

September 29, 2025

**To:** Edward Burroughs  
Prince George's County Council Chairman

**From:** Darius A. Stanton   
Director, Prince George's County Parks and Recreation

**Via:** Len Pettiford   
Deputy Director, Administration and Development

**Subj:** CR-101-2025 Response

The Department of Parks and Recreation's record of achievement, including six national gold medals from the National Recreation and Park Association and continued CAPRA Accreditation, reflects our commitment to excellence and service to the community. Sustaining this level of performance requires resources, and our approach to resource allocation is grounded in fiscal accountability and alignment with our seven strategic pillars.

In response to CR-101-2025, a specific appropriation in the amount of \$20 million to the Capital Projects Fund for the PAY-GO portion of the Approved Fiscal Year 2025-2031 Capital Improvement program.

The spending affordability projection for FY27–33 underscores a growing challenge. Both the Park Fund and the Recreation Fund are in a state of decline. Historically, the funds have operated as designed: a tax rate adjustment builds reserves, which are then drawn down over time to offset inflation and cost growth. However, the last tax adjustment occurred in FY16. Nearly a decade without an increase is unprecedented, and the impact is clear.

- The Recreation Fund is projected to move into deficit by FY29.
- The Park Fund is projected to move into deficit by FY29.

**PARK FUND PRELIMINARY OUTLOOK**

|                     | FY 2025            | FY 2026            | FY 2027             | FY2028              | FY 2029             | FY 2030             | FY 2031              | FY 2032              |
|---------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
|                     | Estimate           | Estimate           | Projected           | Projected           | Projected           | Projected           | Projected            | Projected            |
| Revenues            | 213,261,998        | 222,557,865        | 234,416,410         | 246,333,278         | 257,474,667         | 267,737,102         | 278,559,318          | 290,647,410          |
| Expenses            | 172,786,994        | 194,440,000        | 215,914,000         | 235,346,000         | 256,527,000         | 279,614,000         | 304,780,000          | 332,210,000          |
| CIP - Debt/PAYGO    | 31,586,954         | 34,622,048         | 39,500,588          | 49,845,437          | 65,148,083          | 76,733,418          | 84,238,846           | 91,749,269           |
| Net Operating       | <b>8,888,050</b>   | <b>(6,504,183)</b> | <b>(20,998,178)</b> | <b>(38,858,159)</b> | <b>(64,200,416)</b> | <b>(88,610,316)</b> | <b>(110,459,528)</b> | <b>(133,311,859)</b> |
| Yr End Fund Balance | <b>124,685,795</b> | <b>118,181,612</b> | <b>97,183,434</b>   | <b>58,325,275</b>   | <b>(5,875,141)</b>  | <b>(94,485,457)</b> | <b>(204,944,985)</b> | <b>(338,256,844)</b> |

When additional projects, programs, or charges are added beyond the adopted budget, the timeline for deficit spending advances more quickly. This is because fund balances are already obligated for subsidies, capital projects, and debt service.

Modeling shows that whether the funds are allocated in PAYGO funding to the Capital Projects Fund or in bonded funding with associated debt service, both options accelerate depletion of fund balances. Neither resolves the structural gap. The Department can sustain the current projected FY29 gap of \$5 million in FY29. It cannot sustain a \$25 million funding gap in FY29.

**PARK FUND OUTLOOK ADDING \$20 MILLION IN PAYGO IN FY26**

|                               |                    |                     |                     |                     |                     |                      |                      |                      |
|-------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b><u>ADD \$20M PAYGO</u></b> | FY 2025            | FY 2026             | FY 2027             | FY2028              | FY 2029             | FY 2030              | FY 2031              | FY 2032              |
|                               | Estimate           | Estimate            | Projected           | Projected           | Projected           | Projected            | Projected            | Projected            |
| Revenues                      | 213,261,998        | 222,557,865         | 234,416,410         | 246,333,278         | 257,474,667         | 267,737,102          | 278,559,318          | 290,647,410          |
| Expenses                      | 172,786,994        | 194,440,000         | 215,914,000         | 235,346,000         | 256,527,000         | 279,614,000          | 304,780,000          | 332,210,000          |
| CIP - Debt/PAYGO              | 31,586,954         | 54,622,048          | 39,500,588          | 49,845,437          | 65,148,083          | 76,733,418           | 84,238,846           | 91,749,269           |
| Net Operating                 | <b>8,888,050</b>   | <b>(26,504,183)</b> | <b>(20,998,178)</b> | <b>(38,858,159)</b> | <b>(64,200,416)</b> | <b>(88,610,316)</b>  | <b>(110,459,528)</b> | <b>(133,311,859)</b> |
| Yr End Fund Balance           | <b>124,685,795</b> | <b>98,181,612</b>   | <b>77,183,434</b>   | <b>38,325,275</b>   | <b>(25,875,141)</b> | <b>(114,485,457)</b> | <b>(224,944,985)</b> | <b>(358,256,844)</b> |

