

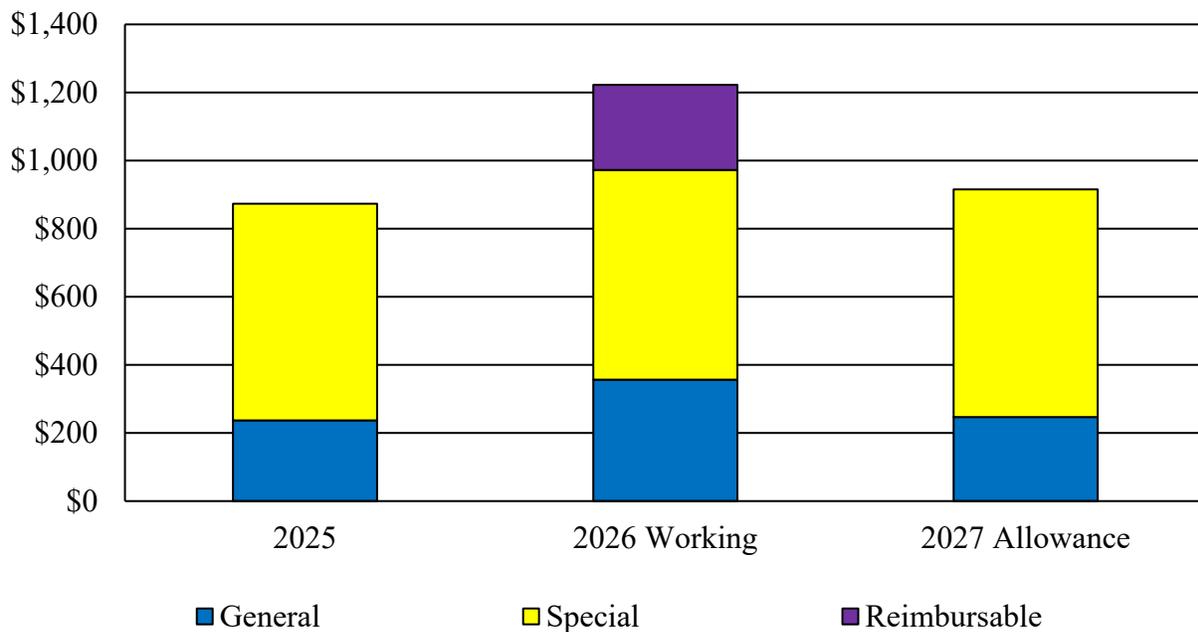
D90U00
Canal Place Preservation and Development Authority

Program Description

The Canal Place Preservation and Development Authority (CPPDA) is responsible for the historic preservation, development, and management of the Passages of the Western Potomac Heritage Area (formerly Canal Place Heritage Area). The Heritage Area is 1.67 square miles and is comprised of over 1,000 acres located in the cities of Cumberland and Frostburg. Canal Place is the 11-acre State-owned property in Cumberland comprised of lands adjacent to the western terminus of the Chesapeake and Ohio (C&O) Canal. Through historic preservation, CPPDA seeks to enhance recreation, commerce, civic life, transportation, education, and the ecology. The CPPDA Board consists of nine members, including six appointed by the Governor, one federal representative, one representative of the City of Cumberland, and one representative of the Maryland Historical Trust.

Operating Budget Summary

Fiscal 2027 Budget Decreases \$306,711, or 25.1%, to \$915,631
(\$ in Thousands)



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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Fiscal 2026

