

MCPB Date: 11/12/2020 Agenda Item #3

#### MEMORANDUM

DATE:	November 5, 2020
TO:	Montgomery County Planning Board
VIA:	Michael F. Riley, Director of Parks
	Miti Figueredo, Deputy Director of Administration
	John Nissel, Deputy Director of Operations Shuchi Vera, Chief, Management Services Division
FROM:	Nancy Steen, Budget Manager, Management Services Division Ancy C. Steen
SUBJECT:	Department of Parks FY22 Proposed Operating Budget

#### Staff Recommendation

Approve the expenditure funding levels for the Department of Parks FY22 Proposed Budgets for 1) Park Fund, 2) Enterprise Fund, 3) Property Management Fund, and the 4) Special Revenue Fund. Additionally, approve the FY22 Estimated Revenue collected by the Department excluding the property tax collected by the County.

#### **Background**

At the September 10th Planning Board meeting, the Board provided general guidance for developing the FY22 Budget with the recognition that the Department of Parks has mandated requirements and other essential needs to operate our park system. The Planning Board asked that we request what is needed to provide the services that the Planning Board and the County Council have requested of us, being cognizant of the County's fiscal challenges and the likely impact that these challenges will have on our eventual budget.

On October 22<sup>nd</sup>, the Department of Parks presented the base budget plus program enhancements level that addressed the top priorities of the department. The budget request included program enhancements totaling just under \$1.7M and 10 new positions. Adding the program enhancements to the base budget and major known commitments produced a total increase of \$2.4M (excluding the salary and reclassification marker in Non-Departmental) above the FY21 adopted budget.

At the time of the October 22<sup>nd</sup> meeting, several of the Departmental costs in the Park Fund were estimates. These numbers and other adjustments have now been updated and are included in this memo. The primary change is for the updated pension cost based on actuarial results. Pension cost is now increasing by \$1.1M above the FY21 budgeted. This total represents a \$2.1M increase from the estimated total provided at the October 22<sup>nd</sup> Planning Board session. Other minor changes include small increases in Park Police costs for shift differential and uniform allowance based on the terms of the recently ratified FOP contract, plus a small increase in the Commission-wide IT base cost.

# Based on these various updates, the revised total request for the Park Fund is \$4.5M or 4.3% above the FY21 adopted budget. Adding in costs for the salary and reclassification markers results in an overall total proposed Park Fund budget increase of 6.0%.

In addition to the tax supported Park Fund, the Department of Parks also manages the budgets for the Enterprise Fund, Property Management Fund, and the Special Revenue Fund. These fund summaries are presented in this memo.

The Department of Parks generates revenues from user fees, grants, and other sources including revenue from the County's Water Quality Protection Fund and the County's Cable Fund. The proposed revenue budget is also presented in this memo.

#### **Proposed Budget Information**

FUND SUMMARIES					
See detail on page 8	Park Fund Expenditure by Division (excluding OPEB)	Largely Tax Supported	\$113,114,267		
See detail on page 12	Park Fund Revenue	Non-Tax Revenue	\$7,605,961		
See detail on page 15	Enterprise Fund	Self Sufficient	\$10,612,983		
See detail on page 17	Property Management Fund	Self Sufficient	\$1,657,600		
See detail on page 21	Special Revenue Fund	Largely Self Sufficient	\$3,098,536		

The Proposed Budget information is included in tables within this memo.

#### <u>Summary</u>

Staff is requesting the Board's approval of the expenditure funding levels for the Department of Parks FY22 Proposed Budgets for the Park Fund, Enterprise Fund, Property Management Fund, Special Revenue Fund, as well as the Park Fund Revenue shown in this memo.

## Next Steps

The next steps in the FY22 budget process are:

Full Commission approves the FY22 Proposed Budget Resolution	December 16, 2020
M-NCPPC submits Budget in Brief per statutory mandate to County	January 15, 2021
Executive and County Council	
County Executive makes recommendations	March 15, 2021
County Council holds Public Meetings on budget	April 2021
County Council Reviews M-NCPPC Budget	April & May 2021
Montgomery and Prince George's County Councils meet	May 2021
County Councils adopt budget	May 2021

## **Park Fund Expenditure Summary**

#### Background

For the FY22 Proposed Budget, the Department of Parks has included increases in the Base Budget for known commitments including Operating Budget Impact (OBI); contractually obligated increases; new debt service for additional capital equipment; and an inflationary increase for supplies and materials.

