



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF POLICY ANALYSIS  
MARYLAND GENERAL ASSEMBLY

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November 13, 2013

The Honorable Wendell R. Beitzel  
2287 Rock Lodge Road  
Accident, Maryland 21520-1107

Dear Delegate Beitzel:

The Department of Legislative Services received an information request from you on October 25, 2013, concerning the Deep Creek Lake Natural Resources Management Area and the Deep Creek Lake Recreation Maintenance and Management Fund. In particular, you requested an update on the following:

- salaries and wages (personnel) expenditures for each Deep Creek Lake Natural Resources Management Area employee for fiscal 2009 through 2013, and actual and fiscal 2014 legislative appropriations; and
- the complete revenues and expenditures for the Deep Creek Lake Recreation Maintenance and Management Fund for the same time period.

For completeness, the Deep Creek Lake Natural Resources Management Area revenues and expenditures information was included in the information provided below. The Department of Natural Resources (DNR) was contacted for information in relation to this request.

### Background

The Deep Creek Lake Recreation Maintenance and Management Fund is the primary source of funding for the Deep Creek Lake Natural Resources Management Area. The fund also provides indirect cost recovery income to DNR's Office of the Secretary and periodic funding to the Deep Creek Lake State Park. The fund receives funding from all fees collected for boat launching at Deep Creek Lake State Park and all funds collected from lake and buffer use permits, contracts, grants, and gifts as a result of the Deep Creek Lake management program.

As shown in Exhibit 1, the Deep Creek Lake Natural Resources Management Area historically has received funding solely from the Deep Creek Lake Recreation Maintenance and Management Fund, but in recent years, it has also received funding from the Forest and Park Reserve Fund, one of the special funds supporting the Maryland Park Service. For instance, the Deep Creek Lake Natural Resources Management Area received \$200,000 from the Forest and Park Reserve Fund in fiscal 2012 and \$215,651 in fiscal 2014 for personnel expenditures.

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**Exhibit 1**  
**Deep Creek Lake Natural Resources Management Area Funding**  
**Fiscal 2009-2014**

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Legislative</u> <u>Approp.</u>
<b>Revenue</b>						
Deep Creek Lake Recreation Maintenance and Management Fund	\$1,142,777	\$917,875	\$883,175	\$897,618	\$693,020	\$760,000
Forest and Park Reserve Fund	0	0	0	200,000	0	215,651
<b>Total Revenue</b>	<b>\$1,142,777</b>	<b>\$917,875</b>	<b>\$883,175</b>	<b>\$1,097,618</b>	<b>\$693,020</b>	<b>\$975,652</b>
<b>Expenditures</b>						
Salaries and Wages	\$324,782	\$287,197	\$287,879	\$266,488	\$267,981	\$345,928
Contractual Salaries	71,503	69,659	78,642	88,562	90,017	79,187
Communications	74,394	24,805	7,351	8,980	7,314	8,346
Travel	1,952	2,020	178	15	610	13
Utilities	172,636	169,474	217,095	208,100	7,430	91,705
Motor Vehicle Operation	34,471	11,257	16,609	19,969	8,430	18,601
Contractual Services	123,469	52,108	111,075	189,057	81,722	181,268
Supplies	38,826	40,761	30,263	16,208	13,856	15,095
Equipment – Replacement	1,634	2,080	207	520	2,791	484
Equipment – Additional	54,700	39,616	2,559	0	4,294	0
County Refund	223,204	218,249	131,290	299,694	208,439	235,000
Fixed Charges	454	110	27	27	137	25
Land and Structures	20,753	538	0	0	0	0
<b>Total Expenditures</b>	<b>\$1,142,778</b>	<b>\$917,874</b>	<b>\$883,175</b>	<b>\$1,097,620</b>	<b>\$693,021</b>	<b>\$975,652</b>

Note: Numbers may not sum to total due to rounding.

Source: Department of Natural Resources; Department of Legislative Services

In terms of expenditures, the Deep Creek Lake Natural Resources Management Area has fluctuated from a high of \$1,142,778 in fiscal 2009 to a low of \$693,021 in fiscal 2013, a difference of \$449,757. The majority of the decrease between these two years is due to reductions in utilities (\$165,206), communications (\$67,080), salaries and wages (\$56,801), and additional equipment (\$50,406).