# PARK FUND OUTLOOK ADDING \$20 MILLION IN BOND IN FY26

| <b>ADD \$20M Bonds</b> | <b>FY 2025</b>     | <b>FY 2026</b>     | <b>FY 2027</b>      | <b>FY2028</b>       | <b>FY 2029</b>      | <b>FY 2030</b>       | <b>FY 2031</b>       | <b>FY 2032</b>       |
|------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
|                        | Estimate           | Estimate           | Projected           | Projected           | Projected           | Projected            | Projected            | Projected            |
| Revenues               | 213,261,998        | 222,557,865        | 234,416,410         | 246,333,278         | 257,474,667         | 267,737,102          | 278,559,318          | 290,647,410          |
| Expenses               | 172,786,994        | 194,440,000        | 215,914,000         | 235,346,000         | 256,527,000         | 279,614,000          | 304,780,000          | 332,210,000          |
| CIP - Debt/PAYGO       | 31,586,954         | 35,072,048         | 41,400,596          | 51,745,437          | 67,048,083          | 78,633,418           | 86,138,846           | 93,649,269           |
| Net Operating          | <b>8,888,050</b>   | <b>(6,954,183)</b> | <b>(22,898,186)</b> | <b>(40,758,159)</b> | <b>(66,100,416)</b> | <b>(90,510,316)</b>  | <b>(112,359,528)</b> | <b>(135,211,859)</b> |
| Yr End Fund Balance    | <b>124,685,795</b> | <b>117,731,612</b> | <b>94,833,426</b>   | <b>54,075,267</b>   | <b>(12,025,149)</b> | <b>(102,535,465)</b> | <b>(214,894,993)</b> | <b>(350,106,852)</b> |

All Department of Parks and Recreation functions are supported by an FY26 operating budget of \$402 million. Our Department's tax rate is 23.74 cents on real property, which generated \$324 million this year. That is not enough money to fund our current needs. To cover the difference, we rely on Department-generated revenue and our fund balance to subsidize the shortfall.

Without additional revenue, the Department will face a choice: either reduce or defer projects and programs or increase the tax rate/expand the tax base to stabilize the funds. The PAYGO transfer to the Capital Improvement Program (CIP) for FY26 was 9% of the operating budget. The debt service to pay for the bonded capital projects is currently 4% of the operating budget. Importantly, debt service obligations are capped through state code at 10% of the operating budget, a threshold we will approach in the coming years as we implement the multigenerational center strategy and address aging infrastructure.

Additional fiscal pressures have emerged due to unanticipated expenditures and budget initiatives that have outpaced growth in operating revenues. From FY22 to FY26, these costs increased from \$8.4 million to \$32 million. When combined with \$11 million in expanded programming and \$13.4 million in new capital investments planned for FY26, this trajectory presents long-term sustainability challenges that merit thoughtful consideration.

In summary:

- Increase the tax rate on real property to build upon tax revenue that has not been increased since 2016; nearly a decade without an increase is unprecedented.
- Tax rate adjustment builds reserves, which are then drawn down over time to offset inflation
- Alternative options include using bond funding instead of PAYGO or minimizing existing projects or programs.

To ensure that our community continues to benefit from nationally recognized services and that we maintain long-term fiscal stability, the County Council may wish to explore a range of options—including potential revenue adjustments—to support future infrastructure needs. Thoughtful consideration of these measures will help position the Department to sustain the high-quality programs and facilities that residents value.