



Angela D. Alsobrooks
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

April 14, 2023

The Honorable Thomas E. Dernoga, Chair
Prince George's County Council
Wayne K. Curry Administration Building
1301 McCormick Drive
Largo, Maryland 20774

Dear Chair Dernoga:

Enclosed for your consideration are my comments and recommendations for the Proposed FY 2024 Annual Budget of the Maryland-National Capital Park and Planning Commission. The comments are based on the original budget proposal submitted by the Commission on January 15, 2023.

The Commission's FY 2024 proposed budget totals in the amount of \$393.7 million net of designated reserves, including Enterprise, Special Revenue, and Park Debt. This represents a decrease of \$119 million, or 23.2%, below the adopted amount for FY 2023. This decrease is primarily due to the fact that FY 2023 budgeted transfers from the Park Fund and the Recreation Fund to the Largo Headquarters Building Fund are no longer necessary, given that the project has adequate funding to proceed.

The Park's debt increased by \$230 thousand, or 1.6%, over the FY 2023 adopted budget. The budget for the capital improvement program (CIP) is \$ 113.6 million, 26% less than the FY 2023 adjusted adopted budget.

The budget for the three-major tax-supported funds – Administration, Park and Recreation Funds, excluding reserves – totals to the amount of \$358.8 million, a decrease of \$73.2 million or 16.9%. Additionally, \$13.5 million has been budgeted for the Enterprise Funds, which is a \$73 thousand decrease from FY 2023.

I commend the Commission for proposing an operating budget that remains within the Spending Affordability Committee (SAC) spending ceilings. I look forward to collaborating with you and other members of the County Council to ensure that future spending plans do not necessitate future tax increases.

SIGNIFICANT ISSUES

- **Property Taxes** – The majority of the Commission’s current operating revenues are derived from property taxes. The tax rates for FY 2024 are unchanged from FY 2023 at 29.4 cents for real property and 73.5 cents for personal property. It should be noted that the Commission has been able to maintain services without an increase in the total tax rate in FY 2024. This has been possible through innovative fiscal management strategies and a collaborative working relationship between the Commission, the County Executive, and County Council. The FY 2014 tax rate shift to stabilize the Administration and Recreation funds is an example of an approach taken to maintain services while property tax revenues plummeted, without raising overall tax rates. The FY 2024 budget assumes no advance land acquisition debt service fund property tax because no debt service payment is anticipated. The Commission’s estimated property tax revenue for FY 2024 assumes a 5.1% increase in its real property assessable base. The remaining four percent of General Fund revenues are projected to decrease by 0.6 percent in FY 2024 due to projected decreases in payment in lieu of taxes and miscellaneous revenue.
- **Expenditures** – I continue to welcome the Commission’s efforts to address cost drivers and liabilities in the FY 2024 Proposed Budget. As the economy continues to recover, property tax remains the primary source of revenue at 96%. I recommend that the Commission continue to embrace new revenue and savings opportunities. I also urge the Commission to continue examining all wage enhancements and make the appropriate adjustments on a timely basis based on affordability. Simultaneously, I recommend the Commission continue to expand youth sports, recreation and other activities within our County, and continue to work with Prince George’s County Public Schools to improve reliable access to recreation facilities and fields.
- **Project Charges** – In past years, per agreement, the Commission has transferred payments (“project charges”) to the County, outside agencies, and other entities for certain services provided. These funds support continuing operations for both the County and outside agencies. From FY 2005 to FY 2012, project charge payments to the County and other agencies increased from \$5 million to \$22 million annually. This increase coincided with the same period that property tax revenues began a steep decline, resulting in the Commission having to redirect resources to meet the rising project charge costs. Some years ago, the Commission began working together with the County on a plan of phased reductions in project charges. FY 2021 was the last year of those planned phased reductions. The total amount for project charges in FY 2024 is \$9 million, no change from FY 2023. An analysis is currently in progress that is likely to lead to an adjustment of the level of project charges in FY 2025.
- **Fund Balance** – At the start of FY 2024, the estimated combined undesignated fund balances for the Administration, Park and Recreation funds total \$101.6 million. The Commission’s FY 2024 proposed budget would result in a projected ending total undesignated fund balance of \$116.1 million at the end of FY 2024. In total, the FY 2024

Proposed Budget increases the fund balance by \$14.5 million to support operations and capital funding.

- **Fringe Benefits** – Like the County, the Commission faces financial pressure due to rising health and pension costs, especially considering the Governmental Accounting Standards Board Statement 45 requirement regarding Other Postemployment Benefits (OPEB). The Commission’s proposed budget includes prefunding for OPEB liabilities based on an eight-year phase-in plan. Greater growth in health insurance costs is being offset by restructuring employee’s benefits and wellness initiatives. This is the ninth year of the phase in of the increased cost sharing, with the first increase on January 1, 2013. OPEB costs for FY 2024 are expected to be \$169 thousand or a 1.4% decrease over FY 2023 totaling \$12.3 million. I support the Commission’s efforts to stay close to its multi-year plan towards full funding for OPEB and commend the Commission for exploring options to limit the Commission’s fringe benefit cost increases in general (health, pension, etc.) for its long-term sustainability.

CAPITAL IMPROVEMENT PROGRAM

The Commission’s continued focus includes the renovation and expansion of existing parks and recreational facilities, increasing youth programs, incorporating more health and wellness programs, and continued efforts in land preservation and restoration. The Commission will also continue the implementation of the Formula 2040 goals in FY 2024.

The Commission’s FY 2024 budget proposes a capital budget of \$113.6 million in FY 2024 for park acquisition, park development and infrastructure maintenance. This plan includes \$3 million in acquisition projects, \$70 million in development projects, and \$40.6 million in infrastructure maintenance.

The Commission uses the CIP to plan for facilities that will come on-line in the future, and it builds upon the FY 2024-2029 Six-Year CIP, which provides funding for new projects while continuing to emphasize maintenance and renovation of existing park infrastructure. Consistent with the emphasis on funding the maintenance and renovation of existing park infrastructure while also preserving the rich history of Black Prince Georgians, I urge the Commission and the Council to include renovation of the Wilmer’s Park historical complex in the M-NCPPC budget. Wilmer’s Park is of particular historical significance to Prince George’s County, as Arthur Wilmer purchased it to serve as an entertainment venue that would accommodate Black patrons during an era when few such venues existed. Its significance is further illustrated by the long list of internationally acclaimed artists who frequented its stage over the years. This is an opportunity to protect and restore the historical brilliance of Wilmer’s Park, while also providing a much-needed entertainment and athletic destination for all Prince Georgians.

The Honorable Thomas E. Dernoga, Chair

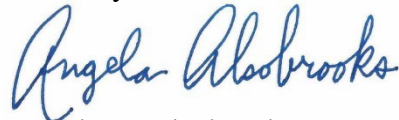
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SUMMARY

I appreciate the Commission's efforts to begin the necessary investments to ensure that existing services and facilities are in the proper condition to meet the public's needs in the present and in the future. The longer these needs are deferred, the more expensive they will become to address in the future. Both our residents and businesses appreciate any opportunity to save money and grow responsibly. I look forward to working with the Commission and the County Council as it considers the Commission's FY 2024 budget.

Sincerely,



Angela D. Alsobrooks,
County Executive