor a full pardon stating that the individual’s conviction was shown conclusively to be in error. Chapters 799 and 800 of 2017 broadened eligibility to add individuals who may not have received a gubernatorial pardon but have received a State’s Attorney certification that the individual’s conviction was in error under § 8-301 of the Criminal Procedure Article. Grants were at the discretion of BPW.

Chapters 76 and 77 of 2021 amended Section 10-501 of the State Finance and Procurement Article so that BPW is now required to make awards. Chapters 76 and 77 also defined the amount of the award as the number of days an individual is wrongfully confined, divided by 365, and multiplied by the State’s most recent annual median household income as published in the American Community Survey of the U.S. Census Bureau. The administrative law judge at the Office of Administrative Hearings (OAH) that is issuing an order may also direct the State to provide benefits free of charge, including:

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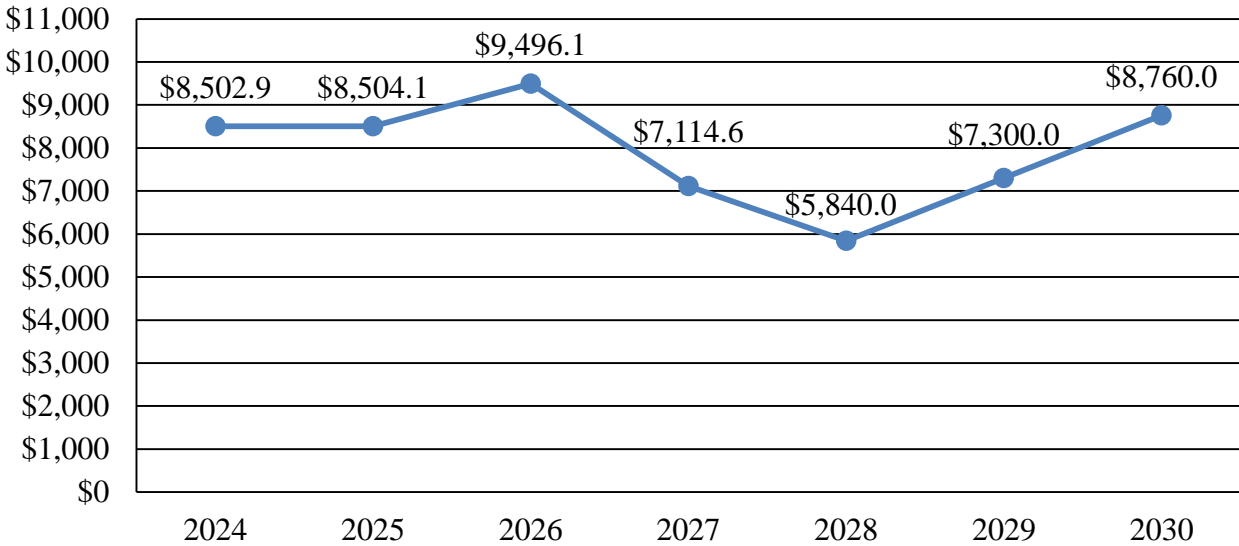
- a State identification card;
- housing accommodations upon release not to exceed five years;
- health care and dental care for at least five years;
- education and training relevant to life skills, job training, or financial literacy as well as access to enrollment at and payment of tuition and fees for attending a public senior higher education institution, regional higher education center, and/or Baltimore City Community College; and
- reimbursement for court fines, fees, and restitution paid by the individual for the crime for which the individual was erroneously confined.

Since the first award of erroneous conviction compensation in calendar 1994, BPW has approved compensation to 26 individuals totaling \$39 million in awards. Since the expansion of eligibility for erroneous conviction compensation in fiscal 2017, a total of 20 individuals have received compensation. Since the enactment of Chapters 76 and 77, 8 of those 20 individuals have been compensated, and \$12.4 million in compensation awards have been approved. Chapters 76 and 77 also permitted attorneys' fees to be paid as part of the erroneous conviction compensation process. Since that time, BPW has paid a total of \$419,500 in attorney's fees, pursuant to orders from OAH.

When BPW approved the grants, the BPW item specified that the payments would be annuities paid over a period of years. Some data suggests that it may be easier for individuals to manage a large grant as an annuity rather than as a one-time payment. Annuities also reduce the State's immediate financial exposure and make it easier to manage the State budgetary impact.

Exhibit 8 shows expected general fund spending for these payments through fiscal 2030. Spending is expected to remain flat in fiscal 2025 but peak at \$9.5 million in fiscal 2026. The out-year costs are projected with no known award amounts beyond fiscal 2027.

Exhibit 8
Erroneous Convictions Spending Forecast
Fiscal 2024-2030
(\$ in Millions)



Source: Board of Public Works

The fiscal 2025 allowance includes \$7 million for these payments, a decrease of \$1.5 million from fiscal 2024. Although a decrease, the amount is higher than approved award amounts to date for fiscal 2024. Additional costs would be expected, however, for future awards. In addition to funding appropriated in BPW in fiscal 2024, \$7.7 million for awards to erroneously confined individuals was appropriated to the Dedicated Purpose Account (DPA). To date in fiscal 2024, \$2.5 million of the appropriation was transferred out of the DPA to BPW, with \$5.2 million remaining available.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Maryland Zoo Operational Reporting: In continuance of the practice that began in July 2008, the committees request that the Maryland Zoological Society, Inc. (MZS) submit audited financial statements for fiscal 2024 and quarterly reports showing monthly attendance figures for the zoo for fiscal 2025 by visitor group. This should include a breakdown of the kinds of passes allocated.

Information Request	Author	Due Date
Audited financials	MZS	November 1, 2024
Quarterly reports showing monthly attendance	MZS	July 15, 2024 October 15, 2024 January 15, 2025 April 15, 2025

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that BPW prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- **Maryland Zoo:** MZS was asked to submit audited financial statements for fiscal 2023 and monthly attendance figures for fiscal 2024 by visitor group. The reports required to date have been submitted, with additional quarterly reports due later in the fiscal year. Further discussion of the information in the reports can be found in Key Observation 1 of this analysis.

**Appendix 2
Object/Fund Difference Report
Board of Public Works**

<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>
Positions					
01 Regular	9.00	11.00	11.00	0.00	0%
Total Positions	9.00	11.00	11.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 1,355,355	\$ 1,648,340	\$ 1,698,226	\$ 49,886	3.0%
02 Technical and Special Fees	16,955	17,880	24,290	6,410	35.9%
03 Communication	18	1,238	1,238	0	0%
04 Travel	325	2,147	2,147	0	0%
08 Contractual Services	75,721	87,129	114,738	27,609	31.7%
09 Supplies and Materials	15,339	30,292	51,286	20,994	69.3%
10 Equipment – Replacement	0	589	544	-45	-7.6%
12 Grants, Subsidies, and Contributions	15,289,993	44,671,656	28,627,859	-16,043,797	-35.9%
13 Fixed Charges	6,956	5,359	7,934	2,575	48.1%
14 Land and Structures	0	538	538	0	0%
Total Objects	\$ 16,760,662	\$ 46,465,168	\$ 30,528,800	-\$ 15,936,368	-34.3%
Funds					
01 General Fund	\$ 16,260,662	\$ 44,000,430	\$ 30,528,800	-\$ 13,471,630	-30.6%
03 Special Fund	500,000	2,464,738	0	-2,464,738	-100.0%
Total Funds	\$ 16,760,662	\$ 46,465,168	\$ 30,528,800	-\$ 15,936,368	-34.3%

Note: The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.