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BOARD OF COUNTY COMMISSIONERS
January 29, 2019
OPEN SESSION AGENDA

08:00 A.M. INVOCATION AND PLEDGE OF ALLEGIANCE
CALL TO ORDER, *President Jeffrey A. Cline*
APPROVAL OF MINUTES – January 15, 2019

08:05 A.M. CLOSED SESSION
(To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; or any other personnel matter that affects one or more specific individuals; to consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State; to consult with council to obtain legal advice on a legal matter)

10:00 A.M. RECONVENE IN OPEN SESSION

10:05 A.M. COMMISSIONERS' REPORTS AND COMMENTS

10:15 A.M. REPORTS FROM COUNTY STAFF

10:25 A.M. CITIZENS PARTICIPATION

10:35 A.M. YOUTH MERITORIOUS AWARD – *Stephanie Lapole, Senior Grant Manager, Office of Grant Management, and Board of County Commissioners*

10:50 A.M. PRESENTATION OF PROCLAMATION ANNOUNCING JANUARY AS "PORK MONTH" TO THE WALTZ FAMILY FARM – *Leslie Hart, Agricultural Business Specialist, Department of Business Development, Susan Small, Director, Department of Business Development, and Board of County Commissioners*

11:00A.M. SENIOR STAFF PRESENTATION – *Senior Staff*

12:00 P.M. RETIREMENT AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT (OPEB) PRESENTATION -*Colin England, Senior Consulting Actuary, Bolton Partners, Ericka Bode, Consultant, Bolton Partners, Kevin Binder, Senior Actuary, Bolton Partners*

12:30 P.M RECESS

01:30 P.M. LOCAL PREFERENCE DISCUSSION – *Sara Greaves, Chief Financial Officer*

01:40 P.M. COUNTY STEP AND COLA FOLLOW UP – *Sara Greaves, Chief Financial Officer*

01:50 P.M. DIVISION OF ENVIROMENTAL MANAGEMENT REORGANIZATION – *Dan DiVito, Director, Division of Environmental Management, and Sara Greaves, Chief Financial Officer*

02:15 P.M. REQUEST FOR LOCAL FUNDING SUPPORT FOR THE INFRASTRUCTURE FOR REBUILDING AMERICA (INFRA) GRANT – *Susan Buchanan, Director, Office of Grant Management*

02:25 P.M. PUBLIC SAFETY TRAINING CENTER – WATER SERVICE – *Scott Hobbs, Director Division of Engineering*

02:35 P.M. WEED CONTROL – BUDGET TRANSFER – *Lane Heimer, Weed Control Specialist*

02:40 P.M. SEWER DEBT FORGIVENESS DISCUSSION – *Russ Weaver, Vice Mayor, Town of Sharpsburg, Jack Kelsering, Mayor, Town of Smithsburg, Paul Crampton, Mayor, Town of Funkstown*

03:00 P.M. ADJOURNMENT

Board of County Commissioners of Washington County, Maryland

Agenda Report Form

Open Session Item

SUBJECT: Youth Meritorious Award Presentation

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Stephanie Lapole, Senior Grant Manager, Office of Grant Management & Board of County Commissioners

RECOMMENDED MOTION: No motion or action is requested or recommended.

REPORT-IN-BRIEF: The following individuals have been selected for the Youth Meritorious Award. They were selected based on their scholastic achievement, leadership qualities, community service performed or other positive contributions to their school or community.

Indira Aranha – 8th Grade – Boonsboro Middle School
Parent(s) – Raoul & Erika Aranha
Hometown – Hagerstown, MD
Nominated by Holly Gardenhour

Christopher "Drew" Lobley – 6th Grade – Northern Middle School
Parent(s) – Andrew & Victoria Lobley
Hometown – Hagerstown, MD
Nominated by James Lobely

Macie Montiel – 12th Grade – Smithsburg High School
Parent(s) – Laura Lewis
Hometown – Hagerstown, MD
Nominated by Christine Ellis

Alyssa Getz – 12th Grade – North Hagerstown High School
Parent(s) – Brian & Janet Getz
Hometown – Hagerstown, MD
Nominated by Frank Getz

DISCUSSION: N/A

FISCAL IMPACT: N/A

CONCURRENCES: N/A

ALTERNATIVES: N/A

ATTACHMENTS: Student Summaries

AUDIO/VISUAL NEEDS: N/A

Youth Meritorious Award Summary for:

Indira Aranha
8th Grade Student
Boonsboro Middle School
Nominated By: Holly Gardenhour

Parent(s) – Raoul & Erika Aranha

Holly Gardenhour endorsed the following:

What a special student Indira is! She is consistently high achieving and on the Distinguished Honor Roll. Indira is a part of the chorus and merit chorus and is a very committed student. She works very hard to be in school but if sickness arises, she is very responsible in meeting deadlines and getting in missed work. Her dedication and self-motivation in her schooling is refreshing!

