



Larry Hogan, Governor
Boyd Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Acting Secretary
Joanne Throwe, Deputy Secretary

February 19, 2019

The Honorable Nancy J. King
Senate Budget and Taxation Committee, Chair
3 West Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Maggie McIntosh
House Appropriations Committee, Chair
Room 121 House Office Building
Annapolis, Maryland 21401

Subject: Submission of Maryland Park Service Funding Report
Agency: Department of Natural Resources
Report Authority: 2018 Joint Chairmen's Report, Page 67

Dear Chairs King and McIntosh:

In the 2018 Joint Chairmen's Report, the General Assembly directed the Department of Natural Resources to submit a report showing the allocation of both transfer tax and Forest or Park Reserve funding for the fiscal 2018 actual, fiscal 2019 working appropriation and fiscal 2020 allowance. The enclosed report is intended to fulfill this report requirement.

Should you have any questions or comments regarding this report, please feel free to contact James W. McKittrick, Director, Legislative and Constituent Services at 410-260-8112, or jamesw.mckittrick@maryland.gov.

Sincerely,



Jeannie Haddaway-Riccio
Acting Secretary

Enclosure

cc: Sarah Albert, Legislative Library (5 hard copies)

DEPARTMENT OF NATURAL RESOURCES MARYLAND PARK SERVICE FUNDING REPORT

In the 2018 Joint Chairmen's Report, the Maryland General Assembly directed the Department of Natural Resources to submit a "Maryland Park Service Funding Report." The committee language is provided below.

Maryland Park Service Funding Report: The committees are concerned that the Maryland Park Service (MPS) is receiving a substantial increase in revenue without a clear description of how the funding is being used in the fiscal 2019 allowance. The funding increase comes from transfer tax funding and Forest or Park Reserve Fund revenue per Chapter 23 of 2017 (Budget Reconciliation and Financing Act), which required the Governor to include in the State budget an appropriation to MPS equal to 100 percent of own-sourced revenues collected in the Forest or Park Reserve Fund from the second preceding fiscal year, less any administrative costs and prior-year closing fund balance. Therefore, the budget committees request that the Department of Natural Resources (DNR) submit a report with the fiscal 2020 State budget submission showing the allocation of both transfer tax and Forest or Park Reserve Fund funding for the fiscal 2018 actual, fiscal 2019 working appropriation and fiscal 2020 allowance. The report is requested to include MPS's own-sourced revenue and administrative costs from fiscal 2018, which informs the fiscal 2020 appropriation and a description of how the appropriations from each of the three years helps to meet the recommendations of the 2016 Five-year Strategic Plan, in terms of both personnel and park resources and the development of a Comprehensive Long Range Strategic Plan as contemplated for achievement of the National Gold Medal Award from the National Recreation and Park Association.

The Maryland Park Service provides the following response to the Joint Chairman's Report regarding its FY18 through FY20 funding.

Special Fund Revenues

The Maryland Park Service relies heavily on special fund revenue to support the operation of its 75 state parks, which cover approximately 140,000 acres and serve 14 million visitors annually. Two special funds provide the vast majority of state park operating funds: Program Open Space transfer tax (Tax-Property 5-903) and the Forest or Park Reserve Fund (Natural Resources 5-212). Transfer tax revenue is generated from the purchase and sale of real property. Revenue is distributed via the Program Open Space formula, which allocates \$21 million or 20 percent, whichever is greater, to forest and park operations. The Forest or Park Reserve Fund is composed of revenues generated on state park lands, such as visitor day use and camping fees as well as leases. Per the Budget Reconciliation and Financing Act of 2017 (Chapter 23 of 2017), the unit's annual appropriation from this fund is 100 percent of the revenues from the second preceding fiscal year.

The Maryland Park Service receives the majority of its operating fund revenue from the Program Open Space transfer tax revenue allocation. Transfer tax revenue provided the following revenue for Maryland Park Service operations: \$30.1 million in fiscal 2018, \$31.8 million fiscal 2019, and a proposed \$28.2 million in fiscal 2020. The FY20 allowance includes \$5.7 million in transfer tax repayment revenue, in the Dedicated Purpose Account, for salary costs and to replace aging vehicles and heavy equipment, prepare several new parks for public visitation and purchase standard operating supplies in response to growing visitation. Transfer tax revenue cover 67 percent of the cost of total Maryland Park Service operations in FY18. The Forest or Park Reserve Fund, the second largest source of funding, provided the following revenue for Maryland Park Service operations: \$10.4 million in fiscal 2018, \$13.7 million in fiscal 2019, and a proposed \$13.3 million in fiscal 2020. Forest or Park Reserve Fund revenue provided 30 percent of the cost of total Maryland Park Service operations in FY18.

