



MONTGOMERY PARKS

The Maryland-National Capital Park and Planning Commission
2425 Reedie Drive | Wheaton, MD 20902
MontgomeryParks.org

MCPB Date: 11/21/2024
Agenda Item #10

MEMORANDUM

DATE: November 14, 2024

TO: Montgomery County Planning Board

VIA: Miti Figueredo, Director of Parks *mf*
Darren Flusche, Deputy Director of Administration *D.F.*
Gary Burnett, Deputy Director of Operations *Gary Burnett*
Shuchi Vera, Chief, Management Services Division *Shuchi Vera*

FROM: Nancy Steen, Budget Manager, Management Services Division *Nancy Steen*
Kate Bentley, Assistant Budget Manager, Management Services Division *Kate Bentley*

SUBJECT: Department of Parks FY26 Proposed Operating Budget

Staff Recommendation

Approve the expenditure funding levels for the Department of Parks FY26 Proposed Budgets for 1) Park Fund, 2) Enterprise Fund, 3) Property Management Fund, and 4) Special Revenue Fund. Additionally, approve the FY26 Estimated Revenue collected by the Department, excluding the property tax collected by the County.

Background

At the September 26 Planning Board meeting, the Board provided general guidance for developing the FY26 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 24, the Department of Parks presented the Park Fund base budget plus program enhancements level that addressed the top priorities of the department. The budget request included program enhancements totaling just over \$1.2M.

Most totals included in the Park Fund detail presented in the October 24 session were final; however, there have been a few minor changes that were finalized after the previous memo was submitted. The primary change is an increase to the pension total which is partially offset by adjustments to the medical benefits total. The net increase of these adjustments totals \$127,763. Other significant changes include an increase of \$75,000 for utilities costs based on further review of the impact of rate increases and a decrease of \$28,925 based on the final contracted rates for the Microsoft licenses included in the CIO Internal Service Fund chargeback.

Based on these updates, the revised total for the Park Fund excluding compensation and OPEB is just under \$6.2 million or 4.6% above the FY25 adopted budget. Adding in costs for the compensation markers and OPEB results in an overall total proposed Park Fund budget increase of 7.2%.

In addition to the tax supported Park Fund, the Department of Parks also manages the budgets for the Enterprise Fund, Property Management Fund, and Special Revenue Fund. The summaries of these funds 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

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

FUND SUMMARIES			
See detail on page 8	Park Fund Expenditure by Division (including OPEB)	Largely Tax Supported	\$151,087,352
See detail on page 12	Park Fund Revenue	Non-Tax Revenue	\$9,612,416
See detail on page 14	Property Management Fund	Self Sufficient	\$1,962,600
See detail on page 17	Enterprise Fund	Self Sufficient	\$12,598,355
See detail on page 21	Special Revenue Fund	Largely Self Sufficient	\$4,501,519

Summary

Staff is requesting the Board’s approval of the expenditure funding levels for the Department of Parks FY26 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 FY26 budget process are:

Full Commission approves the FY26 Proposed Budget Resolution	December 18, 2024
M-NCPPC submits Budget in Brief per statutory mandate to County Executive and County Council	January 15, 2025
County Executive makes recommendations	March 15, 2025
County Council holds Public Meetings on budget	April 2025
County Council Reviews M-NCPPC Budget	April & May 2025
Montgomery and Prince George's County Councils meet to review Bi-County requests	May 2025
County Councils adopt budget	May 2025

Park Fund Expenditure Summary

Background

For the FY26 Proposed Budget, the Department of Parks has included increases in the Base Budget for known commitments including Operating Budget Impact (OBI), contractually obligated increases, utilities and telecommunications cost increases, chargeback increases, and an inflationary increase for supplies and materials.

In addition, the Department requested 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 for general obligation bonds. The October 24 memo to the Planning Board provided details on the known operating commitments, and as such, they are not repeated in this memo.