She is a student that also accepts her classmates for their differences and is accepting of others. She is caring as well as a good role model to those around her. She is helpful to her classmates and teachers. Her smile and positive attitude is contagious to others. Thus, making her a great leader and inspiration to her peers.

Youth Meritorious Award Summary for:

Christopher "Drew" Lobley
6^{th} Grade Student
Northern Middle School
Nominated By: James Lobley

Parent(s) – Andrew & Victoria Lobley

James Lobley endorsed the following:

Christopher "Drew", is a recipient of the Dr. Ben Carson award for his outstanding scholastic and community achievements. As a young student he collected over 100 blankets for local shelters. He is a constant helper for Mica's backpacks. He is currently in the magnet program for academic excellence in Northern Middle School, is a member of the Olympic Development Soccer Program and just recently helped his Jr. Hubs football team go undefeated and win the KYFL championship. I'm certain his parents can add to his young resume. Thank you for your consideration.

Youth Meritorious Award Summary for:

Macie Montiel
12^{th} Grade Student
Smithsburg High School
Nominated by: Christine Ellis

Parent(s) – Laura Lewis

Christine Ellis endorsed the following:

I am honored to nominate my granddaughter Macie Montiel for Washington County's Youth Meritorious Award. She is very active and a leader at Smithsburg High School. Macie is President of the Senior Class, Treasurer of the Student Government and President of the National Art Honors Society. In 2017 she was awarded a Shining STARs award for her achievements in biology and a Faculty Honors Award in 2018. She is an Honor Roll student and is attending Hagerstown Community College.

Macie is an avid volunteer, having earned 350 Student Learning Hours by volunteering two summers at a children's day camp, a Habitat for Humanity event and Student Government activities. She is a caring person and aspires to be a nurse practitioner. In addition, she has a part-time job.

Youth Meritorious Award Summary for:

Alyssa Getz
12th Grade Student
North Hagerstown High School
Nominated By: Frank Getz

Parent(s) – Brian & Janet Getz

Frank Getz endorsed the following:

Alyssa has been very active in her community for many years. She has supported Veterans, animal rescue efforts, fundraiser in support of elementary school aged children. She also has been continually active in supporting North Hagerstown High School, Secretary to Key Club, and National Honor Society. All this while maintaining a GPA of 4.15, taking AP classes, attending Hagerstown Community College and working as a professional life guard. She recently received early acceptance to Penn State University. Below is a summary of her many activities:

-Senior at North Hagerstown High School (taking AP classes)
- 4.15 GPA
- Early acceptance to Penn State University
- Attends Hagerstown Community College
- Member of National Honor Society - Secretary to Key Club NHHS (3 years)
- Has earned the maximum plus required service hours for graduation
- Has participated in dance for last 6 years
- Certified professional lifeguard
- Supported for OTIS Sake Program (dog rescue organization)
- Volunteered at Washington County SPCA
- Traveled out of state to rescue dogs (Kentucky)
- Participated in Halloween Parade in Hagerstown representing For OTIS Sake and Pen Mar Assoc. of REALTORS
- Assisted Key Club in raising funds in support of ALEX LEMONADE, REACH, FOR OTIS SAKE
- Coordinated Key Club Halloween room for elementary school aged children
- Volunteered at Hagerstown homeless shelter
- Volunteered at the American Legion in support of Veterans thanksgiving dinner dance and food server.

Board of County Commissioners of Washington County, Maryland

Agenda Report Form

Open Session Item

SUBJECT: Presentation of Proclamation announcing January as Pork Month for Washington County and presenting the proclamation to Waltz Family Farm for being a pork producer.

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Leslie Hart, Agricultural Business Specialist, Department of Business Development, Susan Small, Director, Department of Business Development

RECOMMENDED MOTION: N/A

REPORT-IN-BRIEF: Monthly Presentation recognizing an agricultural commodity and local farm dedicated to the industry and county.

DISCUSSION: N/A

FISCAL IMPACT: N/A

CONCURRENCES: Susan Small, Director, Department of Business Development

ALTERNATIVES: N/A

ATTACHMENTS: N/A

AUDIO/VISUAL NEEDS: Photo will be taken with Waltz Family Farm members and the BOCC.

