

County Executive Barry Glassman



STATE OF HARFORD COUNTY ADDRESS



Journey to Success ...
TUESDAY, JANUARY 10, 2017

State of the County Address – January 10, 2017

Journey to Success...

Council President Slutzky, honorable council members, Cabinet members, special guests and my fellow Harford County citizens. It is an honor and privilege to bring you my third State of the County Address. (To the Council) As you can appreciate I am aging at a quicker pace and my skin has gotten a little tougher.

Last year I mapped out our new path forward, one of fiscal responsibility and balance, efficiency through customer service, and innovation with accountability and transparency in all that we do. As we complete the midpoint on this path and our journey together toward success, I am proud to report that Harford County continues to grow stronger each year as we move forward together. As President Lincoln reminded folks, “success likely won’t come overnight so keep your goal in sight and keep moving forward.” Despite our many achievements, I even become a little impatient of our progress sometimes, but for sure I share his response to critics during the Civil War, when he said “at times I may walk slowly but I never walk backwards.” But after two years of seeing my “hyper” side, my staff would probably agree that I seldom walk slowly either...

As with any journey, there will be times and events beyond our control which slow us or darken our path. I had no idea during last year’s speech that in a couple of weeks Winter Blizzard Jonas would give us the largest snowfall in Harford County’s history, 37”. A special thanks to the men and women of our Highways Division for their dedication and our staff who secured \$ 1 million dollars in reimbursement from the Federal government... and then February 10th with the murder of our two deputies Pat Dailey and Mark Logsdon, an event which brought violence beyond belief to our

community and changed Harford County forever. As dark as those days following were, the County's love and generosity never shined so bright. As February 10th approaches, I will be signing a formal declaration setting that day as an official Day of Remembrance with a moment of silence at 12-noon as the County's emergency siren system is activated to honor Pat and Mark. Our triumph as a County over these experiences can resonate in the hearts of other communities and give hope and courage to show that it is possible to come together in any season.

But even as we reflect on those challenges that tested us in 2016, a new year has begun and as the budget season approaches, I am charged with giving you an update of our current fiscal posture.

[Slides on the following pages]