Table 1

FY26 Park Fund Base Budget Known Operating Commitments	Personnel	Positions/ Workyears	Funding	% Increase from FY25 Adopted Operating Budget
Operating Budget Impact (OBI) (Excluding WQPF)	Career/ Seasonal	5 Positions/ 5.9 Wkyrs	711,396	0.5%
Contractual Increases	N/A	N/A	375,771	0.3%
Inflationary Increases for Supplies and Materials, Services and Capital Outlay	N/A	N/A	617,936	0.5%
Utilities/Telecommunications Costs	N/A	N/A	188,356	0.1%
Debt Service for Internal Service Fund Capital Equipment	N/A	N/A	575,300	0.4%
Risk Management	N/A	N/A	816,500	0.6%
CAS Charges (Chargebacks, Unemployment, LTD, CIO/CWIT Base)	N/A	N/A	12,726	0.0%
Parks Chargebacks (CIP/Enterprise/Special Revenue Funds and Wheaton HQ)	N/A	N/A	(60,521)	0.0%
Water Quality Protection Fund (WQPF cost -is offset by revenue if adopted)	Career/ Seasonal	2 Positions/ 2.6 Wkyrs	348,199	0.3%
	TOTAL		\$3,585,663	2.7%

*WQPF total includes OBI associated with stormwater management projects.

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

The October 24 memo to the Planning Board provided details on the program enhancements, and as such, they are not repeated in this memo.

Table 2

Summary - Program Enhancements					
Item & Description	Career Positions	Career Wkyrs	Term Contract Wkyrs	Seasonal Wkyrs	Funding
Resource Stewardship	3.0	3.0	-	(3.7)	\$118,827
Improving Customer Service	1.0	0.6	-	-	\$68,556
Data Analytics	1.0	1.0	-	-	\$118,827
Community Outreach and Social Equity	3.0	3.0	-	0.7	\$384,039
Supporting CIP Implementation	1.0	0.3	-	-	\$34,278
Maintaining and Improving What We Have	2.0	2.0	-	(4.0)	\$500,000
Total	11.0	9.9	-	(7.0)	\$1,224,527

Park Fund Expenditures Budget Summary and Summary by Division

The overall FY26 Park Fund budget request is summarized in the Table #3 below.

Table 3

DEPARTMENT of PARKS SUMMARY OF FY26 BUDGET REQUEST		
FY25 Adopted Budget (excluding OPEB)	\$133,721,760	
CHANGES TO BASE BUDGET		% Increase from FY25 Adopted Operating Budget
Salary/Benefit/Pension increases (excluding salary markers) *	1,162,320	
Known Operating Commitments (from Table #1)	\$3,585,663	
Program Enhancements (from Table #2)	\$1,224,527	
Debt Service on General Obligation Bonds	223,367	
Total Operating Increase FY26 Proposed Budget Request	\$6,195,877	4.6%
FY26 Park Fund Budget Request (includes Non-Departmental total with the compensation markers and OPEB)	\$10,166,043	7.2%

There are some noteworthy changes not addressed above:

Salary Adjustment – The FY26 **divisional** personnel costs do not include any assumption for a salary adjustment in the personnel totals. Instead, the FY26 budget amounts for compensation adjustments are included in the Non-Departmental account.

Seasonal Compensation – The proposed seasonal compensation includes an increase of \$75k based on a projected COLA increase for salary staff. This adjustment mirrors the continued shift by the state and local counties to gradually increase minimum wage rates. This \$75k increase is being **offset by a comparable decrease** in the classification and compensation marker as the classification and compensation study nears completion. Therefore, the budgetary impact for the seasonal COLA increase will be **net zero**.

Other Post-Employment Benefits (OPEB) – The total funding for OPEB for FY26 is \$6,759,763. This amount is a decrease of \$439,786 from the FY25 approved budget total.

Position and Workyear Adjustments – Each year, divisions make personnel moves or adjustments to address specific needs. The October 24 memo provided detail on the conversion of one part-time position to full-time career and a term contract position transfer between divisions which also includes a conversion of that term contract position to full-time career.