Board of County Commissioners of Washington County, Maryland

Agenda Report Form

Open Session Item

SUBJECT: Retirement and Other Post-Retirement Employee Benefit (OPEB) Presentation

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Colin England, Senior Consulting Actuary, Bolton Partners, Erika Bode, Consultant; Bolton Partners, and Kevin Binder, Senior Actuary, Bolton Partners

RECOMMENDATION: For informational purposes only.

REPORT-IN-BRIEF: To provide information related to the County's Pension and OPEB plans.

DISCUSSION: The County has three retirement plans including Pension, OPEB, and Length of Service Award Program (LOSAP). A high-level overview and general discussion of all the Pension and OPEB plans will be provided, along with a more in-depth review of potential changes to the Pension and OPEB benefits.

Pension topics discussed include:

Funding Level
Future Funding Requirements
Benefit Comparison
Potential Cost Savings
Other changes to consider

OPEB topics discussed include:

Funding Level
Future Funding Requirements
Benefit Changes
Other changes to consider

FISCAL IMPACT: N/A

CONCURRENCES: N/A

ALTERNATIVES: N/A

ATTACHMENTS: PowerPoint

AUDIO/VISUAL NEEDS: None

Washington County, Maryland County Commissioners

Retirement and OPEB Presentation

Colin England, FSA, EA, FCA, MAAA, CEBS

Erika Bode, CEBS

Kevin Binder, FSA, EA, FCA, MAAA

Table of Contents

Bolton

General Summary

- Retirement Program
  - **Social Security – all employees**
  - **Pension Plan – all employees**
  - **OPEB Plan – benefits to 65**
  - **LOSAP – volunteer firefighters**

General Summary

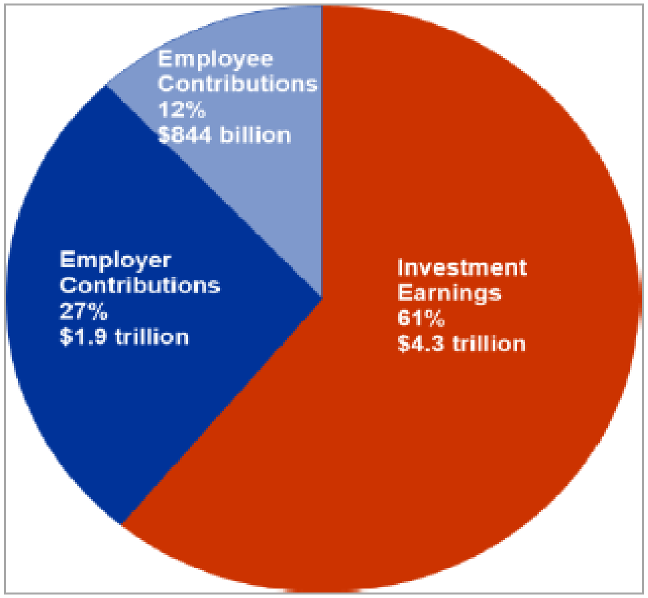
- Retirement Plans Conservatively Funded
  - **Consistently Contribute ADC**
  - **OPEB is very well funded, typical funding level for other counties is 50%**
  - **LOSAP has been funded for years, while most counties just starting to fund**
  - **Benefit levels competitive with surrounding counties**
  - **Only Pension Plan not very well funded**
- Assumptions just updated based on experience study
- Plan Documents have not been updated in some time, and should be
  - **Clarity**
  - **Consistency with plan administration**
  - **Communication to Employees**
- Plan Administration
- Investment Management
  - **PNC**
  - **Investment Approach**
  - **Expected Return**

Keys to Funding Retirement Plans

- Promise of benefits to be paid well in the future
  - **So advance funding substantially reduces contributions required to pay benefits**
- Funding methods used to assign costs to individual years
  - **Fund employees' benefits over their career**
- Assumptions necessary to determine value of benefits
  - **Recently reviewed assumptions for Pension and OPEB plans**
    - Revised retirement assumption – later retirement than assumed
    - Revised salary improvement – faster pay increases
    - Other assumptions consistent with experience
    - Reflected in current results
- Investment management critical to long-term cost

