

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION


Department of Parks, Montgomery County, Maryland  
9500 Brunett Avenue Silver Spring, Maryland 20901



AGENDA DATE: October 30, 2008  
Karen Warnick – 301-650-2873

October 24, 2008

**TO:** Montgomery County Planning Board

**VIA:** Mary R. Bradford, Director   
Gene Giddens, Deputy Director  
Christine Brett, Chief, Enterprise Division

**FROM:** Karen Warnick, Acting Regional Operations Manager, Enterprise Division

**SUBJECT:** Status of the Enterprise Fund and Division Task Force Report – Final

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**ACTION REQUESTED:** Acceptance of the *Enterprise Fund Task Force Report* and approval of the Departmental recommendations regarding the future of the Enterprise Fund, with additional conditions.

The Enterprise Fund Task Force presented its findings and recommendations to the Planning Board on September 8, 2008, for discussion and guidance regarding recommendations for the future of the Enterprise Fund and Division.

**BACKGROUND**

As noted in the Task Force report, the Department of Parks' fee-supported programs, accounted for in the Enterprise Fund, are a significant part of the Department's mission. Revenues, primarily from fees, generally cover operating expenses at these public facilities, but cannot pay for all major capital improvements or debt service costs without adversely affecting future reinvestment and repairs. The fully self-supporting Enterprise model creates problems for public facilities because:

- Projected or actual year-end deficits, with revenues failing to cover operating expenses plus debt service, require a Park fund investment or subsidy; and
- Shortfalls occur in reinvestment in facilities, leading to aging and inadequate infrastructure.

The long-standing policy of complete sustainability (operating and capital improvements both covered by the Enterprise Fund) was reviewed for its appropriateness now and in the future. We need to ensure the capacity of fee-supported programs to deliver service effectively through facilities that are adequately maintained over their useful lives. Enterprise programs support and contribute to the Parks' mission, and the viability of these services should not be determined solely on the source of funds or fiscal policies.

**FEES**

It is reasonable, in certain circumstances, to apply a private cost (charge a fee, rather than a tax) for a presumed private benefit (where the service substantially benefits the specific user.)

This removes some pressure from tax-supported funding and supplements or leverages the publicly funded services. Fees must be high enough to offset the costs of the programs without being so high that they exclude significant public use. However, the substantial pressures over the years to provide tax relief for the Park Fund may have contributed to practices that are now undercutting the contribution these services make to the success of the Park's programs, as well as mid-term objectives and long-term vision.

#### DEBT SERVICE

The Enterprise Fund currently has three annual debt service payments for the construction of Wheaton Ice Arena, Little Bennett Golf Course, and Cabin John Ice Rink. The debt service for each facility in FY09 is \$360,000, \$405,000 \$585,000 respectively, for a total of \$950,000. (Note: Since FY07, the Revenue Authority has paid the debt service on Little Bennett). Although the end of the debt service payments is near, (2012, 2013, and 2014 for Wheaton, Little Bennett, and Cabin John respectively), the cumulative effect of these payments over the years has been to draw down the Enterprise Fund reserve balance to a critically low amount.

The Enterprise Fund Task Force suggested that the costs of ongoing capital reinvestment to upgrade and sustain the Department's Enterprise facilities not be covered by fees alone. These facilities need to be included in the overall Parks' capital improvement program for both new construction costs and reinvestment costs.

#### BUSINESS PLANNING

Based on advice received from the Planning Board in September, the Enterprise Division hired an employee to prepare an overarching business and strategic marketing plan for the entire Enterprise Fund. This plan will build on the strategic plan developed by the Enterprise Division in 2004 when the mission of ***providing great affordable recreation for all*** was created.

This overarching business and strategic marketing plan will create a long term vision and action plan for the Enterprise Fund. In addition, a plan will be prepared for each Enterprise facility focusing on the short to mid range term vision. The business and marketing plans will outline and clarify what business we are in, who our customers are, and why we provide the service. The plan will help set goals to guide the facilities and delineate clear responsibilities and deadlines for the management of the facilities. See Attachment 1 for the outline of the business plan for the Enterprise Fund.

Using the business and strategic marketing plans to guide the future course of action for the facilities, Enterprise employees will be held accountable not only for the facility operations but also for the fiscal management of the facilities. One example of this responsibility may be to explore vendor operated concessions or other options for the ice rink pro shops and snack bars.