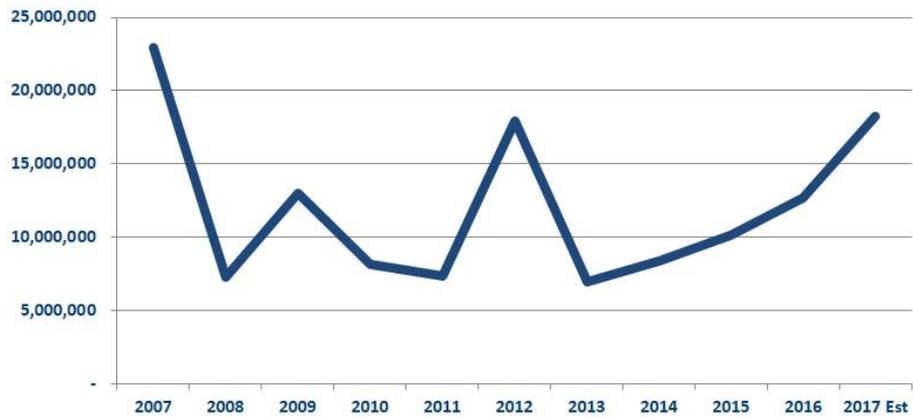


General Fund Percentage Growth Over Prior Fiscal Year

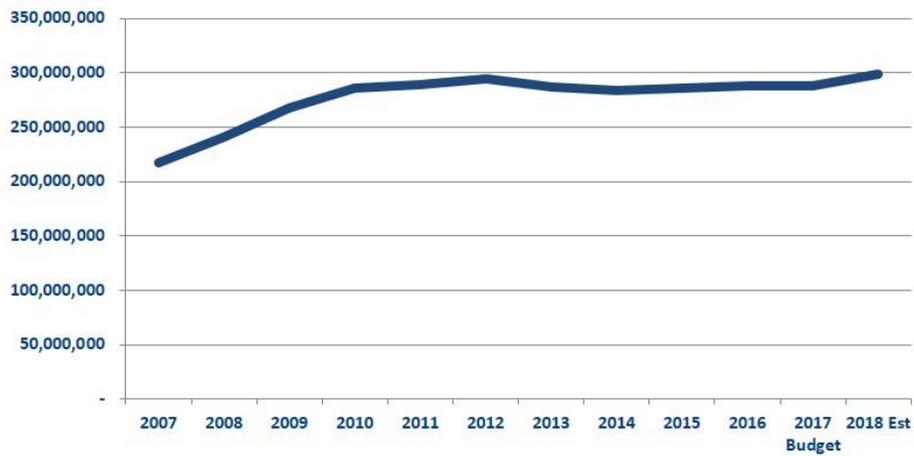




Unassigned Fund Balance

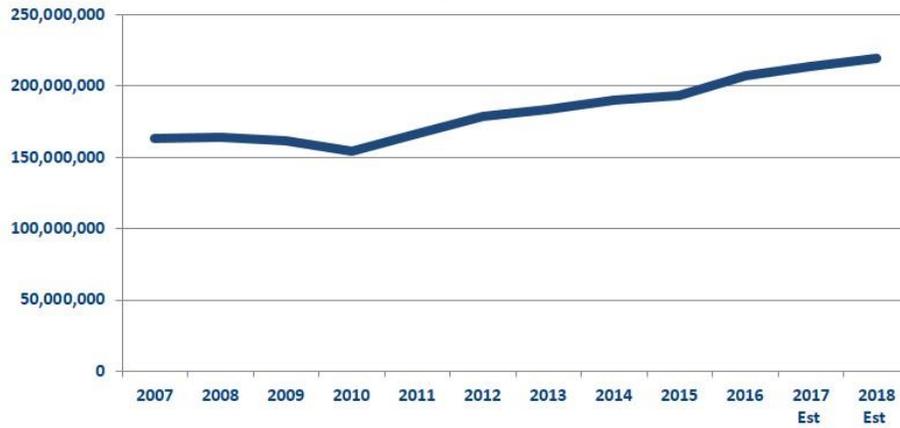


Property Taxes – General & Highways

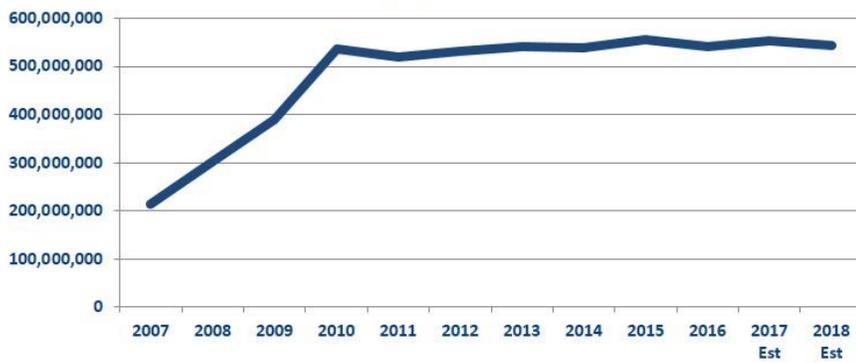




Income Tax



Total Government Debt – Taxpayer Supported



Over the past two years the County's financial position has strengthened. Revenue growth has returned, while expenditures are held in check. The fund balance increased. Debt burdens have stabilized and will begin moving in a downward trajectory as the capital budget shrinks. All of this is why the County has maintained its AAA bond rating, and why we expect that to continue when we receive our 2017 rating next month.

Revenues grew by nearly 2% in FY 2015 and almost 3.5% in FY 2016, while expenditures in those years grew by approximately 1.5% and 0.5%, respectively. For the three years prior, FY 2012-2014, expenditures grew faster than revenues. That was not sustainable, and it resulted in the drawing down of our fund balance to uncomfortable levels – both for us and the rating agencies.

The General Fund Unassigned Fund Balance, which is the available surplus, was under \$8.5 million when I came into office. In FY 2015 it increased to more than \$10 million, and in FY 2016 it was approaching \$13 million. Early projections for the current fiscal year, and keep in mind with almost half the year remaining things are subject to change, is to be in excess of \$15 million. While this is progress, we still have a way to go – both for our own comfort level and that of the rating agencies. \$15 million is a lot of money, but in the context of a half billion dollar budget, it is a 3% margin of error. We need to see at least 5%, which is where we were not long ago.

I mentioned revenue growth, and we are now seeing improved growth from our two largest revenue sources: property tax and income tax.

