

ECONOMIC DEVELOPMENT COMMISSION MINUTES

February 2, 2011

PRESENT: John Dillman, Paula Gilley, Raymond Hamm, Commissioner Robert Hodge (Ex-Officio), Grove Miller, Jeanne Minner (Town of Elkton rep.), Mike Ratchford (Chair), Dr. Carl Roberts, Linda Tipton.
Staff: Roy Clough, Debbie Graham, Joanne Richart-Young, Vernon Thompson, Sandy Turner.

ABSENT: Mayor Kerry Abrams (Port Deposit), Joyce Bowlsbey, Mayor John Bunnell (Cecilton), Mayor Sandi Didra (Rising Sun), Mayor Jim Eberhardt (Perryville), Norman Gaither, Robert Gell (Charlestown), Harland Graef, Mayor Frank Hill (Chesapeake City), Dr. Ken Lewis, Laura Mayse (Chamber), Mayor Robert McKnight (North East), Dr. Stephen Pannill, Rupert Rossetti, Gary Stewart, Donna Tapley.

GUESTS: Jim Buckland (Artesian Water), John Ford (Integrity Real Estate), Kathy Kunda (BEPAC), Cheryl Mattix (Cecil Whig), Stephanie Palko (Cecil Guardian), Alan Sexton (SWN), Craig Whiteford (Cecil County Budget Manager).

Call to Order & Welcome

Chairman Ratchford called the meeting to order at 8:00 a.m. He reminded the committee that the EDC follows the Board of Education's policy, ie. if schools are delayed or closed, then the EDC will not meet.

Approval of Minutes

The January 5, 2011 minutes were approved as e-mailed.

County Budget Status

Craig Whiteford, Cecil County Budget Manager presented a brief overview of the County's 2012 budget. Mr. Whiteford's comments are summarized as follows:

- 1) The governor has introduced his budget bill, which is the baseline from which everybody starts to develop their County budgets. The budget bill is to be passed by both Chambers on 4/4/11.
- 2) Cecil County's statutory requirements state that a proposed budget is due by May 1st and an adopted budget by June 1st.
- 3) The largest issue with the governor's budget is how to deal with declining revenues and increasing pension obligations, including teachers as well as

state and county workforce that participate in the state's pension plan. The governor proposes funding the pension expense, but at the ultimate cost to the local school systems.

- 4) The Cecil County Board of Education is working toward structural reductions in their operating budgets, as well as reductions in their workforce.
- 5) Cecil County has been very conservative over the past several years. Last year, reductions were made in on-going capital expenditures and the County is expected to continue that and instead to spend money on expenses that will add useful life to facilities.
- 6) Steps have been taken to generate energy efficiency in County facilities.
- 7) Two years ago, the County received \$6.5 million in highway users fees. This year the County will receive \$239,000, which equates to one mile of overlay. The local jurisdictions are left to their own devices. The Video Lottery Terminal Development Plan may include some paving for some targeted areas west of MD Rte. 272, but is not a long term fix.
- 8) Funding received from the state for Cecil College is competitive, possibly a little more favorable than could have been expected.
- 9) Funding for police services is a duplicate from last year.
- 10) Funding for live-in/work-out at the jail will only be \$1.3 million, but the program costs \$2 million, therefore the future of that program is undetermined.
- 11) From a capital funding standpoint, the governor's budget laid out dollars for the continuation of the Cecil County Correctional facility project. That represents the last phase of the state obligation of the project.
- 12) Based on assessments, the constant yield rate may have to be raised slightly to get to the constant yield. The current tax rate is .915.

Commissioner Hodge advised that the Commissioners have committed to forming a Citizens' Advisory Committee to review the budget and government structure to determine if there are any deficiencies in providing services to citizens.

Dr. Roberts requested Mr. Whiteford to put together a one-page document on the governor's budget proposal and its impact on Cecil County, which would be helpful to people going to Annapolis to meet with individual delegates. He stated that there is a push on two major areas for a tax increase. One is transportation, which includes a gas tax, a vehicle registration increase, and increased tolls. The other is an alcohol tax.