In addition, the Department also requested several program enhancements to help meet essential needs that are not being met through the current budget.

Table #1 below lists the Department's known operating commitments excluding changes in salaries and benefits and debt service.

FY22 Park Fund Base Budget Known Operating Commitments	Personnel	Positions/ Workyears	Funding	% Increase from FY21 Adopted Operating
		2.0		
		positions		
Operating Budget Impact (OBI) (Excluding WQPF)	Career/Seasonal	2.2 wkyrs	\$239,606	0.2%
Contractual Increases	N/A	N/A	\$353,895	0.3%
Utilities/Telecommunications	N/A	N/A	(\$13,403)	0.0%
Inflationary Increases for Supplies and Materials, Services and Capital Outlay	N/A	N/A	\$257,035	0.2%
Debt Service for Internal Service Fund Capital				
Equipment	N/A	N/A	\$1,054,357	1.0%
Risk Management	N/A	N/A	(\$20,200)	0.0%
CAS Charges (Chargebacks, Unemployment, LTD, CIO/CWIT Base)	N/A	N/A	\$166,365	0.2%
Parks Chargebacks (CIP/Enterprise/Special Revenue				
Funds and Wheaton HQ)	N/A	N/A	\$49,098	0.0%
CIP PAYGO	N/A	N/A	\$100,000	0.1%
Water Quality Protection Fund (reimbursed by County)	Career/Seasonal	2.0 positions -0.1 wkyrs	\$79,518	0.1%
		4.0		
		Positions		
	TOTAL	2.1 Wkyrs	\$2,266,271	2.1%

Table #1

The October 22<sup>nd</sup> memo to the Planning Board provided details on the known operating commitments, and as such, they are not repeated in this memo.

Table #2 below lists the Department's summarized funding request for program enhancements.

Table #2

Summary - Program Enhancements						
Item & Description	Career Positions	Career Wkyrs	Term Contract Wkyrs	Seasonal Wkyrs	Funding	% Increase from FY21 Adopted Operating Budget
Improving Customer Service	1.0	0.8	-	-	\$64,610	0.1%
Improving Quality and Playability of Ballfields	3.0	1.5	-	1.0	\$282,358	0.3%
Legislative Mandates	2.0	2.0	1.0	-	\$398,682	0.4%
Maintaining and Improving What We Have	2.0	1.3	-	1.7	\$387,880	0.4%
Park Activation	-	-	-	-	\$65,000	0.1%
Social Equity	-	-	1.0	2.1	\$141,865	0.1%
Commission-wide IT (CWIT) Program Enhancements - Department Share	-	-	-	-	\$314,300	0.3%
Total	8.0	5.6	2.0	4.8	\$1,654,695	1.6%

The October 22<sup>nd</sup> memo to the Planning Board provided details on the program enhancements, and as such, they are not repeated in this memo.

#### Park Fund Expenditures Budget Summary and Summary by Division

The overall FY22 Park Fund budget request is summarized in the Table #3 below.

Table #3	;
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DEPARTMENT of PARKS					
SUMMARY OF FY21 BUDGET REQUEST					
FY21 Adopted Budget (excluding OPEB)	\$106,681,875				
CHANGES TO BASE BUDGET		% Increase from FY20 Adopted Operating Budget			
Salary/Benefit/Pension increases (excluding salary markers) *	985,542	0.9%			
Known Operating Commitments (from Chart #1)	\$2,266,271	2.1%			
Program Enhancements (from Chart #2)	\$1,654,695	1.6%			
Debt Service on General Obligation Bonds	(364,352)	-0.3%			
Total Operating Increase FY21 Proposed Budget Request	4,542,156	4.3%			
FY22 Park Fund Budget Request (includes Non-Departmental total with the compensation markers)	6,432,392	6.0%			

\* This total excludes the compensation marker for merit/COLA and reclassification costs. In the divisional summary starting on page 8, the compensation markers are included in the Non-Departmental total.

There are some noteworthy changes not addressed above:

<u>Salary Adjustment</u> – The FY22 divisional personnel costs do not include any assumption for a salary adjustment in the personnel totals. Instead, the FY22 budget amounts for compensation adjustments are included in the Non-Departmental account.

<u>Other Post-Employment Benefits (OPEB)</u> – The total funding for OPEB for FY22 is \$5,917,938. This amount is a decrease of \$14,133 below the FY21 approved budget total.