#### ECONOMIC IMPACT

Next, the Enterprise Division will embark on a study of the economic impact Enterprise facilities have on the county. These facilities draw not only Montgomery County residents, but also residents from around the region and beyond. One striking example will occur next October, when the Cabin John Ice Rink will host the prestigious South Atlantic Regional Figure Skating Competition where skaters from Florida to Pennsylvania will come to compete.

#### STAFFING

Current methods of staffing Enterprise facilities will be reviewed to determine the optimal method for hiring and paying permanent, temporary, and seasonal staff. This is in line with the original idea of a separate Enterprise Fund, to ensure that generally accepted business

practices would be used throughout the operation to create flexibility and innovation. In large part, the successes in Enterprise so far are due to an ability to respond quickly to changing needs and circumstances. Employee responsibilities have been shifted as needed to address efficiencies in operations and to implement innovative cost saving measures.

#### EFFICIENCY IMPROVEMENTS

Since its formation in 2004, the Enterprise Division has worked to implement the recommendations in the Performance Audit of the Montgomery County Enterprise Fund prepared by KPMG in 2003. In 2004, a strategic plan was created to guide the future of the Division. We recommend the separate Enterprise Division continue. Over the past few years, the Division has responded to rising utility costs by analyzing the situation and implementing energy efficient technology. Also, to meet patrons' needs for camps and special programs, the Division has increased the outreach programs offered in response to customer requests. The marketing efforts have been enhanced to inform the citizens of the facilities offered and our programming. Through these efforts, the Enterprise Division is able to reduce the annual park fund investment in the Enterprise facilities and begin replenishing the fund reserve.

However, increasing revenues through programming and marketing and decreasing expenditures through efficiencies will not be enough to cover the shortfall in capital reinvestment. Deferred maintenance continues to grow. We recommend pursuing improvements to these important park facilities through two parallel paths – Enterprise as well as other public funding -- working collectively and collaboratively to provide safe facilities that meet the needs of our growing and diverse population. The chart in Attachment 2 outlines the capital improvement needs of the current Enterprise facilities over the next 11 years.

#### CONCLUSION

Today, the Department is seeking Planning Board approval of the following Departmental Recommendations from the Enterprise Fund Task Force Report:

1. Include the Enterprise facilities in the overall Parks' capital improvement program (CIP). Needs assessment, planning, and construction/modernization based on service delivery priorities and facility condition will be prioritized in the CIP, not according to the source of funds. They will receive consideration for funding as would any other important park facility. This is imperative to address the facilities' deferred maintenance for public safety and use reasons as well as preservation of the Department's physical assets. In addition, it will allow us to pursue needed improvements to existing Enterprise facilities as well as new opportunities for revenue-raising public services.
2. Continue the partial Park Fund investment (subsidy) to cover a portion of the debt service payments for the two ice rinks. As noted, the ice rink debt service payments will end in 2012 for Wheaton and 2014 for Cabin John. After these debts are paid, the Enterprise Fund should be able to cover operating costs.
3. Retain the facilities and services in a separate Enterprise Fund to maintain tight fiscal management of facilities, bring true business management to the operations, and lower net costs for taxpayers.

We are also recommending transmittal of the Task Force report to the County Council along with the recommendations in this memo.

## ***Enterprise Division Business and Strategic Marketing Plan***

### **PRELIMINARY PLAN OUTLINE**

1. Executive Summary
2. Introduction (Includes Overview, Mission Statement/Discussion, Values Statement)
3. Vision and Scope Statement (High-Level Goals, 3-5 future year timeframe)
4. Background Information
5. Current Environment
  - a. Facilities
  - b. Programs
  - c. Services
  - d. Management and Staffing
  - e. Financial
  - f. Stakeholders
  - g. Market Analysis
  - h. Competition
  - i. Relevant Trends
6. Goals (Mid- Level)
  - a. Financial
    - i. Revenue Growth
    - ii. Cost Containment
  - b. Operational
    - i. Management and Staffing
    - ii. Facilities Improvements
  - c. Programmatic
    - i. New Programs
    - ii. Expansion of Existing Programs
  - d. Service Improvements
7. Strategies and Keys to Success (e.g., be the low cost provider, differentiate our products/offerings, focus on specific market areas/customer sets, develop some unique new product offerings, shift the mix of product offerings to give greater priority to some customers over other customers to help achieve goals, increase marketing efforts, develop partnerships, improve the customer/user experience)
8. Detailed Action Plan (Include Concrete and Measureable Objectives—Dates for Completion—with Milestones, Persons Responsible, Specific Budget Information, etc.—Tie Back to Section 6, Goals, and Section 7, Strategies...)
  - a. Financial Plan w/ Projections
  - b. Facilities Plan
  - c. Programs and Services Plan
  - d. Marketing Plan
  - e. Management Plan
9. Implementing the Plan(s) (“A good business plan includes 10 parts implementation for every one part strategy.”)
10. Measuring and Monitoring Progress—Oversight—Regular Business Reviews
11. Adapting the Plans Over Time—Course Corrections