Use of Special Fund Revenues

Transfer tax is used to support a broad array of state park operation costs, including classified and contractual personnel, utilities, maintenance equipment, vehicles and supplies. The Forest or Park Reserve Fund is used for park operational costs as well as county payments in lieu of taxes, which totaled \$2.4 million in fiscal 2018. When the entire Maryland Park Service operating appropriation is evaluated, the largest overall annual expenditure is for personnel (52 percent), followed by county payments (11 percent) and fuel/utilities (9 percent). The annual appropriation from each special fund by object for FY18-20 is provided in **Attachment 1**.

These two special funds provided the revenue necessary to achieve a variety of important accomplishments, including those described below.

- Contractually convert six new ranger positions and one administrative staff position into full time classified positions at Newtowne Neck, New Germany, Patapsco Valley, Calvert Cliffs, Bohemia River, Wolf Den Run state parks and Deep Creek Lake Natural Resources Management Area in FY19. The FY20 allowance, includes a proposal to contractually convert one park technician position at Fair Hill Natural Resources Management Area into a new classified position.
- Establish the newly acquired Wolf Den Run State Park, which includes 2,000 acres in Garrett County in support of the first state park off-highway vehicle (OHV) trail system. In FY18, a long-term contractual park ranger was hired and \$108,000 was allocated to establish a management plan for over 60 miles of OHV trails, and cover necessary infrastructure and equipment to provide proper public access.
- Create the new Bohemia River State Park, which includes 400 acres and water access along the Bohemia River in Cecil County. In FY18, a long-term contractual park ranger was hired and \$221,000 was allocated to establish basic park infrastructure and procure equipment and supplies necessary to open the park in 2019.
- Procure 20 replacement vehicles (\$550K) in FY18, 43 vehicles (\$1.1 million) in FY19, and a proposed 41 vehicles (\$900K) in FY20. Furthermore, the fleet will be expanded by six additional vehicles in FY19 to support operations at new parks. Staff rely heavily on vehicles to accomplish a vast majority of their essential tasks on the 140,000 acres of park land. The Maryland Park Service fleet has 75 vehicles with a mileage that exceeds 125,000 miles and 119 vehicles, nearly 50 percent of the fleet, with a mileage that exceeds 100,000 miles. Vehicles are an essential tool for responding to emergencies, providing timely and responsive customer service, conserving natural and cultural resources, and ensuring the safety of park staff and visitors.
- The Maryland Park Service has a backlog of maintenance equipment (e.g. backhoes, dump trucks, stake-body trucks, skid steers, graders and tractors) that must be replaced in order to ensure staff safety while providing public access to parks, including maintaining roadways, parking, campgrounds, picnic areas and other facilities, plowing snow, clearing hazardous trees and responding to natural disasters. Procured 14 pieces (\$660K) of heavy equipment in FY18, and at least eight pieces (\$580K) in FY19 and at least 10 pieces (\$850k) in FY20.
- Robust state park visitation places significant strain on basic amenities such as grills and picnic tables. In FY18, the Maryland Park Service procured over \$150,000 in fire rings, grills and picnic tables to replace equipment and meet customer demands. In addition, the Maryland Park Service hired over 600 seasonal staff at a cost of approximately \$6 million to provide cleaning, maintenance, programs, lifeguarding and other essential services.

- The Maryland Park Service invested over \$1.2 million in FY18 in the operation of the Conservation Jobs Corps, which provided five-week summer jobs and outdoor enrichment experiences for over 400 underserved youth. Teams performed essential park projects, including trail maintenance, tree planting, rain gardens and wildlife habitat improvements.

Meeting Strategic Plans and Goals

During the FY18-20 period, the Maryland Park Service is expected to receive a growing appropriation, which will help achieve some recommendations of the 2016 Strategic Park Investment Plan. The strategic plan set forth five recommendations, which are summarized and discussed below.

1. Retain commitment made by the Hogan Administration and the General Assembly to invest \$40 million of Program Open Space Funds beginning in Fiscal Year 2019 in the Natural Resources Development Fund and the Critical Maintenance program. This investment will provide needed funding to achieve recreation improvements that enhance the park visitor experience, expand the state park system capacity and generate new revenue. Funding will be phased from Fiscal Year 2019 through Fiscal year 2025.

The 2016 plan included a master plan of priority capital projects for each park unit. These goals and priorities informed and are specifically reflected in the request for FY20 Natural Resources Development Fund and Critical Maintenance program projects. Three projects are expected to demand a significant amount of this funding: demolition of Bloede Dam at Patapsco Valley State Park; repairs to the dam at Greenbrier State Park; and further development of equestrian event infrastructure at Fair Hill Natural Resources Management Area. The Maryland Park Service recently allocated \$50,000 in FY19 funding toward an in-house contractual maintenance crew in collaboration with the department's Engineering and Construction unit.

2. Hire a business development manager in order to foster more public-private enterprise partnerships and corporate partnerships that improve fiscal sustainability while supporting the Maryland Park Service's core mission and Brand Promise.

A marketing and business manager was hired in early 2018, and has made advancements in several areas, including (1) conducting a survey of concession operations and convening a workgroup to develop recommendations for improving state park concessions operations; (2) strengthening collaboration with business via board representation on the Maryland Tourism Coalition; (3) improving the efficiency of the website, email and social media to ensure optimal communications with visitors; and (4) promotion of events at state parks through electronic media and press contacts.