The budgeted position complement also includes a correction for a part-time position that was converted to full-time. In the FY25 adopted budget position count, a position in the Horticulture, Forestry & Environmental Education Division was listed as part-time. However, the position was funded as full-time in the budget. The FY26 position count reflects this correction to properly include the position in the full-time count. There is no cost impact for this correction.

Adjustments to Address Needs – Each year, divisions move funding from Supplies & Materials (S&M) to Other Services and Charges (OS&C) or to Capital Outlay and vice versa to address specific needs, or funds may be moved between divisions. Reallocating funding allows the department to shift funding to meet evolving needs enabling the department to remove some requests for new funding. This year, the primary adjustment requests are:

- Office of the Director – in conjunction with the term contract position transfer to the Park Planning & Stewardship Division (PPSD), services funding of \$25,000 is being reallocated from PPSD to the Montgomery Parks Foundation Park Fund budget to cover the ongoing costs for contracted accounting services.
- Management Services Division (MSD) – transferring savings of \$21,150 from services funding from a contract no longer needed to fund seasonal staffing to support the departmental training program.
- Northern Parks Division (NP) – adding \$11,076 of services funding transferring from Southern Parks Division (SP) for the management of irrigation services for the athletic fields at Northwest Branch Recreational Park as these services will now be managed by the Olney Manor maintenance yard staff in NP.
- Southern Parks (SP) – transferring \$5,000 of supplies funding and \$6,076 of services funding to NP for irrigation costs associated with the athletic fields at Northwest Branch Recreational Park.
- Park Planning & Stewardship (PPSD) – transferring \$4,660 from services to supplies to meet divisional needs and transferring \$25,000 to the Office of the Director to fund contracted accounting services for the Foundation.
- Park Police – transferring \$15,313 from the alarm shop supplies budget to the services budget for alarm installation services for security improvements and upgrades.

The table on the next page shows the FY25 Adopted Adjusted Budget and the FY26 Proposed Budget by division for the Park Fund. The Park Fund budget is appropriated by the County Council at the division level.

FY26 Proposed Park Fund Expenditure Budget

Expenditure by Major Object	FY25 Adopted Adjusted Budget	FY26 Proposed Budget	Increase/(Decrease) from FY25
Director's Office			
Personnel Services	\$1,741,809	\$1,624,863	(\$116,946)
Supplies & Materials	\$3,438	\$4,218	\$780
Other Services & Charges	\$56,600	\$83,952	\$27,352
Capital Outlay	\$0	\$0	\$0
Chargebacks	\$0	\$0	\$0
Total	\$1,801,847	\$1,713,033	(\$88,814)
Public Affairs & Community Partnerships			
Personnel Services	\$3,437,432	\$3,759,131	\$321,699
Supplies & Materials	\$65,073	\$69,073	\$4,000
Other Services & Charges	\$674,913	\$678,733	\$3,820
Capital Outlay	\$0	\$0	\$0
Chargebacks	(\$87,000)	(\$87,000)	\$0
Total	\$4,090,418	\$4,419,937	\$329,519
Management Services			
Personnel Services	\$3,453,378	\$3,808,292	\$354,914
Supplies & Materials	\$30,793	\$29,518	(\$1,275)
Other Services & Charges	\$345,923	\$344,073	(\$1,850)
Capital Outlay	\$0	\$0	\$0
Chargebacks	\$0	\$0	\$0
Total	\$3,830,094	\$4,181,883	\$351,789
Information Technology & Innovation			
Personnel Services	\$2,299,039	\$2,478,277	\$179,238
Supplies & Materials	\$348,529	\$401,029	\$52,500
Other Services & Charges	\$1,415,508	\$1,473,478	\$57,970
Capital Outlay	\$75,000	\$77,625	\$2,625
Chargebacks	(\$316,906)	(\$411,377)	(\$94,471)
Total	\$3,821,170	\$4,019,032	\$197,862