**APPROACH TO DRAFTING/DEVELOPING THE PLAN**

1. Iterative approach—probably three iterations
  - a. In each iteration, work all the way through the 11 subject areas outlined above. The following table summarizes the extent each section may be developed, by iteration. These are preliminary estimates, for illustration only.

Subject Area	Percent Complete— Iteration 1	Percent Complete – Iteration 2	Percent Complete— Iteration 3
Executive Summary	10 %	10%	80%
Introduction	70%	20%	10%
Vision & Scope Statement	50%	30%	20%
Background Information	70%	20%	10%
Current Environment	70%	20%	10%
Goals	40%	40%	20%
Strategies & Keys to Success	20%	40%	40%
Specific Plans	10%	30%	60%
Implementing the Plan(s)	20%	40%	40%
Measuring and Monitoring Progress--Oversight	20%	40%	40%
Adapting the Plans Over Time	10%	30%	60%

2. Techniques
  - a. Fact Finding
  - b. Research and Analysis
  - c. Individual Interviews\*
  - d. Group Strategy Sessions\*
  - e. Document Reviews and Comments
  - f. Involve Stakeholders
  - g. Perform SWOT Analysis Sessions (Strengths, Weaknesses, Opportunities, Threats)
    - Bring Information Together
    - Assess the Most Promising Opportunities
    - Identify Most Crucial Issues

## Enterprise Fund Programs and Projects for the Next 11 Years

Facility	Program	Promotions/ Marketing	Projects in FY08	Projects in FY09	Possible Projects for FY10-FY15	Possible Projects for FY16-FY20
Cabin John Ice Rink	<ul style="list-style-type: none"> <li>Recreational Skating</li> <li>Over 1,100 group lessons</li> <li>Hockey leases for youth, teen, and adult leagues</li> <li>Freestyle skating</li> <li>Synchronized Skating</li> <li>Skating shows &amp; competitions</li> </ul>	<ul style="list-style-type: none"> <li>Recreation &amp; Parks Guide</li> <li>Program brochure</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Replace dasher boards &amp; glass on NHL Rink</li> <li>Installed overhead lighting in lobby area</li> </ul>	<ul style="list-style-type: none"> <li>Replace lights over rinks with energy efficient lighting</li> </ul>	<ul style="list-style-type: none"> <li>Replace dasher boards &amp; glass on studio rink</li> <li>Build addition with weight room, office space, and storage</li> <li>Replace rubber matting throughout facility</li> <li>Replace carpeting in lobby area</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Replace dasher boards &amp; glass on Olympic rink</li> <li>Replace dehumidifier</li> </ul>
Wheaton Ice Arena	<ul style="list-style-type: none"> <li>500 group lessons</li> <li>Hockey leases</li> <li>Washington Dance Academy</li> <li>Synchronized Skating</li> <li>Speed Skating</li> <li>Skating shows</li> </ul>	<ul style="list-style-type: none"> <li>Recreation &amp; Parks Guide</li> <li>WOW! Wheaton campaign</li> <li>Program brochure</li> <li>New logo for rink</li> <li>Advertising in magazines such as Washington Parent and Montgomery County InSight</li> </ul>	<ul style="list-style-type: none"> <li>Improvements to snack bar &amp; pro shop</li> <li>Open &amp; welcoming lobby</li> <li>Began preparations for fitness room</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Replace lights over rinks with energy efficient lighting</li> <li>Install mural painting – done in partnership with Project Youth ArtReach</li> <li>Install lighted stair to parking lot</li> </ul>	<ul style="list-style-type: none"> <li>Paint interior of facility</li> <li>Replace dehumidifier</li> <li>Dance facility</li> </ul>	<ul style="list-style-type: none"> <li>Replace dasher boards &amp; glass</li> <li></li> </ul>
Wheaton Outdoor Rink	<ul style="list-style-type: none"> <li>Hockey leases</li> <li>Birthday Parties</li> <li>Camps and summer programs</li> <li>Farmer's Market</li> </ul>	<ul style="list-style-type: none"> <li>Offering rental opportunities to large parties</li> <li>Expanded program offerings year round</li> </ul>	<ul style="list-style-type: none"> <li>New flooring</li> <li>Painted doors</li> <li>General cleanup</li> </ul>	<ul style="list-style-type: none"> <li>Replace dasher boards &amp; glass</li> <li>Renovate exterior entrance</li> <li>Repair concrete and drainage around facility</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Sandblast exposed steel canopy framing and recoat with protective paint</li> <li>Replace flat roof over rink</li> <li>Replace rubber matting</li> <li>Renovate concrete rink slab</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Reconstruct or enclose rink</li> <li>Replace shingle roof over support building</li> <li>Replace chiller, air cooled condenser, and heat pump</li> </ul>