Source of States' Pension Funding

Figure 1: Public Pension Sources of Revenue, 1987-2016



Compiled by NASRA based on U.S. Census Bureau data

Pension Plan

Funding Level

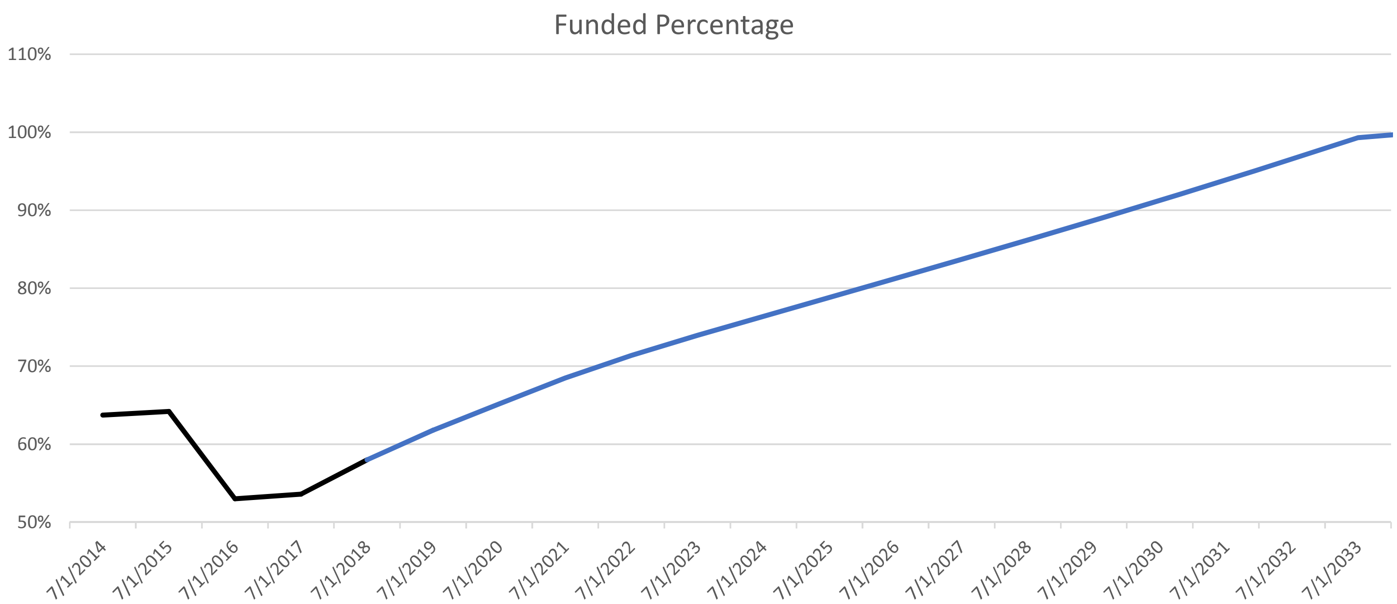
Future Funding Requirements

Benefit Comparison

Potential Cost Savings

Other Changes to Consider

Pension Plan – Current Plan Funding Projection



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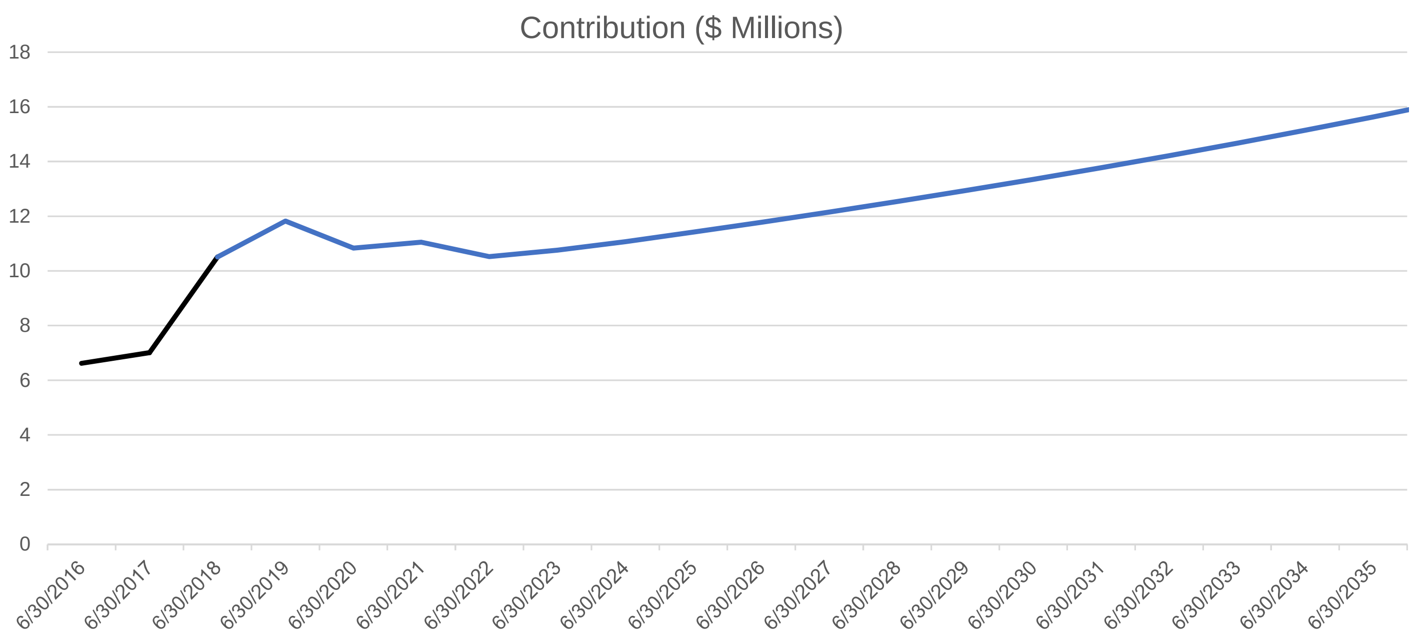
Pension Plan – Current Plan Contribution Projection