Expenditure by Major Object	FY25 Adopted Adjusted Budget	FY26 Proposed Budget	Increase/(Decrease) from FY25
Park Planning & Stewardship			
Personnel Services	\$8,694,551	\$9,257,623	\$563,072
Supplies & Materials	\$246,013	\$253,373	\$7,360
Other Services & Charges	\$800,461	\$813,454	\$12,993
Capital Outlay	\$39,500	\$40,883	\$1,383
Chargebacks	(\$372,923)	(\$372,923)	\$0
Total	\$9,407,602	\$9,992,410	\$584,808
Park Development			
Personnel Services	\$8,150,366	\$8,503,725	\$353,359
Supplies & Materials	\$30,387	\$30,387	\$0
Other Services & Charges	\$91,301	\$91,301	\$0
Capital Outlay	\$0	\$0	\$0
Chargebacks	(\$3,542,948)	(\$3,629,044)	(\$86,096)
Total	\$4,729,106	\$4,996,369	\$267,263
Park Police			
Personnel Services	\$19,743,646	\$19,956,648	\$213,002
Supplies & Materials	\$898,750	\$921,437	\$22,687
Other Services & Charges	\$758,899	\$866,304	\$107,405
Capital Outlay	\$0	\$0	\$0
Chargebacks	(\$227,900)	(\$245,500)	(\$17,600)
Total	\$21,173,395	\$21,498,889	\$325,494
Horticulture, Forestry & Environmental Education			
Personnel Services	\$12,979,757	\$13,575,136	\$595,379
Supplies & Materials	\$838,511	\$859,210	\$20,699
Other Services & Charges	\$1,404,239	\$1,477,079	\$72,840
Capital Outlay	\$0	\$12,000	\$12,000
Chargebacks	(\$107,162)	(\$90,402)	\$16,760
Total	\$15,115,345	\$15,833,023	\$717,678
Facilities Management			
Personnel Services	\$13,464,473	\$13,625,426	\$160,953
Supplies & Materials	\$2,133,158	\$2,172,733	\$39,575
Other Services & Charges	\$1,687,028	\$1,802,976	\$115,948
Capital Outlay	\$12,000	\$12,420	\$420
Chargebacks	(\$1,013,200)	(\$1,016,400)	(\$3,200)
Total	\$16,283,459	\$16,597,155	\$313,696

Expenditure by Major Object	FY25 Adopted Adjusted Budget	FY26 Proposed Budget	Increase/(Decrease) from FY25
Northern Parks			
Personnel Services	\$10,876,725	\$11,536,252	\$659,527
Supplies & Materials	\$1,137,006	\$1,321,004	\$183,998
Other Services & Charges	\$693,152	\$810,841	\$117,689
Capital Outlay	\$261,463	\$420,614	\$159,151
Chargebacks	(\$34,800)	(\$34,800)	\$0
Total	\$12,933,546	\$14,053,911	\$1,120,365
Southern Parks			
Personnel Services	\$14,740,436	\$14,906,416	\$165,980
Supplies & Materials	\$1,880,702	\$2,079,627	\$198,925
Other Services & Charges	\$803,232	\$815,292	\$12,060
Capital Outlay	\$377,501	\$540,714	\$163,213
Chargebacks	(\$38,900)	(\$40,500)	(\$1,600)
Total	\$17,762,971	\$18,301,549	\$538,578
Support Services			
Personnel Services	\$485,251	\$525,233	\$39,982
Supplies & Materials	\$1,646,187	\$1,875,687	\$229,500
Other Services & Charges	\$10,435,625	\$12,168,826	\$1,733,201
Capital Outlay	\$0	\$0	\$0
Chargebacks	\$857,972	\$782,386	(\$75,586)
Total	\$13,425,035	\$15,352,132	\$1,927,097