<u>Position and Workyear Adjustments</u> – Each year, divisions make personnel moves or adjustments to address specific needs. Changes for positions moved between divisions (alarm shop, utility analyst, survey crew) included in the FY22 proposed budget were previously approved by the Planning Board as an FY21 budget transfer.

<u>Adjustments to Address Needs</u> – Each year, divisions move funding from Supplies & Materials (S&M) to Other Services and Charges (OS&C) and vice versa to address specific needs, or funds may be moved between divisions. This year, the following additional adjustments are requested:

- Northern Parks transferring \$600 from OS&C to S&M to increase funding for sod and seed purchases.
- Southern Parks transferring \$28,500 from S&M to OS&C to for repairs and maintenance services.
- Support Services transferring \$4,300 in OS&C to the Park Planning and Stewardship Division for custodial services.

The table on the next page shows the FY21 Adopted Budget and the FY22 Proposed Budget by division for the Park Fund. The Park Fund budget is appropriated by the County Council at the division level.

## FY22 Proposed Park Fund Expenditure Budget

	FY21	FY22	Increase/
	Adopted	Proposed	(Decrease) from
Expenditure by Major Object	Budget	Budget	FY21
Director's Office			
Personnel Services	\$1,527,263	\$1,459,187	(\$68,076)
Supplies & Materials	\$2,473	\$2,498	\$25
Other Services & Charges	\$59,240	\$58,918	(\$322)
Capital Outlay	\$0	\$0	\$0
Chargebacks	\$0	\$0	\$0
Tota	l \$1,588,976	\$1,520,603	(\$68,373)
Public Affairs & Community Partnershi	ps		
Personnel Services	\$2,702,172	\$2,916,804	\$214,632
Supplies & Materials	\$131,972	\$198,292	\$66,320
Other Services & Charges	\$596,083	\$632,823	\$36,740
Capital Outlay	\$0	\$0	\$0
Chargebacks	(\$87,000)	(\$87,000)	\$0
Tota	ıl \$3,343,227	\$3,660,919	\$317,692
Management Services			
Personnel Services	\$2,476,191	\$2,812,968	\$336,777
Supplies & Materials	\$19,487	\$22,032	\$2,545
Other Services & Charges	\$197,370	\$201,472	\$4,102
Capital Outlay	\$0	\$0	\$0
Chargebacks	\$0	\$0	\$0
Tota	l \$2,693,048	\$3,036,472	\$343,424
Information Technology & Innovation			
Personnel Services	\$1,476,223	\$1,473,886	(\$2,337)
Supplies & Materials	\$278,688	\$281,475	\$2,787
Other Services & Charges	\$999,857	\$1,051,314	\$51,457
Capital Outlay	\$0	\$0	\$0
Chargebacks	(\$65,500)	(\$65,500)	\$0
Tota	l \$2,689,268	\$2,741,175	\$51,907

FY21	FY22	Increase/
-	•	(Decrease) from
Budget	Budget	FY21
\$5,931,690	\$6,055,298	\$123,608
\$153,230	\$214,763	\$61,533
\$669,078	\$680,210	\$11,132
\$0	\$0	\$0
(\$270,000)	(\$268,000)	\$2,000
\$6,483,998	\$6,682,271	\$198,273
\$6,261,004	\$6,210,534	(\$50,470)
\$20,000	\$20,000	\$0
\$121,089	\$84,778	(\$36,311)
\$0	\$0	\$0
(\$2,358,949)	(\$2,407,269)	(\$48,320)
\$4,043,144	\$3,908,043	(\$135,101)
\$14,155,850	\$14,949,626	\$793,776
\$617,755	\$855,833	\$238,078
\$412,556	\$448,263	\$35,707
\$0	\$0	\$0
(\$192,000)	(\$192,000)	\$0
\$14,994,161	\$16,061,722	\$1,067,561
tal Education		
\$9,070,526	\$9,264,259	\$193,733
\$627,933	\$657,135	\$29,202
\$1,055,355	\$1,097,910	\$42,555
\$0	\$0	\$0
(\$124,500)	(\$124,500)	\$0
\$10,629,314	\$10,894,804	\$265,490
\$11,232,889	\$11,287,244	\$54,355
\$1,976,445	\$1,928,661	(\$47,784)
\$1,172,022	\$1,492,151	\$320,129
\$0	\$0	\$0
(\$1,010,500)	(\$1,010,500)	\$0
		\$326,700
	Adopted Budget Budget \$5,931,690 \$153,230 \$669,078 \$0 (\$270,000) \$6,483,998 \$6,261,004 \$20,000 \$121,089 \$0 (\$2,358,949) \$0 (\$2,358,949) \$0 (\$2,358,949) \$0 (\$124,000) \$14,994,161 \$14,994,161 \$14,994,161 \$14,994,161 \$14,994,161 \$1,125,850 \$0 (\$124,500) \$1,055,355 \$0 (\$124,500) \$10,629,314	Adopted Budget Proposed Budget   \$5,931,690 \$6,055,298   \$153,230 \$214,763   \$669,078 \$680,210   \$0 \$0   \$669,078 \$680,210   \$0 \$0   \$669,078 \$680,210   \$669,078 \$680,210   \$0 \$0   \$5,261,000 \$26,8,000   \$6,261,004 \$6,210,534   \$20,000 \$20,000   \$121,089 \$84,778   \$0 \$0   \$121,089 \$84,778   \$0 \$0   \$14,043,144 \$3,908,043   \$14,949,626 \$617,755   \$617,755 \$855,833   \$412,556 \$14,949,626   \$617,755 \$855,833   \$412,556 \$448,263   \$0 \$0   \$14,994,161 \$16,061,722   \$9,070,526 \$9,264,259   \$627,933 \$657,135   \$1,055,355 \$1,097,910   \$1,055,355 \$1,097,910