**Deep Creek Lake Natural Resources Management Area Personnel Expenditures**

Exhibit 2 shows the personnel expenditures for each Deep Creek Lake Natural Resources Management Area position from fiscal 2009 through 2014. Up to seven positions were budgeted between fiscal 2007 and 2014. For fiscal 2014, the new park services associate II position filled by Carrico is due to the position being transferred from another facility. The total funding does not match the actual spending between fiscal 2009 and 2011 because the individual position allocations reflect pay period overlaps between fiscal years. As noted in a similar letter provided to you previously, there is an anomalous decrease in funding for the park services supervisor position between fiscal 2009 and 2010 that could not be readily explained by DNR. However, in contrast to a previous letter, Exhibit 2 reflects that the Forest and Park Reserve Fund is being used to support personnel expenditures at Deep Creek Lake Natural Resources Management Area in fiscal 2012 and 2014.

**Exhibit 2  
 Deep Creek Lake Natural Resources Management Area Personnel  
 Expenditures by Position  
 Fiscal 2009-2014**

<u>Name</u>	<u>Position</u>	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Legislative Approp.</u>
Mathews	Park Service Manager II	\$88,601	\$84,049	\$85,567	\$89,310	\$90,633	\$102,252
Mash	Public Affairs Officer H	63,159	62,324	75,883	0	0	0
Friend	Administrative Specialist II	54,330	54,414	55,167	58,590	54,083	62,656
Skipper	Park Services Associate II	53,421	55,209	55,928	59,108	61,240	59,101
Carrico	Park Services Associate II	0	0	0	0	0	59,101
Allbrooks	Park Services Supervisor	63,310	32,365	0	0	0	0
Null	Natural Resources Planner III	0	0	14,777	59,480	62,025	62,818
<b>Actual Spending</b>		<b>\$324,782</b>	<b>\$287,197</b>	<b>\$287,879</b>	<b>\$266,488</b>	<b>\$267,981</b>	<b>\$345,928</b>

Note: Numbers may not sum to total for fiscal 2009 through 2011 because the individual position allocations reflect pay period overlaps between fiscal years. For fiscal 2012, \$66,488 in personnel expenditures were paid from the Deep Creek Lake Recreation Maintenance and Management Fund and \$200,000 from the Forest and Park Reserve Fund. For fiscal 2014, \$130,277 in personnel expenditures are budgeted from the Deep Creek Lake Recreation Maintenance and Management Fund and \$215,651 from the Forest and Park Reserve Fund.

Source: Department of Natural Resources; Department of Legislative Services



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### **Deep Creek Lake Recreation Maintenance and Management Fund – History**

Exhibit 3 shows fund opening and closing balances, revenues by source, and expenditures for fiscal 2009 through 2014 for the Deep Creek Lake Recreation Maintenance and Management Fund. DNR does not project revenue by source for budget purposes; thus, a breakdown of the \$870,000 in fiscal 2014 projected revenue is not shown. The main source of revenue for the fund is use permits, followed, in most years, by boat launching and land rent. Revenue from use permits averaged approximately \$807,000 over the five years shown; use permits appear to provide a stable source of funding. Interest on the fund was credited to the State's general fund for fiscal 2010 and 2011 pursuant to the Budget Reconciliation and Financing Act (BRFA) of 2010 (Chapter 484). The BRFA of 2011 (Chapter 397) permanently credited interest on the fund, among approximately 200 other State accounts, to the State's general fund and transferred \$62,000 in revenue to the general fund. The decrease in interest revenue and the \$62,000 transfer to the general fund accounted for the majority of the decrease in total revenues between fiscal 2009 and 2011. The estimated fiscal 2014 revenue of \$870,000 is expected to be the second highest revenue level since fiscal 2009.

In addition to the modest decreases in overall revenues through fiscal 2013, Exhibit 3 reflects a rather steep draw down in the fund balance, as noted previously. This is part of a larger pattern of fund balance draw downs that DNR has implemented as part of cost containment. As noted in a previous letter on this topic, the draw down reflected here does not appear to be sustainable despite the general decrease in expenditures over the time period shown. At the current average yearly rate of draw down, \$127,938 over the time period shown, the fund balance will be eliminated in fiscal 2015, at which time either revenues will need to be increased or expenditures reduced even more. DNR has acknowledged in the past that it will need to reduce expenditures. Of note, the draw down of the balance appears to have been mitigated somewhat by the infusion of Forest and Park Reserve Fund appropriation of \$200,000 in fiscal 2012 and \$215,651 in fiscal 2014.