Park Fund Total				
Personnel Services	\$100,066,863	\$103,557,022	\$3,490,159	3.5%
Supplies & Materials	\$9,258,547	\$10,017,296	\$758,749	8.2%
Other Services & Charges	\$19,166,881	\$21,426,309	\$2,259,428	11.8%
Capital Outlay	\$765,464	\$1,104,256	\$338,792	44.3%
Chargebacks	(\$4,883,767)	(\$5,145,560)	(\$261,793)	5.4%
Debt Service	\$7,861,690	\$8,085,057	\$223,367	2.8%
Grants	\$400,000	\$400,000	\$0	0.0%
Capital Projects Funds	\$450,000	\$450,000	\$0	0.0%
Total	\$133,085,678	\$139,894,380	\$6,808,702	5.1%
Total Park Fund Operating Request	\$140,947,368	\$147,979,437	\$7,032,069	5.0%
Non-Departmental *	\$7,835,631	\$11,192,972	\$3,357,341	42.8%
Total	140,921,309	151,087,352	\$10,166,043	7.2%

*Total includes compensation markers and OPEB.

Park Fund Revenue Summary

Park Fund Operating Revenue FY26 Proposed Budget

The FY26 Park Fund Operating Revenue is budgeted at \$9,612,416. This is \$1,087,024 higher than the FY25 Adopted Budget. The change is mainly due to the projected increase in revenue from interest based on current market returns.

Sales are projected to decrease by \$23k due to an administrative change to move the revenue from sales of recycled lumber into the Special Revenue Fund. Facilities user fees are projected to be \$63k higher than the FY25 budget based on increased permitting fees for shelter usage.

The Grants budget accounts for small grants that may be received throughout the year. The FY26 budget remains at the same level as the FY25 budget.

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 FY26 is \$348,199. The October 24 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 one 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. The funding level has varied each year. However, since FY19, our staff have used the funding provided from the Cable Fund transfer to add public Wi-Fi and additional security cameras at various locations, including Gene Lynch Urban Park, Glenmont Local Park, Long Branch Local Park, Sligo-Dennis Avenue Local Park, Viers Mill Local Park, Wheaton Regional Park, and at South Germantown Recreation Park in the park areas near the Driving Range, Splash Park, Adventure Playground, and Miracle Field. The department is still finalizing the list of sites to be upgraded utilizing the FY25 and FY26 funding. Potential locations are being reviewed and pricing estimates are being generated to assist in making the final determination and prioritization. For FY26, our department is proposing that the Cable Fund revenue remain at the FY25 base amount of \$50,000.

Miscellaneous revenue is increasing by \$48.5k. This increase is mainly due to the accounting change to recognize the purchase card rebate as revenue rather than as an expenditure reduction. The FY26 budget for the purchase card rebate is \$55k.

The chart below shows the FY26 proposed operating revenues for the Park Fund.

Proposed Park Fund Revenue

Category	Adopted FY25	Proposed FY26	Increase/ Decrease from FY25	% Change
<u>REVENUES</u>				
Sales	\$41,500	\$18,500	(\$23,000)	-55.4%
Facilities User Fees	\$3,571,751	\$3,635,076	\$63,325	1.8%
Grants	\$400,000	\$400,000	\$0	0.0%
Intergovernmental Transfer (Water Quality Protection Fund)	\$4,289,641	\$4,637,840	\$348,199	8.1%
Intergovernmental Transfer (Cable Fund)	\$50,000	\$50,000	\$0	0.0%
Miscellaneous Revenue	\$47,500	\$96,000	\$48,500	102.1%
Interest (including CIP Interest Transfer)	<u>\$125,000</u>	<u>\$775,000</u>	<u>\$650,000</u>	<u>520.0%</u>
Total Revenue *	8,525,392	9,612,416	\$1,087,024	12.8%

* Total excludes property taxes.

Property Management Fund Summary

Property Management Fund Overall FY26 Proposed Budget

The Property Management Fund is a self-sustaining program financed by the revenue derived from the rentals of park houses and a variety of other leases. Currently, this program administers approximately 140 legal agreements: residential and commercial property leases, office space, agriculture, daycare, parking lots, equestrian, telecommunications, athletic fields, and special use permits.