Pauline Betz Addie Tennis Center	<ul style="list-style-type: none"> <li>• Spot Time</li> <li>• Seasonal Time</li> <li>• Group Lessons</li> <li>• Camps &amp; Clinics</li> <li>• QuickStart Tennis</li> <li>• Tennis ladders and tournaments</li> </ul>	<ul style="list-style-type: none"> <li>• Renaming/ Dedication Ceremony</li> </ul>	<ul style="list-style-type: none"> <li>• Installed energy efficient lighting</li> <li>• Replaced ceiling with new reflective ceiling and insulation</li> <li>• Installed new carpeting and tile in lobby areas</li> </ul>	<ul style="list-style-type: none"> <li>• Removal and replacement of asphalt court surface. Color coated new court surface in US Open colors.</li> </ul>	<ul style="list-style-type: none"> <li>• Air condition facility</li> <li>• Replace exterior metal siding</li> </ul>	<ul style="list-style-type: none"> <li>• Construct 5 additional courts and associated amenities such as expanded storage, office space, weight room, and classroom</li> <li>• Replace roof on existing facility</li> </ul>
Wheaton Tennis Center	<ul style="list-style-type: none"> <li>• Spot Time</li> <li>• Seasonal Time</li> <li>• Group Lessons</li> <li>• Camps &amp; Clinics</li> <li>• QuickStart Tennis</li> </ul>	<ul style="list-style-type: none"> <li>• WOW! Wheaton campaign</li> <li>• Open House</li> <li>• Reintroduce the Facility to the public</li> </ul>		<ul style="list-style-type: none"> <li>• Update front lobby</li> </ul>	<ul style="list-style-type: none"> <li>• Construct Ancillary building</li> </ul>	
Rockwood Manor	<ul style="list-style-type: none"> <li>• Weddings</li> <li>• Conferences and Meetings</li> <li>• Programs</li> <li>• Art Show</li> <li>• Bridal Show</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• BizBash magazine promotion</li> <li>• Advertising in magazines such as Washington Woman and Montgomery County InSight</li> </ul>	<ul style="list-style-type: none"> <li>• Replace asphalt shingle roofs on all buildings</li> <li>• Replace lobby furniture</li> </ul>	<ul style="list-style-type: none"> <li>• Expand current atrium</li> <li>• Redecorate lower levels</li> </ul>	<ul style="list-style-type: none"> <li>• Replace exterior windows</li> <li>• Modernize electronic</li> <li>• Replace fireplace</li> </ul>	<ul style="list-style-type: none"> <li>• Construct 250 seat atrium</li> <li>• Add televisions and cable to guest rooms</li> <li>• Add weight room for patrons use</li> </ul>
Seneca Lodge	<ul style="list-style-type: none"> <li>• Weddings</li> <li>• Conferences and Meetings</li> <li>• Programs</li> </ul>	<ul style="list-style-type: none"> <li>• BizBash magazine promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Revised landscape plan</li> </ul>	<ul style="list-style-type: none"> <li>• Replace lighting</li> </ul>	<ul style="list-style-type: none"> <li>• Expand deck area</li> <li>• Add outdoor structure</li> </ul>	<ul style="list-style-type: none"> <li>• Renovate basement to use for camps, classes, and bridal rooms</li> <li>•</li> </ul>
Woodlawn	<ul style="list-style-type: none"> <li>• Weddings</li> <li>• Conferences and Meetings</li> <li>• Programs</li> <li>• Art Show</li> </ul>	<ul style="list-style-type: none"> <li>• BizBash magazine promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Painted exterior</li> </ul>	<ul style="list-style-type: none"> <li>• Tent pad</li> </ul>	<ul style="list-style-type: none"> <li>• Replace storage area metal roof</li> </ul>	<ul style="list-style-type: none"> <li>• Replace slate roof</li> <li>• Expand bathroom facilities</li> </ul>
Agricultural History Farm Park Activity Center	<ul style="list-style-type: none"> <li>• Rentals</li> <li>• Fall Festival</li> <li>•</li> </ul>				<ul style="list-style-type: none"> <li>• Replace carpet</li> </ul>	
Black Hill Boats	<ul style="list-style-type: none"> <li>• Boat rentals</li> <li>• Pontoon boat rides</li> <li>• Mooring stakes</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> </ul>	<ul style="list-style-type: none"> <li>• Replaced floating docks</li> <li>• Installed security cameras and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase new boats</li> </ul>	<ul style="list-style-type: none"> <li>• Replace pontoon boat</li> </ul>	<ul style="list-style-type: none"> <li>• Construct permanent boat house</li> </ul>
Lake Needwood Boats	<ul style="list-style-type: none"> <li>• Boat rentals</li> <li>• Pontoon boat rides</li> <li>• Mooring stakes</li> <li>• Scavenger hunt</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded snack bar offerings</li> <li>• New kayaks</li> </ul>	<ul style="list-style-type: none"> <li>• Expand boat fleet</li> </ul>	<ul style="list-style-type: none"> <li>• Replace Needwood Queen pontoon boat</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade snack bar area</li> </ul>
Cabin John Train	<ul style="list-style-type: none"> <li>• Halloween program</li> <li>• Birthday parties</li> <li>• Camp groups</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> <li>• Produce party brochure</li> </ul>		<ul style="list-style-type: none"> <li>• Improved patron seating area</li> <li>• More signage</li> </ul>	<ul style="list-style-type: none"> <li>• Replace locomotive engine</li> <li>• Replace passenger cars</li> <li>• Renovate the train tunnel</li> <li>• Replace asphalt in train loading area</li> <li>• Replace asphalt shingle roof</li> </ul>	<ul style="list-style-type: none"> <li>• Replace walk way</li> <li>• Outdoor seating area</li> </ul>