	FY21 Adopted	FY22 Proposed	Increase/ (Decrease) from	
Expenditure by Major Object	Budget	Budget	(2 cor cube) in onit	
Northern Parks		_		
Personnel Services	\$9,278,379	\$9,546,678	\$268,299	
Supplies & Materials	\$910,465	\$948,090	\$37,625	
Other Services & Charges	\$516,623	\$537,500	\$20,877	
Capital Outlay	\$216,459	\$231,624	\$15,165	
Chargebacks	(\$34,800)	(\$34,800)	\$0	
Total	\$10,887,126	\$11,229,092	\$341,966	
Southern Parks				
Personnel Services	\$13,217,733	\$13,534,128	\$316,395	
Supplies & Materials	\$1,657,967	\$1,787,922	\$129,955	
Other Services & Charges	\$475,332	\$537,427	\$62,095	
Capital Outlay	\$247,809	\$260,287	\$12,478	
Chargebacks	(\$256,286)	(\$395 <i>,</i> 644)	(\$139,358)	
Total	\$15,342,555	\$15,724,120	\$381,565	
Support Services				
Personnel Services	\$214,900	\$442,486	\$227 <i>,</i> 586	
Supplies & Materials	\$1,637,052	\$1,622,052	(\$15,000)	
Other Services & Charges	\$9,661,683	\$11,271,041	\$1,609,358	
Capital Outlay	\$0	\$0	\$0	
Chargebacks	\$1,021,290	\$887,011	(\$134,279)	
Total	\$12,534,925	\$14,222,590	\$1,687,665	
Park Fund Total				
Personnel Services	\$77,544,820	\$79,953,098	\$2,408,278	3.1%
Supplies & Materials	\$8,033,467	\$8,538,753	\$505,286	6.3%
Other Services & Charges	\$15,936,288	\$18,093,807	\$2,157,519	13.5%
Capital Outlay	\$464,268	\$491,911	\$27,643	6.0%
Chargebacks	(\$3,378,245)	(\$3,698,202)	(\$319,957)	9.5%
Debt Service	\$7,165,410	\$6,801,058	(\$364,352)	-5.1%
Grants	\$400,000	\$400,000	\$0	0.0%
Capital Projects Funds	\$350,000	\$450,000	\$100,000	28.6%
Total	106,516,008	111,030,425	\$4,514,417	4.2%
Non-Departmental *	165,867	2,083,842	\$1,917,975	1156.3%
Total	106,681,875	113,114,267	\$6,432,392	6.0%

\*Total includes compensation markers and excludes OPEB.

## Park Fund Revenue Summary

#### Park Fund Operating Revenue FY22 Proposed Budget

The FY22 Park Fund Operating Revenue is projected to be \$7,605,961. This is \$159,172 higher than the FY21 Adopted Budget. The change is mainly due to the projected increase in the Intergovernmental Revenue for the Water Quality Protection Fund and the Cable Fund.

Sales are projected to increase by \$1,754 based on trend. Facilities user fees are projected to be \$5,000 higher than the FY21 Budget total based on projected fees for usage of Povich Field. Miscellaneous revenue is decreasing by \$27,100 mainly due to reductions based on trend for Park Police for fines and for permit fees for the Park Development Division. Revenue for FY20 and FY21 has been severely impacted due to closures related to the Covid-19 pandemic. This FY22 proposed revenue budget assumes that programs and operations will resume to pre-pandemic levels.