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 space: rental housing, commercial use, and land for parking. The Property Management Unit also oversees a range of other agreements such as leases for acquired commercial buildings, athletic fields, and inter-agency operations agreements.

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

The FY26 budget includes total revenue of \$1,829,600, an 8.3% increase over last year's budget. This increase is mainly attributable to revenue from commercial tenants from a property acquisition in December 2023. One of the current tenants will be vacating the building early in FY26. Thus, the FY25 estimate reflects this higher rent revenue and the subsequent revenue adjustment for FY26. The rental portfolio for this unit fluctuates each year as the department has chosen to demolish certain older houses, as leases expire, rather than taking on the cost of extensive repairs.

The expenditure budget for FY26 is \$1,962,600. This total includes a compensation increase of 10.0% based on the current staff complement and a marker for merit and COLA increases. The total also includes increases for supplies and services costs mainly due to the increased operational costs associated with the commercial building acquisition. Available fund balance of \$133,000 is also being utilized to fund costs of repairs and/or demolitions of older properties.

The table on the next page shows the FY26 proposed revenues and expenditures for the Property Management Fund.

MONTGOMERY COUNTY PROPERTY MANAGEMENT SUBFUND
Summary of Revenues, Expenditures, and Changes in Fund Balance
PROPOSED BUDGET FISCAL YEAR 2026

	FY25 <u>Adopted</u>	FY25 <u>Estimated</u>	FY26 <u>Proposed</u>	%
				Change
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	-
Sales	-	-	-	-
Charges for Services	-	-	-	-
Rentals and Concessions	1,678,700	2,010,894	1,799,600	7.2%
Interest	10,000	34,000	30,000	200.0%
Miscellaneous	-	-	-	-
Total Revenues	<u>1,688,700</u>	<u>2,044,894</u>	<u>1,829,600</u>	<u>8.3%</u>
Expenditures by Major Object				
Personnel Services	535,629	535,629	589,261	10.0%
Supplies and Materials	120,618	120,618	124,862	3.5%
Other Services and Charges	879,153	879,153	1,095,177	24.6%
Capital Outlay	-	-	-	-
Other Classifications	-	-	-	-
Chargebacks	153,300	153,300	153,300	0.0%
Total Expenditures	<u>1,688,700</u>	<u>1,688,700</u>	<u>1,962,600</u>	<u>16.2%</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>356,194</u>	<u>(133,000)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfer to Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>356,194</u>	<u>(133,000)</u>	<u>-</u>

Summary of Annual Comparisons by Major Object	Adopted		Estimated		Proposed	
	FY25	FY25	FY25	FY25	FY26	FY26
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>	<u>0.00</u>	<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		<u>0.00</u>		<u>0.00</u>		<u>0.00</u>
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.

Enterprise Fund Summary

Enterprise Fund Overall FY26 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 FY26 budget reflects \$14,246,584 in revenues and \$12,598,355 in expenditures for a net profit of \$1,648,229.

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, to make on-going investments in life cycle replacements and needed improvements for each facility, and to construct any new facilities.

The chart on page 17 shows the FY26 proposed revenues and expenditures for the Enterprise Fund.

Revenues

The FY26 Enterprise Fund proposed revenues of \$14,246,584 is \$1,327,674 more than the FY25 approved budget. The overall increase for the proposed revenue includes increases in program and rental revenues. In addition, interest revenue is projected to increase by \$234k based on current market conditions.

Golf course revenue from the lease with the Montgomery County Revenue Authority (MCRA) continues to climb. This revenue is based on a percentage of net profits for the Little Bennett, Northwest and Needwood golf courses. Based on trend, the budget for FY26 reflects an increase of \$30,000.

Although the Wheaton Ice Arena is projected to close for a short period of time for renovations, revenue for program and facility rentals continue to increase at Cabin John Ice and will offset the small dip in revenues at Wheaton Ice during this closure.