Property taxes, after growing significantly last decade, peaked in FY 2012 before declining in FY 2013 and again in FY 2014. Growth, albeit modest growth, returned in FY 2015 and has since continued.

Early projections off of the latest reassessments that came out a few weeks ago show that in FY 2018, next year's budget, we will finally get back to the peak of FY 2012 – six years later.

The latest reassessment was for the Bel Air area, and it grew by 6%. That 6% growth was the highest for any of the three groups since 2009. Assessments have grown for the last four years after falling for three years. We expect this revenue to continue to show improvement over the next few years as the housing market recovery continues and our commercial base grows.

Income tax, always our roller coaster revenue due to a combination of capital gains and the State's distribution method, grew significantly in FY 2016. It was up 7%. For FY 2017 we projected 3% growth and that projection is unchanged. While the rate of growth is down, it is important to note that unlike the State, which had to significantly lower its revenue projection for FY 2016 and FY 2017, the County is not in the same situation. We budget conservatively. If we are wrong, we are more likely to end the year with a better fund balance, which is better than having to make mid-year cuts.

As I have said before and I will say again, the County's debt load tripled over the past few years from \$200 million to about \$600 million. Reducing our debt will take many years as we are selling bonds today to pay for projects approved years ago. Of the \$55 million in bonds we are selling next month, only \$17 million was for projects approved in the last two years. The way to reduce debt is through the budget process, and the amount of new bonds in my budgets has fallen to levels not seen since the early 2000's. In FY 2017 budgeted new debt was under \$23 million. Compare that against FY 2014 when the amount of budgeted new debt was nearly triple that amount or \$67 million. And it is not just about the current year. My CIP has limited bonds planned for the next years, while at the same

time providing necessary funding for key infrastructure renewal projects, our storm-water obligations and a new Havre de Grace Middle-High School.

Our fiscal discipline has made these improvements possible. That is how, despite some misinformation, we have budgeted over \$13.2 million dollars for employee salary increases over the past two years including teachers, Sheriff's personnel, and county employees - all without raising taxes. This reinvestment in people is more than the total of the seven years prior to my administration. My intention is to continue a measured approach to building back salary levels for employees who provide vital public services; however, we cannot simply restore pay levels overnight from years of deferral while continuing to absorb increased health care costs which are estimated at 10% again this year, and add to the difficulty of increases. We are fortunate to offer our employees and the Sheriff's personnel one of the best benefit packages in the region. Last year, we were able to fund increases for county employees through our cost cutting and directed all new revenue to the Board of Education. We continue to fund our education system above Maintenance of Effort and rank in the top half of Maryland counties for percentage of local share given to education.

Land use will once again be the primary policy issue this year. The upcoming comprehensive rezoning process required by the county code will build upon our landmark HarfordNEXT Master Plan. As we strive to build community and quality of place, it will be transparent and easy to follow with our rezoning tracker which is our latest smartphone application. In addition to the comprehensive rezoning legislation which I hope to get over to the Council by September, we will rededicate our efforts in agricultural preservation and historic preservation.

I will be submitting a 33% increase in agricultural land preservation funding to jump start the 50,230 acres we have preserved in Harford County so far. I will also be proposing a “signing bonus” incentive to attract additional preserved acres near our rural village centers and strengthen our green infrastructure. These steps will further secure the County’s agricultural heritage for future generations.

I also expect us for the first time to have a certified historic preservation program so that we may pursue grant funding and financing for the preservation of our history and those structures which are being lost forever each year. The County government for the first time saved and reconstructed a historic home; the Joesting-Gorsuch House dating back to the late 1700’s and believed to be one of the oldest homes left in the County. (C. John Sullivan is with us this evening.) As I said at its dedication, the blue house pays tribute to our agricultural heritage. Historic homes change over time as society progresses, and they evolve each time they are updated or rebuilt. They are an expression of where we are today. But this interpretation will stand for another 250 years. And for the first time, in addition to securing a water supply for the Town of Bel Air, we have a capital project to stabilize and restore the Mt. Soma Barn also from the 1700’s. I have also directed an annual grant to the Percy Dairy to assist in the preservation of the Jericho Barn at Jerusalem Mill which dates to 1803.