3. Research strategies to reduce lines and wait times at the gates of busy parks. Strategies may also have an associated benefit of reducing cash handling responsibilities, which will reduce costs and improve efficiency and safety.

The Maryland Park Service has taken two recent actions to reduce lines and wait times at state parks. First, the term of the annual state park passport was shifted from the calendar year to one year from the month of purchase. This change was designed to prompt the sale of additional passports, which would further reduce cash handling at the gates. Secondly, the Maryland Park Service is actively engaged with NIC Maryland, which is on state contract and provides services to the National Park Service, on the possible selection of several state park locations to pilot advance electronic park day use reservations.

4. Continue working towards funding implementation of the 2013 Five-Year Strategic Plan recommendations to support public safety, park operations and critical maintenance funding.

As discussed above, the Maryland Park Service received authority to establish seven new classified positions in FY19, and has benefitted from increased appropriations in FY18-20 to help establish new parks, replace aging vehicles, and purchase the basic supplies and equipment necessary to ensure a quality visitor experience, protect public safety, conserve natural and cultural resources and address growing public demands for outdoor recreation. Due to the uncertain nature of the increase in funding from the transfer tax and repayment of past transfer tax distributions to the general fund, the Maryland Park Service is focused on utilizing funds for one-time expenditures such as equipment and infrastructure improvements rather than increasing permanent staffing.

5. Continue to work with the state park system's 23 affiliated, non-profit friends groups and other supporting stakeholder organizations to raise private funds to support a wide variety of operation needs in the state parks.

Over the past three years, the Maryland Park Service has expanded its partnerships to include affiliated foundation agreements with the National Steeplechase Foundation, Turkey Point Lighthouse Station, Catoctin Forest Alliance, Maryland OHV Alliance, Piscataway Conoy Tribe, Friends of Patapsco Valley State Park and West Rhode Riverkeeper. As a result of these partnerships, the Maryland Park Service has benefited from, among other things, new equipment, access to specialized training, trail planning expertise, grant funding and the provision of special interpretive programming.

State Park Gold Medal Award

The Maryland Park Service will apply for the 2019 State Park Gold Medal Award from the National Recreation and Parks Association by the mid-March deadline. The association plans to announce the finalists at the end of April 2019, and select the grand award recipients in fall 2019.

The Maryland Park Service has taken several steps to prepare for this application process, including (1) revamping park websites to improve visual branding and navigation, (2) initiating development of a Comprehensive Long Range Strategic Plan; and (3) improving program brochures (for example, the annual pass).

The application includes 25 questions requesting statistical data and inquiring about program performance and impact. Applicants must submit an executive summary of their strategic long range plan and links to several documents and websites.

The Maryland Park Service looks forward to learning from its inaugural attempt to apply for this industry award.

Attachment 1

Forest or Park Reserve Fund

Object	FY18	FY19	FY20
1	\$ 34,708	\$ 351,831	\$ -
2	\$ 1,023,070	\$ 1,711,956	\$ 122,458
3	\$ 166,458	\$ 175,000	\$ 175,000
4	\$ 30,776	\$ 31,000	\$ 35,000
6	\$ 1,090,783	\$ 1,100,000	\$ 2,400,000
7	\$ 806,727	\$ 1,503,945	\$ 2,100,000
8	\$ 2,010,227	\$ 2,750,000	\$ 2,146,660
9	\$ 2,193,686	\$ 3,100,000	\$ 3,600,000
10	\$ 194,067	\$ 220,071	\$ 200,000
11	\$ 198,996	\$ 590,000	\$ 340,029
12	\$ 2,425,242	\$ 2,000,000	\$ 2,000,000
13	\$ 180,212	\$ 175,000	\$ 220,000
14	\$ 4,469	\$ 5,000	\$ -
Total	\$ 10,359,421	\$ 13,713,802	\$ 13,339,147

Program Open Space – Transfer Tax

Object	FY18	FY19	FY20*
1	\$ 18,229,746	\$ 19,505,828	\$ 18,306,657
2	\$ 5,722,348	\$ 6,122,912	\$ 7,214,483
3	\$ 182,446	\$ 200,000	\$ -
4	\$ -	\$ -	\$ -
6	\$ 3,157,631	\$ 3,100,000	\$ 2,700,000
7	\$ 1,260,314	\$ 978,648	\$ -
8	\$ 227,682	\$ 250,000	\$ -
9	\$ 455,956	\$ 700,702	
10	\$ 451,868	\$ 405,000	\$ -
11	\$ 334,218	\$ 470,000	\$ -
12	\$ -	\$ -	\$ -
13	\$ 111,056	\$ 50,000	\$ -
14	\$ -	\$ -	\$ -
Total	\$ 30,133,265	\$ 31,783,091	\$ 28,221,140

*The FY20 allowance includes \$5.7 million in transfer tax repayment revenue in the Dedicated Purpose Account.