Brookside Gardens continues to reflect revenue growth with continued interest in their programs. This growth in conjunction with the full year impact of the return of the Wings of Fancy is projected to yield increased Charges for Services revenue of \$449k and an overall revenue increase (excluding interest) of \$541k.

Expenditures

The FY26 Enterprise Fund proposed expenditures of \$12,598,355 are \$1,314,745 higher than the FY25 adopted budget. Compensation costs reflect an increase of \$812k based on the current staff complement along with the addition of the salary marker for merit/COLA, increased pension and benefits costs, and higher seasonal costs. In addition, seasonal costs are increasing by \$279k due to added staffing for the increased programming in conjunction with projected COLA and merit increases.

Expenditures for resale of goods are increasing by \$45k based on higher costs for goods plus inventory increases related to increased sales.

Supplies are increasing by \$73k linked to increased programming costs associated with the Garden of Lights and Wings of Fancy programs at Brookside Gardens.

Other services and charges are increasing by \$332k mainly due to higher rates in the renewal of the department's electric power contract along with other utility fee increases and for additional instructor fees associated with increased programming.

FY26 Changes

No new positions are proposed for the Enterprise Fund. However, a portion of the cost (40%) for the ActiveMONTGOMERY Training and Support Analyst new position request is being allocated to the Enterprise Fund. Also, based on increased program needs, a term contract position at Brookside Gardens is being converted from term contract to full-time career.

Capital Improvements

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

MONTGOMERY COUNTY ENTERPRISE FUND - SUMMARY
Proposed Budget Fiscal Year 2026

	<u>FY25 Adopted</u>	<u>FY25 Estimated</u>	<u>FY26 Proposed</u>	<u>Change FY25- FY26</u>
Operating Revenues:				
Intergovernmental -	\$ -	\$ -	\$ -	\$ -
Sales	\$ 794,200	\$ 817,050	\$ 829,750	\$ 35,550
Charges for Services	\$ 7,235,680	\$ 7,352,639	\$ 7,807,860	\$ 572,180
Rentals and Concessions	\$ 3,904,283	\$ 4,465,894	\$ 4,321,294	\$ 417,011
Miscellaneous	\$ 836,747	\$ 890,215	\$ 905,390	\$ 68,643
Interest	\$ 148,000	\$ 455,295	\$ 382,290	\$ 234,290
Total Operating Revenue:	\$ 12,918,910	\$ 13,981,093	\$ 14,246,584	\$ 1,327,674
Operating Expenses:				
Personnel Services	\$ 7,504,641	\$ 7,394,873	\$ 8,316,640	\$ 811,999
Goods for Resale	\$ 352,035	\$ 400,865	\$ 397,290	\$ 45,255
Supplies and Materials	\$ 440,350	\$ 591,330	\$ 513,047	\$ 72,697
Other Services and Charge:	\$ 2,153,806	\$ 2,729,261	\$ 2,486,237	\$ 332,431
Capital Assets	\$ -	\$ -	\$ -	\$ -
Chargebacks	\$ 832,778	\$ 829,477	\$ 885,141	\$ 52,363
Total Operating Exp and (\$ 11,283,610	\$ 11,945,806	\$ 12,598,355	\$ 1,314,745
Gain (Loss)	\$ 1,635,300	\$ 2,035,288	\$ 1,648,229	\$ 12,929

	<u>FY25 Adopted</u>	<u>FY25 Estimated</u>	<u>FY26 Proposed</u>
WORKYEARS			
FT Career Positions	37.0	37.0	38.0
FT Workyears	37.0	37.0	38.0
PT Career Positions	0.0	0.0	0.0
PT Workyears	0.0	0.0	0.0
Term Contract Positions	1.0	1.0	0.0
Term Contract Workyears	1.0	1.0	0.0
Seasonal Workyears	72.1	74.0	72.0
Chargebacks	5.7	5.7	5.4
Less Lapse	0.0	0.0	0.0
TOTAL POSITIONS	38.0	38.0	38.0
TOTAL WORKYEARS	115.8	117.7	115.4

Special Revenue Fund Summary

Special Revenue Fund Overall FY26 Proposed Budget

The Special Revenue Fund (SRF) proposed FY26 budget reflects revenues of \$3,845,034 and expenditures of \$4,501,519. Fund balance is being used to support this request for the increased expenditures. Using fund balance enables the department to defer increasing program and rental fees. Much of this fund balance is being used to phase in contracted cost increases for the MCPS Ballfield account. The savings are generated from prior years services that were unable to be delivered due to weather conditions or other factors.