Wheaton Train	<ul style="list-style-type: none"> <li>• Halloween program</li> <li>• Birthday parties</li> </ul>	<ul style="list-style-type: none"> <li>• WOW! Wheaton campaign</li> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> <li>• Produce party brochure</li> </ul>	<ul style="list-style-type: none"> <li>• New engine</li> </ul>	<ul style="list-style-type: none"> <li>• Replaced locomotive engine</li> <li>• Extensive track repair</li> </ul>	<ul style="list-style-type: none"> <li>• Replace passenger cars</li> <li>• Extensive track repair</li> </ul>	<ul style="list-style-type: none"> <li>• Expand party room</li> </ul>
Ovid Hazen Wells Carousel at Wheaton	<ul style="list-style-type: none"> <li>• Halloween program</li> <li>• Birthday parties</li> </ul>	<ul style="list-style-type: none"> <li>• WOW! Wheaton campaign</li> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> </ul>		<ul style="list-style-type: none"> <li>• Update entrance way</li> </ul>	<ul style="list-style-type: none"> <li>• Move carousel to Ovid Hazen Wells Park</li> <li>• Purchase new carousel for Wheaton Regional Park</li> <li>• Replace roof on carousel building</li> <li>• Replace picket fence around building</li> </ul>	<ul style="list-style-type: none"> <li>• Rebuild carousel house</li> </ul>
Little Bennett Campground	<ul style="list-style-type: none"> <li>• Camping</li> <li>• Programs – arts and crafts, movie nights, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Cross promotional coupon with South Germantown Splash Playground</li> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> </ul>			<ul style="list-style-type: none"> <li>• Upgrade current electrical sites to 50 amp electric</li> <li>• Build 3 cabins for rental use</li> </ul>	
South Germantown Splash Playground & Miniature Golf	<ul style="list-style-type: none"> <li>• Birthday parties</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Cross promotional coupon with Little Bennett Campground</li> <li>• Advertising in magazines such as Washington Parent and Montgomery County InSight</li> <li>•</li> </ul>		<ul style="list-style-type: none"> <li>• Renovated spray animal</li> <li>• Installed 2<sup>nd</sup> tent for rentals</li> </ul>	<ul style="list-style-type: none"> <li>• Replace sealants on splash deck</li> </ul>	<ul style="list-style-type: none"> <li>• Construct party room</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>