As we preserve our past, my office of Economic Development has worked to grow our future economy. We stand second in job creation in the State of Maryland. Aberdeen Proving Ground will also be celebrating 100 years in Harford County. Over the past two years, nearly 1,500 new jobs were added in the county, along with \$228 million dollars in capital investment bringing diverse business activity into more than 3.2 million square feet of industrial, office, commercial and retail space.

This fall we welcomed XPO Logistics to the County bringing up to 550 e-commerce jobs to our region. I would like to introduce Shawn Durning, General Manager, and Amy Johnston, Director of Operations. I am proud of our county employees who make up our FAST –TRACK permitting team. I have had several CEO's and agents tell me they are the best in the state. I am optimistic for our James Run/ Magnolia Overlay districts and anticipate transformative proposals for a public/private partnership in the heart of Bel Air.

As secretary of the Maryland Association of Counties, I will work closely with Governor Hogan and our Delegation to repeal the transportation scoring bill which further discriminates against rural/suburban counties like ours. In the meantime, since it is so vital to our economic development progress, I will propose that we move ahead with the Perryman roundabout at Rte. 159 and Perryman Road using PILOT taxes, which are federal taxes paid to the County, to fund this two million dollar project. I also ask the County Delegation to urge the return of county local highway user funds which have fallen to just \$1.3 million from \$13.9 million ten years ago.

Last year I asked the University of MD Center for Health and Homeland Security to analyze and identify elements of our current EMS system which were working well and which ones were in need of updating. I asked them to review past studies, conduct interviews with our providers and make recommendations so that we can continue to deliver a high level of service to our citizens while responding to the changing needs over the long term. I thank the Association, Foundation and our dedicated providers for their cooperation and candor with the University staff.

I want to assure our citizens that the EMS Foundation is currently within the accepted standards for response and quality of care. However, its unique structure is not sustainable in the long run. To begin the transitional planning for the future of our system, I propose

1. Creating a dedicated county Medical Director within the Department of Emergency Services.
2. Phase out funding for chase cars and deploy two County owned and staffed Advanced Life Support Surge Ambulances which will provide an additional safety net and not compete with dispatched VFC units.

And finally, create a County EMS Standards Board to begin the complex planning for a phased-in transition to County staffed units in service areas which may require supplementation.

I want to reassure our Volunteer Fire Companies that have successful Company EMS programs that we value your service and do not intend on replacing them. This process may take several years to complete but it is time we begin the hard work of formal planning and necessary approvals.

Despite our efforts, we continue to share the national nightmare of increasing heroin overdoses and deaths. I am resolute in my determination to save future generations through prevention and our current addicts with resources for treatment and recovery. I will again increase funding for treatment and prevention to \$250,000.00 and remain vigilant in the long-term battle. Our program was recognized by the National Association of Counties over the summer and I am so thankful for the families who have stepped forward to help. Like the young ladies Mara, Alayna and Jade, who poured out their emotions in our summer movie theatre PSA's which were viewed by more than 200,000 moviegoers. (They are here with us this evening.)

Each year, I am also honored to present Harford's Most Beautiful Person Award and this year we saluted Henderson "Mitch" Mitchell who has tutored Harford County school children for over 20 years in mathematics and is a mentor to African American young men at Edgewood High School. (Mitch, let us salute you again.)

I have shared much policy with you this evening. (I apologize but it's my one chance each year.) Please review our Progress Report which has all our achievements. Special thanks to my Cabinet, our county employees and you, the County Council, for your work. In as much as I love policy work, I remind myself each day to smile, touch someone, make a difference in their life whether through our charity efforts, helping families with after-school care, housing, and in all we do. We will again honor Martin Luther King's birthday this year with a Day of Service; last year 81 employees gave 808 hours. I've referenced our new path and journey together this evening. I do want to introduce our friends of the Ma & Pa Trail, Phil Anderson, Rod Bourn, and Mike Early, who helped us celebrate uniting a real path, the Ma & Pa Trail, which I have already approved permitting the connection and planning for the next phase. Thank you also to Mrs. Shirley Hooper, Cindy Hushon and her family and a high five to my mentor Senator Hooper. Many of us did not think we would get the connection accomplished. President Eisenhower often said "your accomplishments will prove to be your journey not a destination," and I often remind myself of the saying "the only impossible journey is the one you never begin." Thank you for the opportunity to lead this County... on this journey. Continue to pray for me and my family and may God bless you and Harford County in the coming year.