Overall SRF revenue is increasing by \$394,721, while expenses are increasing by \$411,426. Both revenue and expenses are increasing by \$100k for the Park Police – Federally Forfeited Property fund based on staff participation in a Drug Enforcement Agency (DEA) task force. Expenses incurred are reimbursed, and the reimbursement will be recorded as a revenue offset for expenses. In addition, revenue and expenses are increasing (revenue by \$248k and expenses by \$283k) for the maintenance of the Montgomery County Public School ballfields based on an increase in the number of school fields being maintained (additional three sites) by our department and due to the cost increase associated with the inflationary increase for the option year contract renewal. In addition, the current services contract will be ending in FY26, and costs are projected to increase in the follow-on contract. The chargeback cost is based on budgeted cost for the actual staff positions dedicated to the MCPS project. The SRF interest revenue is also increasing by \$32k based on current market conditions.

Several accounts are projecting to use a total of \$656k of fund balance in FY26. With a projected starting fund balance of just under \$1.5M for FY26, funding is available to support these increased expenditure requests. The Interagency Agreement for Ballfields includes the use of \$534k of fund balance to offset the increased cost of contracted services. The contracted cost for the ballfield maintenance increased significantly over the past several years; however, we have been able to phase in the cost increase to the County based on use of unspent funds from prior contract years. The account for external sales of trees and plants is projected to use \$21k of fund balance. Costs for this account often cross fiscal years, since orders for plants and trees are typically placed in advance with costs incurred over the growing time and revenue received at time of delivery. The Nature Centers account is using a fund balance of \$24k to support programming staff costs. The Cultural Resources account is using \$52k of fund balance for increased program instruction and seasonal staff support.

The table on page 21 shows the FY26 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 FY26 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 and Recreation Department ballfield maintenance and with some Recreation Department playgrounds, and with other agencies for special policing, snow removal 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 parks or park facilities.

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 - SPECIAL REVENUE FUND	FY25	FY25	FY26
BEGINNING FUND BALANCE	\$1,391,588	\$1,497,308	\$1,458,900
<u>REVENUE</u>			
Intergovernmental Revenues	\$2,523,980	\$2,487,980	\$2,716,002
Sales	\$176,323	\$147,400	\$152,582
Charges for Services	\$0	\$0	\$0
Recreation/User Fees	\$509,000	\$478,000	\$559,000
Rentals/Concessions	\$150,800	\$138,800	\$157,800
Interest	\$14,610	\$58,430	\$46,650
Miscellaneous Revenues	\$75,600	\$65,000	\$213,000
<u>Interfund Transfer</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL REVENUE	\$3,450,313	\$3,375,610	\$3,845,034
<u>EXPENDITURE</u>			
Personnel Services	\$892,354	\$844,500	\$997,033
Supplies and Materials	\$297,250	\$217,758	\$322,969
Other Services and Charges	\$2,499,358	\$1,950,629	\$2,768,727
Capital Outlay	\$0	\$0	\$0
Chargebacks	\$401,131	\$401,131	\$412,790
<u>Other Classifications</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL EXPENDITURE	\$4,090,093	\$3,414,018	\$4,501,519
Total Revenue Less Expenditure	<u>(\$639,780)</u>	<u>(\$38,408)</u>	<u>(\$656,485)</u>
ENDING FUND BALANCE	\$751,808	\$1,458,900	\$802,415
Workyears	17.40	17.40	18.60











MCPB 11-21-24 - MC Parks - FY26 Proposed Budget

Final Audit Report


2024-11-14

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