

Maryland Department of Planning

**Response to the Department of Legislative Services
PAYGO and Capital Budget Analysis**

Issues:

1. Patterson Center Buildings Historic Structures Report Deficiency

DLS recommends that MDP comment on the proposed timeline for the Patterson Center renovations given the delay in the completion of the two phases of the Historic Structures Report.

Department Response:

Phase 1 of the Historic Structures Report (HSR) is scheduled to be completed this spring. The RFP for Phase II of the HSR is being drafted now with the goal of a November 2011 end date. The revised design program for this project will be completed after the Phase 2 HSR is completed. With this in mind, a revised design program is expected to be submitted to DBM and DGS in January of 2012.

2. African American Heritage Preservation Grant Program

DLS recommends that MDP comment on the overall staffing constraints in its MHT Capital Grant Fund, MHT Revolving Loan Fund, African American Heritage Preservation Program, and Sustainable Communities Tax Credit Program.

Department Response

SB319, which created the African American Heritage Preservation Grant Program during the 2010 session of the General Assembly, expressed the intent that MHT and the Commission on African American History and Culture were to administer the program using existing resources. Accordingly, the fiscal note prepared by DLS included an estimate that assumed redirection of an estimated \$162,904 in MDP general funds in fiscal year 2011 from other projects associated with 2 full time administrators to establish and operate the program. This estimate assumed that 1.) funding for the other projects would need to be backfilled in FY2010-FY2015, and 2) MHT would take the lead role in administering the program and the Commission would absorb any incidental costs within existing budgeted resources. The estimate assumed two backfill administrators would be hired July 1, 2010 to maintain existing departmental programs and allow redirection of resources to meet the deadline for reviewing applications and making funding recommendations for fiscal year 2012.

As of July 1, 2010, the work of the MHT Capital Grant and Loan Program Administrator was re-directed to support establishment and administration of the new African American Heritage Preservation Grant Program. While only one staff member was assigned exclusively to the program, portions of other MHT staff members totaling one FTE were re-directed to support the program as follows: 35% of the Director of Office of Preservation Services, 35% of the Easement Administrator, and 30% of the MHT Grants Manager. In total, MHT has re-directed

existing staff resources totaling 2 FTEs to support the new African American Heritage Preservation Grant Program. No Capital Grant funds will be requested unless the backfilling of the staff resources re-directed to support the African American Heritage Preservation Grant Program is undertaken as called for in the DLS fiscal note. Prior to the initiation of the African American Grant Program the Trust had only enough staffing to administer prior-year capital grants that had not been completed; staffing was insufficient to handle any new capital grants. That single capital grants position is now almost wholly devoted to processing the new African American grants program.

As for the Sustainable Communities Tax Credit Program, it should be noted that a decrease in the agency's general fund appropriation due to a BRFA action taken in 2005 resulted in a decrease in tax credit program staffing from 3 to 2 in FY2006 (since MHT had insufficient funds to pay for the position). It should be noted that 2 full-time professionals are capable *only* of processing routine incoming workload. Any disruption (illness, position vacancy/recruitment, etc.) and predictable additional administrative tasks (program and regulatory revisions caused by statutory changes, legislative audits, etc.) divert staff from project processing and result in significant backlogs.

While the General Assembly expected the SCTC to support administration of the Program from fees charges to Program users, costs associated with program administration are greater than revenues currently allowed by law. The Trust has submitted deficiency requests to DBM for the past two years to cover the resulting staff salary shortfalls.

Statistical information (for both commercial and homeowner applications) regarding the number of applications received in the calendar years from 2000 through 2010 reveals that the number of staff reviewers employed directly impacts the average number of days necessary to complete the reviews. As the number of review days increased, the number of applications received began to decline. Potential applicants in many cases were not willing to or could not wait the 115-plus days to have their applications reviewed.

During the 2010 legislative session, a statutory change to the tax credit program was offered that would have permitted MHT to increase the percentage of fee charged to program users in order to generate revenues sufficient to cover costs associated with administering the program. Regrettably, this provision failed. The Trust hopes to pursue a similar measure during the 2011 session which would provide a solution to this ongoing problem and ensure that the Program is self-supporting.

3. Riverside Interpretive Trails and Exhibit Stations

DLS recommends that MDP comment on the funding and positions needed to staff the RITES exhibits and how they will manage the site with existing resources.