The Grants budget accounts for small grants that may be received throughout the year.

The Intergovernmental Transfer from the Water Quality Protection Fund began in FY12 to cover the costs of personnel, contracts, supplies, and materials in support of water quality related park programs such as storm water management and federally mandated National Pollutant Discharge Elimination System (NPDES) requirements. Incremental funding has been added each year to fund cost increases associated with these programs. The increase in FY22 is \$79,518. The October 22nd memo to the Planning Board provided details on this change, and as such, they are not repeated in this memo.

The Intergovernmental Transfer from the Cable Fund was added in FY18 to fund a pilot program to add Wi-Fi in the Parks. Phase 1 of the pilot program was successfully completed in FY18 with public Wi-Fi added at Kemp Mill Urban Park and at Western Grove Urban Park. Upon completion of the pilot, the program was re-named "ConnectParks" to reflect the incorporation of additional capabilities such as security technology. In FY19, the Information Technology and Innovation Division with the support of the Facilities Management Division completed the design, installation, and deployment of Wi-Fi and security cameras in a portion of Wheaton Regional Park. Funding for FY20 was used to complete the Wi-Fi installation in Wheaton Regional Park and to also add Wi-Fi at Long Branch Local Park. In FY21, the revenue for the cable fund was not included in the final approved budget, therefore no projects are planned. The FY22 proposed budget reinstates this \$100k funding request to continue this public Wi-Fi expansion in selected parks.

The chart on the next page shows the FY22 proposed operating revenues for the Park Fund.

## Proposed Park Fund Revenue

Table #5

Category	Budget FY21	Proposed FY22	% Change
REVENUES			
Sales	\$5,000	\$6,754	35.1%
Facilities User Fees	\$3,228,793	\$3,233,793	0.2%
Grants	\$400,000	\$400,000	0.0%
Intergovernmental Transfer (Water Quality Protection Fund)	\$3,585,896	\$3,665,414	2.2%
Intergovernmental Transfer (Cable Fund)	\$0	\$100,000	-
Miscellaneous Revenue	\$102,100	\$75,000	-26.5%
Interest (including CIP Interest Transfer)	<u>\$125,000</u>	<u>\$125,000</u>	<u>0.0%</u>
Total Revenue	7,446,789	7,605,961	2.1%

## **Enterprise Fund Summary**

#### Enterprise Fund Overall FY22 Proposed Budget

The Enterprise Fund oversees the operation of the revenue producing facilities such as ice rinks, indoor tennis centers, conference centers, and park amenities. The funds are primarily generated through user fees, rentals and other non-tax supported sources. The Enterprise Fund proposed FY22 budget reflects \$12,588,055 in revenues and \$10,565,938 in expenditures for a net profit of \$2,022,117.

The Enterprise Fund is required to be self-sustaining. This includes operating costs, capital improvements, and administrative costs. Any net income at the end of each fiscal year is used to meet the fund balance reserve amount required by policy and to make on-going investments in life cycle replacements, needed improvements for each facility, and to construct any new facilities.

The chart on page 15 shows the FY22 proposed revenues and expenditures for the Enterprise Fund.

#### **Revenues**

The FY22 Enterprise Fund proposed revenues of \$12,588,055 is \$20,081 less than the FY21 approved budget. Revenue for golf is estimated to increase by \$30,000. The FY22 budget is based on the actual revenue received for golf in FY21. The overall reduction for the proposed revenue is due to reduced interest revenue estimates.

Closures and program cancellations from the Covid-19 pandemic severely impacted revenue for the last few months of FY20 and for FY21. Except for a few minor changes, the FY22 revenue budget is being proposed at the same level as the FY21 budget based on the assumption that facilities and programs will be fully open and operational for the entire FY22 fiscal year.

#### **Expenditures**

The FY21 Enterprise Fund proposed expenditures of \$10,565,938 is \$16,829 higher than the FY21 adopted budget. Compensation costs reflect an increase of \$194k primarily due to the addition of the salary marker for merit and COLA and for an increase in the retirement cost.

Supplies are proposed to decrease by \$49,600 as purchases for minor equipment and furniture have already been completed in FY21 or are being deferred.