Proposed Deficiencies

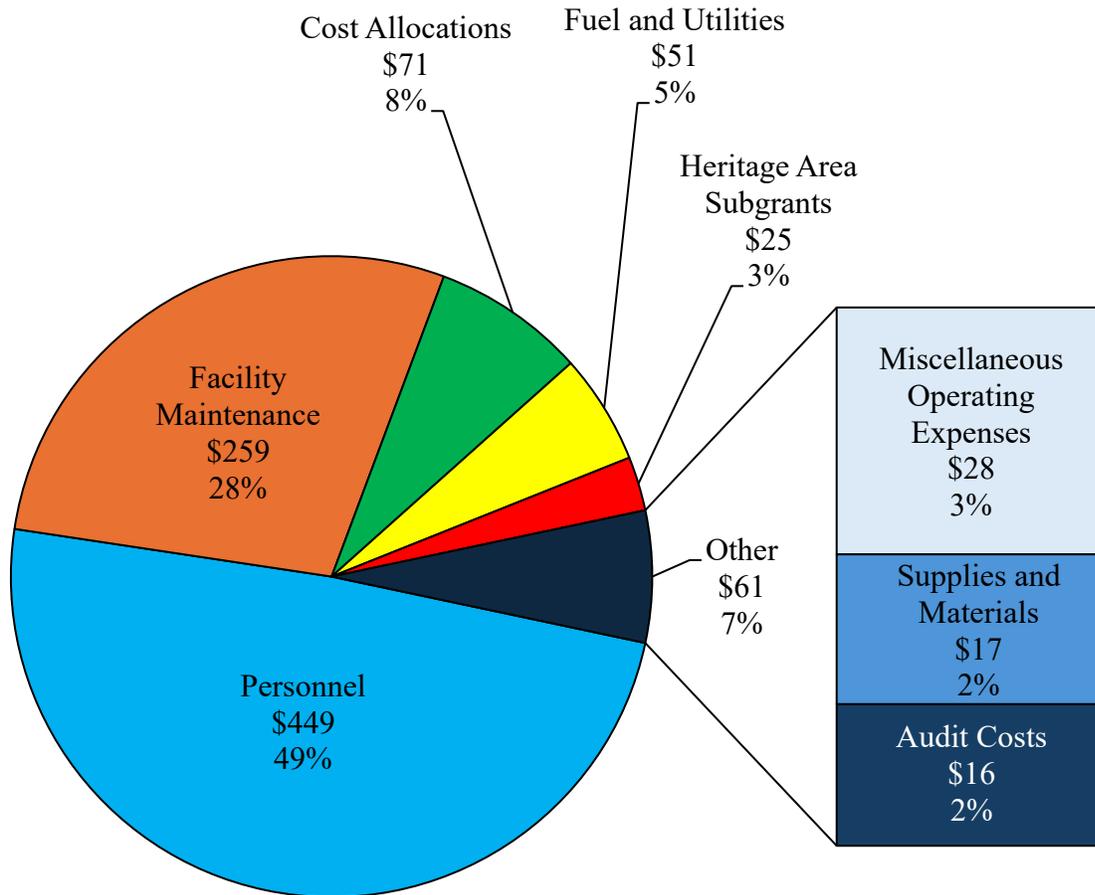
The budget as introduced includes fiscal 2026 deficiency appropriations for maintenance and janitorial costs (\$10,327 in general funds and \$4,096 in special funds) and a fund swap increasing general funds by \$13,628 for Department of Information Technology service charges and decreasing special funds by the same amount.

The budget bill also includes pay-as-you-go (PAYGO) deficiency appropriations of approximately \$1.2 million in general funds and \$6.0 million in reimbursable funds to replace funding reverted in error at the end of fiscal 2025. The funds are part of a \$7.5 million fiscal 2024 PAYGO appropriation for CPPDA's planned River Park capital project, which is discussed further in Key Observation 1. There is also a proposed deficiency of \$100,000 in general funds for operating costs associated with the project; these funds were originally part of the inadvertently reverted PAYGO appropriation, although the proposed deficiency reprograms the funds for operating costs instead, where they will be used to pay a consultant working on planning the River Park project. The PAYGO deficiency appropriations are not included in the fiscal 2026 operating budget totals in this analysis.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance totals \$915,631, of which 73% is special funds generated by the agency's management of property and buildings in Cumberland, including rental and parking revenues, and various grants. As shown in **Exhibit 1**, about half of the allowance (49%, \$449,177) is for personnel costs and 28% (\$259,257) is for property and facilities maintenance. The agency also receives \$25,000 to award as subgrants within the Passages of the Western Potomac Heritage Area.

Exhibit 1
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Thousands)



Note: The fiscal 2027 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 2027 Budget Books

Proposed Budget Change

The fiscal 2027 allowance decreases by \$306,711 after accounting for fiscal 2026 deficiency appropriations, as shown in **Exhibit 2**. Reimbursable funds decrease by \$250,000 due to a fiscal 2026 planning contract for the River Park capital project, discussed further in the Key Observations section.

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

How Much It Grows:	General Fund	Special Fund	Reimb. Fund	Total
Fiscal 2025 Actual	\$237	\$637	\$0	\$874
Fiscal 2026 Working	356	616	250	1,222
Fiscal 2027 Allowance	247	669	0	916
Fiscal 2026-2027 \$ Change	-\$109	\$53	-\$250	-\$307
Fiscal 2026-2027 % Change	-30.7%	8.6%	-100.0%	-25.1%
Where It Goes:				<u>Change</u>
Personnel Expenses				
Salary and associated fringe benefits.....				\$26
Employee and retiree health insurance				21
Deferred compensation match due to statewide change in budgeting.....				1
Other Changes				
Contracts, including for fiscal services, computer maintenance, and grounds maintenance.....				4
Other operational costs				-4
Shared services allocations				-14
Fiscal 2026 deficiency appropriations.....				-91
Engineering contract for River Park project.....				-250
Total				-\$307