Department Response:

The RITES Trail exhibits are intended to augment the experience of JPPM visitors in several critical ways. With the construction of the trail, individuals with disabilities will be afforded greater access to JPPM's offerings and amenities; people with disabilities will have a reason to

visit here. In general, with more interpretive signage and exhibits, JPPM will offer a more meaningful and varied visitor experience. With exhibits focusing on topics as diverse as archaeology, slavery, the tobacco trade, the War of 1812, wildlife, and Colonial life, the trail expands the opportunities for visitors to learn. The trail will increase the appeal of JPPM as a visitor destination and solidify the Museum's role as a participant in the state's Star Spangled Banner Trail, the federal Star Spangled Banner National Historic Trail, the Captain John Smith National Historic Trail, and the National Underground Railroad to Freedom.

The two staff positions are needed to ensure that the trail is maintained in good condition and that visitors receive the full benefit of the interpretive material accompanying the trail. The two staff members will inspect the 19,000 linear foot trail on a regular basis so that it remains safe and accessible. They will also inspect and maintain approximately 60 interpretive signs, three kiosks with outdoor furniture, and the trail's indoor and interactive exhibits. One staff member will be assigned to the tobacco barn during visitor hours to develop and present educational programs there. With no one to staff the building, visitors and school groups would not be able to benefit from the artifacts and interpretive materials inside. The other staff person will develop and present educational programs to visitors and school groups at the other exhibit sites. Over the next few years, this individual will focus his or her efforts on interpreting those aspects of the trail devoted to the War of 1812. With the passing of the War's bicentennial, the interpretive programs offered will be expanded in 2015 to include the other sites along the trail.

We have learned from our experience with the Woodland Indian Village at JPPM that exhibits of this nature only deteriorate without a staff person assigned to their upkeep. In addition, in the absence of staff, educational programs will not be developed in a timely fashion. The presence of staff members at strategic locations along the trail ensures that visitors and school groups receive the full benefit from the interpretive materials provided.

If only one position is filled, the new staff member will work together with existing education staff, curatorial staff, maintenance staff, and volunteers to maintain the trail and exhibits and offer programming. If no new staff members are added, current maintenance staff will take responsibility for ensuring that the trail is safe and accessible. Existing education and curatorial staff, in conjunction with volunteers, will develop programming and establish a presence on the trail to the extent they are available. Even without additional staffing, the added dimension that the trail offers to JPPM visitors will not be lost. The addition of staff would just augment the visitor's experience while enjoying the trail. The additional staff would protect the initial taxpayer investment made by the trail.

PAYGO Recommended Actions:

1. Sustainable Communities Tax Credit Program

DLS recommends a reduction of \$3,000,000 in general fund appropriation for the Sustainable Communities Tax Credit Program.

Department Response:

Reject.

The SCTC Program is one of the State's most powerful economic development and community revitalization tools. Outcome measures for the SCTC demonstrate its effectiveness in stimulating private investment in historic preservation activities across the State, with fiscal year 2010 figures showing that over \$15 million in construction activity has been leveraged by the State tax credit for commercial properties. These projects provide jobs during and after the construction period which contribute to the tax base of the affected communities as well as to the State. As noted in the March 2009 Abell Foundation report on the Heritage Structure Rehabilitation Tax Credit Program, the RTC yields \$8.53 in total economic output for each \$1.00 of tax credits invested during the construction period alone. The report cited the significance of the program in the area of job creation, with 72.5 jobs (45.5 on-site) being created during the construction period throughout Maryland for each \$1.0 million investment by the state.

Most importantly to the achievement of the agency goals, tax credit assisted projects continue to promote community revitalization through the rehabilitation of historic commercial and owner-occupied residential properties. In some cases, neighborhoods have been revived from near abandonment to become safe, vital centers of modest commercial and residential activity as a result of the rehabilitation work undertaken by property owners and developers using the tax credit.

2. Maryland Historical Trust Revolving Loan Program

DLS concurs with \$100,000 in special fund appropriation for the MHT Revolving Loan Program.

Department Response:

Concur

GO Bond Recommended Actions:

1. African American Heritage Preservation Grant Program

DLS concurs with \$1,000,000 in general obligation bond authorization for the African American Heritage Preservation Grant Program.

Department Response:

Concur.

2. Riverside Interpretive Trails and Exhibit Stations

DLS concurs with \$1,001,000 in general obligation bonds for the Riverside Interpretive Trails and Exhibit Stations project at Jefferson Patterson Park and Museum.

Department Response:

Concur.