Other services and charges are decreasing by \$111,251 due to estimated savings in utility and telecommunications cost based on efficiencies created from facility upgrades and from removal of telephone circuits no longer needed as we transition to TEAMS for phone service. Transaction fees for credit card receipts are also expected to be lower due to the acquisition of Recreation Management Software and subsequent change in processor.

#### FY22 Changes

The Enterprise Division is looking forward to utilizing new recreation management software for program registrations with the contract being awarded in FY21 and software implementation occurring in FY22.

#### **Capital Improvements**

Capital Improvement Projects for the Enterprise facilities are approved in the CIP budget. The funding source is the Enterprise Reserves.

The proposed capital projects for FY22 are:

• \$400,000 for replacement of the carousel at Wheaton Regional Park. Although this funding is included in the planned FY22 CIP for Enterprise, the timing for the carousel replacement is also linked to the progress made on the CIP project for Ovid Hazen Wells Recreation Park.

## MONTGOMERY COUNTY ENTERPRISE FUND - SUMMARY Summary of Revenues and Expenses Proposed Budget Fiscal Year 2022

		FY21	FY21	FY22	%
		Adopted	<u>Estimate</u>	Proposed	Change
<b>Operating Revenue</b>	s:				
	Intergovernmental -	-	-	-	-
	Sales	886,500	394,937	885,700	-0.1%
	Charges for Services	7,015,600	3,861,200	7,016,880	0.0%
	Rentals and Concessions	3,535,795	2,232,820	3,612,014	2.2%
	Miscellaneous	777,241	801,754	773,461	-0.5%
	Interest	393,000	289,900	300,000	-23.7%
	Other	-	-	-	-
	Transfers In	-	-	-	-
	Total Operating Revenues	12,608,136	7,580,611.00	12,588,055.00	-0.2%
Operating Expenses	5:				-
	Personnel Services	6,547,523	4,822,960	6,741,251	3.0%
	Goods for Resale	476,000	172,695	469,600	-1.3%
	Supplies and Materials	543,875	235,676	494,275	-9.1%
	Other Services and Charges	2,513,500	1,725,515	2,402,249	-4.4%
	Capital Assets	-	-	-	-
	Other Classifications				_
	Chargebacks	468,211	456,060	458,563	-2.1%
	Total Operating Exp and Other Uses	10,549,109	7,412,906.00	10,565,938	0.2%
	Gain (Loss)	2,059,027	167,705.00	2,022,117	- -1.8% -
	Transfers Out (CIP)	2,550,000	-	400,000	- -84.3%
		FY21	FY21	FY22	
		Adopted	<u>Estimate</u>	Proposed	
	WORKYE	ARS			
	FT Career Positi		37.0	37.0	
	FT Workye		37.0	37.0	
	PT Career Positi		0.0	0.0	
	PT Worky Term Contract Positi		0.0 1.0	0.0 1.0	
	Term Contract Positi		1.0	1.0	
	Seasonal Worky		48.5	80.5	
	Chargeba		2.8	2.8	
	Less La		0.0	0.0	
	TOTAL POSITIO	<b>DNS</b> 38.0	38.0	38.0	
	TOTAL WORKYE	<b>ARS</b> 121.8	89.3	121.3	
					15

## **Property Management Fund Summary**

#### Property Management Fund Overall FY22 Proposed Budget

The Property Management Fund is a self-sustaining program financed by the revenue derived from the rentals of park houses and other leases. Currently, this program administers 127 legal agreements ranging from: residential, agriculture, daycare, parking lots, equestrian and telecommunications.

The FY22 budget includes revenue of \$1,657,600, a 5.1% increase, and an expenditure request of \$1,657,600, or 5.1% higher than last year's budget. With the increase in requests for use of park property (rentals and leases), expenses for construction and maintenance services and supplies are also increasing due to many factors including aged infrastructure, construction and permitting.

The table on the next page shows the FY22 proposed revenues and expenditures for the Property Management Fund.

#### **Property Management Fund Overview**

The Property Management Unit provides the oversight of leased property, which often involves keeping pace with market activity such as an increased demand for rental housing and land for parking. The Property Management Unit also oversees a range of other agreements such as leases for M-NCPPC occupied buildings, interagency collocations and operations agreements.

The Property Management program establishes rental rates; advertises vacancies; negotiates, drafts and administers legal agreements for use of Park property; and serves as the landlord representative to the public and tenants.