Economic Development Presentation to County Commissioners

Director Thompson advised that he and Sandy Turner met with the County Commissioners yesterday about the office. He feels the Commissioners have to be convinced that the business development side of the office is imperative to invest in. Last year, a lot of advertising dollars were spent in raising the profile image of the County. Over the past four or five years, performance has not been the issue, survival has. The County has added 2,000 jobs and has a fair track record on adding square footage to the inventory, which adds to the tax base. The challenge is to convince the Commissioners that they need to continue to invest in economic development. Charles

County is a perfect example of what happens to a County that does not have an economic development office. They were without an economic development office for five years and in that period of time, they did not get any businesses to locate there.

The Office of Economic Development's budget hearing is scheduled for April 19th. (Note: That meeting has since been changed to April 12th at 1:00 p.m.)

Cecil Real Estate Market Status

John Ford, Integrity Real Estate, stated that their sales in Cecil County in 2009 were up 7% and up 6% in 2010. Unfortunately, sales were up because of decreased home values and the continuing swell of foreclosures. Values won't go up until there are more consistent sales increases. At this time, it is cheaper to buy a home in Cecil County than to rent because most of the people in the county qualify for a State Department of Agriculture loan. The impact of BRAC contributed to the increase in home sales, but it was not that significant. Of the 430 people that have moved here due to BRAC, a significant number did not buy a home. They are renting or just coming temporarily. Commercial and industrial activities are little to none. BRAC companies have not moved to Cecil County.

Paula Gilley stated that between 2005 and 2006, there was a "mad" rush of people wanting to buy a home and she feels things are now "near normal". Gas prices and tolls have an effect on people buying a house in Cecil County. Also, BRAC buyers have the wrong impression of Cecil County. They think there are a lot of crime and drug issues in the county.

Dr. Roberts stated that gas prices, tolls, and increased registration fees not only affect residents, but also companies locating in Cecil County.

Chamber Legislative Agenda

Dr. Roberts advised on the following:

- 1) Transportation Trust Fund is not used for road infrastructure. Governor O'Malley took \$60 million out of that fund this year to balance his budget. \$200 million was taken out of the local income tax fund, which was an interest-bearing fund, but that fund is now empty.
- 2) The governor fully funded education, but the per pupil allocation for 2012 and the next three fiscal years is \$6,599, which is \$150 less per student. That equates to \$2.5 million less money next year than this year. So, while the governor stated that he fully funded education, he didn't state that he lowered the per pupil formula.
- 3) In order to economically promote the County, you have to be "business friendly", infrastructure has to be in place, and you need a workforce development program. He feels the Commissioners should look at a) where the infrastructure needs to be placed, b) how to retain and lure businesses to the County, and c) how do we educate the workforce needed?

- 4) The Chamber's legislative brief is on the Chamber's website. The local chamber supports 90% of the state chamber's views. The Government Relations Committee meets every Thursday at 8:30 a.m. at LaQuinta Suites in Elkton and everyone is welcome.
- 5) A committee has been formed to plan next year's Cecil Nite in Annapolis.

Open Discussion

Chairman Ratchford stated that he would like to discuss the work/mission of the EDC. After some discussion, it was determined that the following items need to be addressed:

- 1) Need to review the Zoning Ordinance and make sure that it is not going to cause problems to new or existing businesses. Paula Gilley, Jim Buckland, and John Dillman will serve on the sub-committee to review the Zoning Ordinance.
- 2) Need to lobby the delegation about keeping the tolls at their current rate.
- 3) Matters that concern economic development in Cecil County should be addressed to the County Commissioners.
- 4) Write a letter to the County Commissioners regarding budget cuts and their impacts to businesses, tourism and agriculture.

Adjourn

Meeting adjourned at 9:55 a.m.

Respectfully submitted,

Deborah J. Graham
Administrative Assistant