

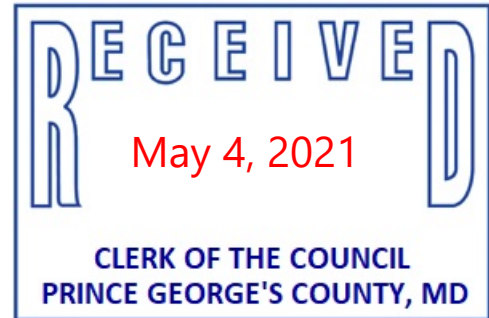


Angela D. Alsobrooks  
County Executive

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

The Honorable Calvin S. Hawkins, II  
Prince George's County Council  
County Administration Building  
14741 Governor Oden Bowie Drive  
Upper Marlboro, Maryland 20772



Dear Chair Hawkins:

Enclosed for your consideration are my comments and recommendations on the Proposed FY 2022 Annual Budget submitted by the Maryland-National Capital Park and Planning Commission. These recommendations are based on the original budget proposal as submitted on January 15, 2021.

### **OVERVIEW**

The Commission's proposed budget for its three major tax-supported funds – Administration Fund, Park Fund, and Recreation Fund, excluding reserves – totals \$328.3 million, a decrease of \$6.7 million or 2.0%. Additionally, \$19.5 million has been budgeted for the Enterprise Fund, which represents a \$0.3 million or 1.7% increase over last year.

The Commission's proposed budget totals in the amount of \$367.9 million net of designated reserves, including Enterprise, Special Revenue, and Park Debt. This represents a decrease of \$9.5 million or 2.5% below the adopted amount for FY 2021, which is primarily due to decreased PAYGO financing for capital improvements. Park Debt decreased by \$1.8 million, or 11.8%, under the FY 2021 adopted budget.

The budget for the capital improvement program (CIP) is \$58.2 million, a decrease of \$15.2 million, or 20.7%, under the FY 2021 budget.

I commend the Commission for proposing an operating budget that remains within the Spending Affordability Committee (SAC) spending ceilings and look forward to working 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 2022 are unchanged from FY 2021 at 29.4 cents for real property and 73.5 cents for personal property. The Commission's estimated property tax revenue for FY 2022

is based on the assumption of a 4.99% increase in its real property assessable base. The remaining 5% of General Fund revenues are projected to decrease by 11% in FY 2022, due to projected decreased charges for service, rentals and concessions related to the economic effects of the COVID-19 pandemic. The FY 2022 budget assumes no advance land acquisition debt service fund property tax because no debt service payment is anticipated.

It should be noted that the Commission has been able to maintain services without an increase in the total tax rate in FY 2022. This has been possible through innovative fiscal management strategies and a collaborative working relationship between the Commission, the County Executive, and the 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.

### **Expenditures**

I continue to welcome the Commission's efforts to address cost drivers and liabilities in the FY 2022 Proposed Budget. As the economy continues to recover, property tax remains as the primary source of revenue at 83.3%. I recommend that the Commission continue to embrace new revenue and savings opportunities. I also urge the Commission to continue to examine all wage enhancements and to make the appropriate adjustments on a timely basis based on affordability.

### **Supporting Youth Sports and Activities**

The stresses on the community created by the pandemic have made funding for grass roots organizations and constructive youth activities more pressing. To that end, I believe the Commission should provide additional funding for nonprofit organizations, youth sports, and other related activities within Prince George's County. As the Commission enjoys a solid financial position, it should be able to ensure that activities and facilities are available to our youth - especially in this COVID recovery season. The Commission will need to coordinate with the governing body of the County on how additional resources are committed.

### **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. The Commission, working with the County, reduced project charges in phases to a current level of \$8.1 million in FY 2021 and FY 2022.

## **Fund Balance**

The Commission's FY 2022 proposed budget would result in a projected ending total fund balance of \$183.1 million, including undesignated fund balance of \$171.4 million at the end of FY 2021. In total, the FY 2022 Proposed Budget adds \$11.7 million to fund balance.

## **Fringe Benefits**

Like the County, the Commission faces financial pressure as a result of rising health and pension costs, especially in light of 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 eighth year of the phase in of the increased cost sharing, with the first increase on January 1, 2013. However, OPEB costs for FY 2022 are expected to be \$0.071 million or a 0.7% increase under FY 2021 totaling \$10.7 million. I support the Commission's efforts to stay close to its multi-year plan towards full funding for OPEB, and also 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 2022.

The Commission proposes a FY 2022 capital budget of \$58.2 million for park acquisition and park development. This plan includes \$6.0 million in acquisition projects, \$13.1 million in development projects, and \$39.1 million in infrastructures maintenance. Of the total funding, \$3.0 million is from Program Open Space funding, \$15.6 million is from bonds, \$2.0 million is from developer contributions, and the remaining \$37.6 million is PAYGO using operating fund balances and other funding.

The Commission uses the CIP to plan for facilities that will come on-line in the future and it builds upon the FY 2022-2027 Six-Year CIP, which provides funding for new projects while continuing to emphasize maintenance and renovation of existing park infrastructure. I agree with the concept of aligning the six-year CIP plan to match the Commission's project delivery capacity and resource availability. I also understand the need to explore options to alleviate the spending pressure of the CIP plan on the Commission's operating budget in terms of PAYGO transfers, bond financing, startup costs, and costs to maintain and operate new CIP projects. I would encourage the Commission to continue to work closely with the County Council, the local communities, and my Administration to study the associated impact of project deferrals and incorporate key stakeholders' input in prioritizing the projects before final decisions are made.

**SUMMARY**

I appreciate the Commission's efforts to begin making the investments necessary 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 you consider the Commission's FY 2022 budget.

Sincerely,



Angela D. Alsobrooks  
County Executive