**Exhibit 3**  
**Deep Creek Lake Recreation Maintenance and Management Fund**  
**Fiscal 2009-2014**

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Legislative</u> <u>Approp.</u>
<b>Opening Fund Balance</b>	\$1,016,827	\$685,936	\$539,602	\$401,811	\$202,747	\$40,647
<b>Revenue</b>						
Unallocated	\$0	\$0	\$0	\$0	\$0	\$870,000
Use Permits	807,587	813,987	806,825	\$806,505	\$797,694	
Boat Launching	32,854	26,718	28,027	26,075	19,121	
Park Season Passes	0	4,825	2,950	3,950	75	
Returned Checks	0	35	21	0	35	
Miscellaneous	51	1,939	40	0	0	
Land Rent	20,649	20,937	21,793	34,594	19,930	
Interest	36,214	0	0	-190	-14	
Other	0	0	0	0	60	
Return of Unexpended Funds	0	0	0	122	0	
Buffer Area Licenses – Refund of Improperly Billed Revenue	-4,569	0	0	0	0	
Transfer to General Fund Per BRFA of 2011	0	0	0	-62,000	0	
Miscellaneous Adjustments	0	0	0	0	7,180	
<b>Total Revenue</b>	<b>\$892,786</b>	<b>\$868,441</b>	<b>\$859,655</b>	<b>\$809,054</b>	<b>\$844,082</b>	<b>\$870,000</b>
<b>Expenditures</b>						
Deep Creek Lake Natural Resources Management Area	\$919,574	\$699,626	\$751,885	\$597,924	\$484,581	\$525,000
Office of the Secretary – Indirect Cost Recovery	<u>80,900</u>	<u>96,900</u>	<u>95,800</u>	<u>110,500</u>	<u>114,800</u>	<u>104,400</u>
County Refund	223,203	218,249	131,290	299,694	208,439	235,000
Deep Creek Lake State Park	0	0	0	0	<u>198,362</u>	0
Transfer to General Fund – State Furlough Reduction	0	0	18,471	0	0	0
<b>Total Expenditures</b>	<b>\$1,223,677</b>	<b>\$1,014,775</b>	<b>\$997,446</b>	<b>\$1,008,118</b>	<b>\$1,006,182</b>	<b>\$864,400</b>
<b>Closing Balance</b>	<b>\$685,936</b>	<b>\$539,602</b>	<b>\$401,811</b>	<b>\$202,747</b>	<b>\$40,647</b>	<b>\$46,247</b>

BRFA: Budget Reconciliation and Financing Act

Note: The fiscal 2011 county refund payment was split over fiscal 2011 and 2012.

Source: Department of Natural Resources; Department of Legislative Services

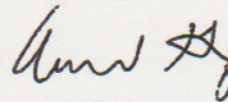
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### **Deep Creek Lake State Park Funded**

As shown in Exhibit 3, in fiscal 2013, there is \$198,362 in Deep Creek Lake Recreation Maintenance and Management Fund revenues that are spent for the Deep Creek Lake State Park. In support of this use of funding, DNR has cited Natural Resources Article Section 5-215(b), which states: "*Created.* - There is a Deep Creek Lake Recreation Maintenance and Management Fund in the Department for the maintenance and management of the land, recreational facilities, and services that are related to Deep Creek Lake in Garrett County." DNR interprets this statute as allowing for the funding of Deep Creek Lake State Park operations from the fund. However, DNR has noted that it does not charge 100% of the Deep Creek Lake State Park operations to the fund. Also, Forest and Park Reserve Fund appropriation has been used in fiscal 2012 and 2014 to support Deep Creek Lake Natural Resources Management Area totaling \$415,651, which more than offsets the \$198,362 in Deep Creek Lake Recreation Maintenance and Management Fund appropriation used by the Deep Creek Lake State Park.

I trust that this information has been responsive to your request. If you need any further information, please do not hesitate to contact me at (410) 946-5530.

Sincerely,



Andrew D. Gray  
Policy Analyst

ADG/km

cc: Mr. Karl S. Aro  
Mr. Warren G. Deschenaux