Looking forward to FY22, Property Management projects an increase in lease revenue due to additional larger houses coming into the portfolio, which are traditionally offered as non-employee rentals due to the higher rental cost. Currently, two additional larger homes are being added and one new commercial building, which will increase the rental revenue. In FY21, the Property Management portfolio experienced requests from tenants for rent forbearance due to the prolonged shutdown caused by the COVID-19 pandemic. While revenue experienced losses from abatement approvals, other unplanned revenue backfilled some of the loss. Property Management's long-standing best-practices assisted this strong performance even during these unprecedented times.

#### MONTGOMERY COUNTY PROPERTY MANAGEMENT SUBFUND Summary of Revenues, Expenditures, and Changes in Fund Balance PROPOSED BUDGET FISCAL YEAR 2022

		FY 21		FY21		FY22	%
Development		Adopted		Estimated		Proposed	Change
Revenues:	•		•		<u>_</u>		
Intergovernmental	\$	-	\$	-	\$	-	-
Sales		-		-		-	-
Charges for Services		-		-		-	-
Rentals and Concessions		1,551,671		1,541,085		1,647,600	6.2%
Interest		25,000		25,000		10,000	-60.0%
Miscellaneous		-				-	-
Total Revenues	_	1,576,671	· -	1,566,085	· -	1,657,600	5.1%
Expenditures by Major Object:							
Personnel Services		504,693		504,693		511,171	1.3%
Supplies and Materials		191,183		191,183		191,183	0.0%
Other Services and Charges		723,195		723,195		797,646	10.3%
Capital Outlay		-				-	-
Other Classifications		-				-	-
Chargebacks		157,600		157,600	_	157,600	0.0%
Total Expenditures	_	1,576,671		1,576,671		1,657,600	5.1%

Excess of Revenues over Expenditures

- \_\_\_\_

(10,586)

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	Adopted		Estima	ted	Proposed		
	FY21		FY21		FY2	2	
Positions/Workyears Full Time Career	4.00	4.00	4.00	4.00	4.00	4.00	
Positions/Workyears Part-Time Career	<u>0.00</u>	<u>0.00</u>	0.00	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
Positions/Workyears Total Career	4.00	4.00	4.00	4.00	4.00	4.00	
Positions/Workyears Term Contract	0.00	0.00	0.00	0.00	0.00	0.00	
Seasonal/Intermittent		0.00		0.00		0.00	
Chargebacks		1.80		1.80		1.80	
Less Normal Lapse		0.00		0.00		0.00	
Workyears Total		5.80		5.80		5.80	

Chargebacks: Net of 1.8 from (0.7) Wkyrs to Enterprise Fund and 2.5 WYs from Park Fund.

## **Special Revenue Fund Summary**

#### Special Revenue Fund Overall FY22 Proposed Budget

The Special Revenue Fund has a projected beginning balance of \$830,210. The proposed FY22 budget reflects revenues of \$2,686,793 and expenditures of \$3,098,536. This level of expenditures will leave an ending balance of \$418,467.

Revenue is decreasing mainly due to reduced projections for the nature centers in user fees and rentals. Revenue for programs for nature centers, special events, and cultural resources were significantly impacted by closures and cancellations due to the Covid-19 pandemic for the latter part of FY20 and for FY21. The FY22 budget assumes that programming resumes to normal levels for FY22. However, the FY21 budget for nature centers reflected significant increases based on recent trend. The FY22 budget for the nature centers scales back the proposed amount for revenue and expenditures for the nature centers to the level achieved in FY19, since there may still be a need to cap the number of participants to maintain social distancing for program offerings.

Both revenue and expense are increasing for the Montgomery County School ballfields based on an increase in the number of school fields being maintained by our department and an increase in the contractual services cost associated with this maintenance. The chargeback cost based on projected cost for positions dedicated to the MCPS project is decreasing slightly based on the personnel cost of the actual staff complement.

The Nature Programs and Facilities are projecting to use \$47k of fund balance reserves for exhibit upgrades for the various centers. The project is currently in the design phase with implementation planned for later this fiscal year. The FY21 budget includes funding for this project with spending planned for FY21; however, a small amount of funding is also included in the FY22 budget as a contingency in case additional funding is needed to finalize the project. Park cultural resources is projecting to use \$79k of fund balance to cover increased personnel, supplies, and services costs associated with program development and delivery and for performers. The Interagency Agreement for tree mitigation is also proposing to use \$20k of fund balance as these projects often cross into the next fiscal year. Also, the Interagency Agreement for MCPS Ballfields includes the use of \$212k of fund balance to offset the increased cost of contracted services. In addition, the Community Gardens account is projecting to use \$13k of fund balance for program supplies and upgrades.