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	4.00	4.00	4.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	4.00	4.00	4.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant	0.00	0.00%
 Vacancies Above Turnover	0.00	

Key Observations

1. River Park Added to *Capital Improvement Program*

River Park at Canal Place is a planned capital project managed by CPPDA to add recreational features along the C&O Canal in Cumberland. The park as planned will eventually include a trail system, boat access, whitewater and other in-river features, parking, and removal of the Cumberland Industrial Dam on the Potomac River. The full project is estimated to cost \$30.0 million and is divided into three phases: (1) trail system construction; (2) dam removal; and (3) boating access and water feature construction.

- Phase 1: Trail System:*** In fiscal 2024, CPPDA received \$1.5 million in general fund PAYGO and \$6.0 million in federal funds, provided as reimbursable funding through the State Highway Administration, which the agency must begin spending by September 2026. CPPDA reports that it is on track to meet that deadline. In fiscal 2026, the agency also received \$250,000 in reimbursable funds from the Department of Commerce from a U.S. Economic Development Administration grant to support a planning contract for the project. Designs for the trail system and parking lot are expected to be completed in September 2026, with construction taking place between late April 2027 and April 2028, weather permitting.
- Phase 2: Dam Removal:*** The 2026 *Capital Improvement Program* programs State funding for dam removal and associated sediment removal and water intake relocation beginning with \$1.2 million in general obligation bonds in fiscal 2031, with a total estimated project

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cost of \$15.2 million. The project will remove contaminants in the sediment and improve access for fish and recreational boating. Under the current project timeline, following planning, permitting, and procurement, project work would take place in June 2032 through December 2033.

CPPDA also expects to receive a \$700,000 grant from the Appalachian Regional Commission and \$500,000 from the U.S. Environmental Protection Agency, which are not currently included in the agency's budget, for sediment testing to prepare for dam removal. If approved, the agency expects to bid the sediment testing contract in April 2026 and have testing completed by December 2026.

- ***Phase 3: Boating Access and Water Features:*** CPPDA eventually hopes to add whitewater boating features and boating access points to the park, but timelines and funding sources for this phase are uncertain at this point.

The Department of Budget and Management reports that CPPDA is in discussions with the City of Cumberland and other local agencies who could handle ongoing operational costs, such as trail maintenance, once River Park is complete so that those costs do not fall on CPPDA.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- ***Heritage Area Boundary Expansion:*** The Passages of the Western Potomac Heritage Area, which CPPDA manages, is seeking to expand its boundaries to include all of Allegany County. Plans must be finalized and approved by the Maryland Heritage Areas Authority, likely in summer 2027. The heritage area expansion is not expected to affect CPPDA’s operational costs, but would make other areas in the county eligible for heritage area grant funding.

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	December 1, 2020 – November 18, 2024
Issue Date:	May 2025
Number of Findings:	1
Number of Repeat Findings:	1
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 1: CPPDA did not obtain annual audits of its financial statements as required by State law.

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

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

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	4.00	4.00	4.00	0.00	0.0%
02 Contractual	0.00	0.00	0.00	0.00	N/A
Total Positions	4.00	4.00	4.00	0.00	0.0%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$391,551	\$400,894	\$449,177	\$48,283	12.0%
03 Communications	9,187	11,050	7,050	-4,000	-36.2%
04 Travel	8,182	4,600	4,600	0	0.0%
06 Fuel and Utilities	66,379	50,811	50,811	0	0.0%
07 Motor Vehicle Operation and Maintenance	1,608	1,530	1,790	260	17.0%
08 Contractual Services	311,974	703,040	352,596	-350,444	-49.8%
09 Supplies and Materials	33,305	17,437	16,937	-500	-2.9%
10 Equipment – Replacement	2,138	0	0	0	N/A
12 Grants, Subsidies, and Contributions	31,546	25,000	25,000	0	0.0%
13 Fixed Charges	9,209	7,980	7,670	-310	-3.9%
14 Land and Structures	8,531	0	0	0	N/A
Total Objects	\$873,610	\$1,222,342	\$915,631	-\$306,711	-25.1%
Funds					
01 General Funds	\$237,001	\$356,473	\$247,037	-\$109,436	-30.7%
03 Special Funds	636,609	615,869	668,594	52,725	8.6%
09 Reimbursable Funds	0	250,000	0	-250,000	-100.0%
Total Funds	\$873,610	\$1,222,342	\$915,631	-\$306,711	-25.1%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.