The table on page 21 shows the FY22 proposed revenues and expenditures for the Special Revenue Fund.

#### **Special Revenue Funds - Background**

Special Revenue Funds are used to account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. Special Revenue funds are used when the

expenditure of resources is restricted by the Commission or where there is a need to separate the accounting and budgeting for the expenditure of resources.

The Special Revenue budget is comprised of several separate funds. Special Revenue programs are shown separately if the annual appropriation is substantial. Smaller programs are combined, e.g. various interagency agreements.

Special Revenue Fund budgets are prepared as a proposal for revenues, expenditures, and associated workyears as well as fund balances. Special Revenue fund balances do not get consolidated with the tax supported funds to avoid confusing the resources of one fund type with another.

#### Special Revenue Funds Synopsis

The following is a synopsis of the special revenue accounts included in the FY22 proposed budget.

#### Park Police – Drug Enforcement Fund

This fund was established pursuant to Maryland law. The law provides the authority to seize property resulting from a drug-related crime conviction. This is an on-going activity for drug enforcement within the Montgomery County Park system.

#### Park Police – Federally Forfeited Property

The Federal Forfeited Property Fund was established pursuant to Federal law. This fund allows for certain drug-crime related assets to be seized and forfeited to the agency. When a forfeiture is approved by the court, the seized funds may then be used to purchase equipment and other resources to combat drug-related crimes in the park system.

#### Interagency Agreements

The special revenue fund for interagency agreements includes revenues from other agencies and governments for work the Commission performs on a "reimbursement for service" basis. The Commission maintains agreements with Montgomery County to assist with public school ballfield maintenance and with some Recreation Department playgrounds, and with other agencies for special policing and field maintenance requests.

#### Park Cultural Resources

This program provides supplemental funding for expanding and enhancing historic interpretation and archaeology educational camps and programs. Revenues are generated through seasonal employee-led archaeological programs, archaeological camps, special events at public historic sites, guided historical tours, and school programs. Expenditures are used for seasonal salaries as well as other program

expenses such as supplies and materials, performers, scholars, interpretive displays, and volunteer docent materials related to historic and archaeological programs.

#### Special Events

This fund provides for work the Commission performs on a "reimbursement for service" basis for special events and tournaments in the parks.

#### Nature Programs and Facilities

This fund provides supplemental funding through budgeted proceeds for expanding and enhancing nature and environmental-educational programs and projects at the nature facilities. Revenues are generated through seasonal employee-led nature center camps and special event admissions. Expenditures are used for seasonal salaries as well as other program expenses such as supplies, materials, performers, scholars, interpretive displays, and animal supplies/services related to the camps and special events. Revenues and expenses for camps or programs offered by career staff are accounted for in the Park Fund.

#### **Special Donations and Programs**

Special Donations and Programs include donations and contributions designated for specific purposes or projects that are not part of the normal tax-supported programs in the Park Fund.

	Adopted	Estimated	Proposed
SUMMARY - SPECCIAL REVENUE FUND	FY21	FY21	FY22
BEGINNING FUND BALANCE <u>REVENUE</u>	960,329	\$1,065,842	830,210
Intergovernmental Revenues	\$1,891,450	\$1,773,120	\$1,942,373
Sales	\$42,500	\$24,543	\$42,460
Charges for Services	\$0	\$0	\$0
Recreation/User Fees	\$528,500	\$105,126	\$473,461
<b>Rentals/Concessions</b>	\$162,400	\$61 <i>,</i> 902	\$144,999
Interest	\$10,000	\$10 <i>,</i> 400	\$10,000
Miscellaneous Revenues	\$88,000	\$33 <i>,</i> 500	\$73,500
Interfund Transfer	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL REVENUE	2,722,850	\$2,008,591.00	2,686,793
EXPENDITURE			
Personnel Services	\$849,000	\$260,801	\$664,500
Supplies and Materials	\$287,830	\$201,455	\$287,836
Other Services and Charges	\$1,563,457	\$1,549,826	\$1,886,665
Capital Outlay	\$35,000	\$0	\$29,300
Chargebacks	\$232,141	\$232,141	\$230,235
Other Classifications	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL EXPENDITURE	2,967,428	\$2,244,223	3,098,536
Total Revenue Less Expenditure	<u>(244,578)</u>	<u>(\$235,632)</u>	<u>(411,743)</u>
ENDING FUND BALANCE	715,751	\$830,210	418,467
Workyears	14.70	14.70	15.70