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Why isn't Pension Plan Better Funded?

- Recent benefit improvements
  - **Three 3% Retiree COLAs**
  - **Added $7 million in liabilities**
- Issues with prior actuary's valuations
  - **About $5 million in liabilities mistakenly excluded**
- More conservative assumptions
  - **Reduced discount rate from 7.75% to 7.5%**
  - **Reduced retirement age to reflect DROP and ISRP**
  - **With some other changes added about $20 million in liabilities**
- Increased unfunded accrued liability $26 million
- Increased annual contributions by roughly $6 million

Pension Plan – Benefit Comparison

- Benefit Levels
  - **County: 2%**
  - **General Employees: most multipliers around 2%; frequently lower for recently-hired employees**
  - **Public Safety: range 2% to 3%, most multipliers around 2.5%**
- Retirement Age
  - **County: General – 60 or 25 for most; 60 or 30 with 5.5%, Public Safety – 50 or 25**
  - **General Employees: 25 to 30 years of service or 60/10, or 62/20, or 65/5**
  - **Public safety: 20 to 25 years of service**
- Other retirement benefits
  - **DROP: typically applies only to public safety**
  - **ISRP: no comparable benefit offered elsewhere in the State**
- Employee contributions
  - **County: 5.5% for 30 year retirement, or 6% for 25 year retirement**
  - **General: 3% to 6%**
  - **Public safety: 5.625% - 11%**
- COLAs
  - **County: Geometric average over last 25 years is 1.1%; over last 10 years is 1.3%**
  - **1% to 2% is typical; CPI up to 2% - 4%; several pay based on investment performance**
- So, generally comparable or slightly more attractive
- Source – MaCO 2017 Compensation and Benefits Survey

Pension Plan continued

- Potential Cost Savings
  - **Contributions + Investment earnings = Benefits + Expenses**
  - **So, over the long term contributions can only be reduced by:**
    - Increasing Investment Earnings
    - Reducing Benefits
    - Reducing Expenses
  - **Timing of contributions affects the investment earnings and the ultimate cost**

Pension Plan continued

- Two Potential Cost Savings/contribution reduction approaches we considered:
  - **New benefits provisions**
  - **Change in amortization, to shift payments to future**
    - 20-year level dollar
    - 20-year level percent
    - 30-year level dollar

Pension Plan continued

- However,
  - **Current investment advisor believes return will be less than 7%**
  - **Adopting 7% return, from current 7.5% would**
    - Increase contributions $1.4 million, amortized over 15-year level percent of pay
  - **Currently, most of annual cost is from unfunded accrued liability**
    - Normal cost (percent of payroll)
      - Employee - 5.2%
      - Employer - 8.4%
    - Amortization of UAL
      - Employer – 24.5%
  - **Also, all cost-of-living adjustments done on an ad hoc basis**
    - Significant additional cost for 2015-2017 3% COLAs (about $6.7 million, over 3 years)

Pension Plan continued

- Consider long term lower level of benefits
  - **Current employees continue to receive the same benefits**
  - **New employees**
    - Normal retirement at age 62 or 30 years of service for General Employees, age 50 or 25 years of service for Public Safety
    - 2% of final average pay per year of service, as currently provided
    - Final average pay will be averaged over 5 years, instead of current 3 years
    - DROP only an option for Public Safety
    - No ISRP
    - Increase vesting requirement from 5 years of service to 10
    - Lower interest credit in DROP and on employee contributions from 6% to 4%

Pension Plan continued

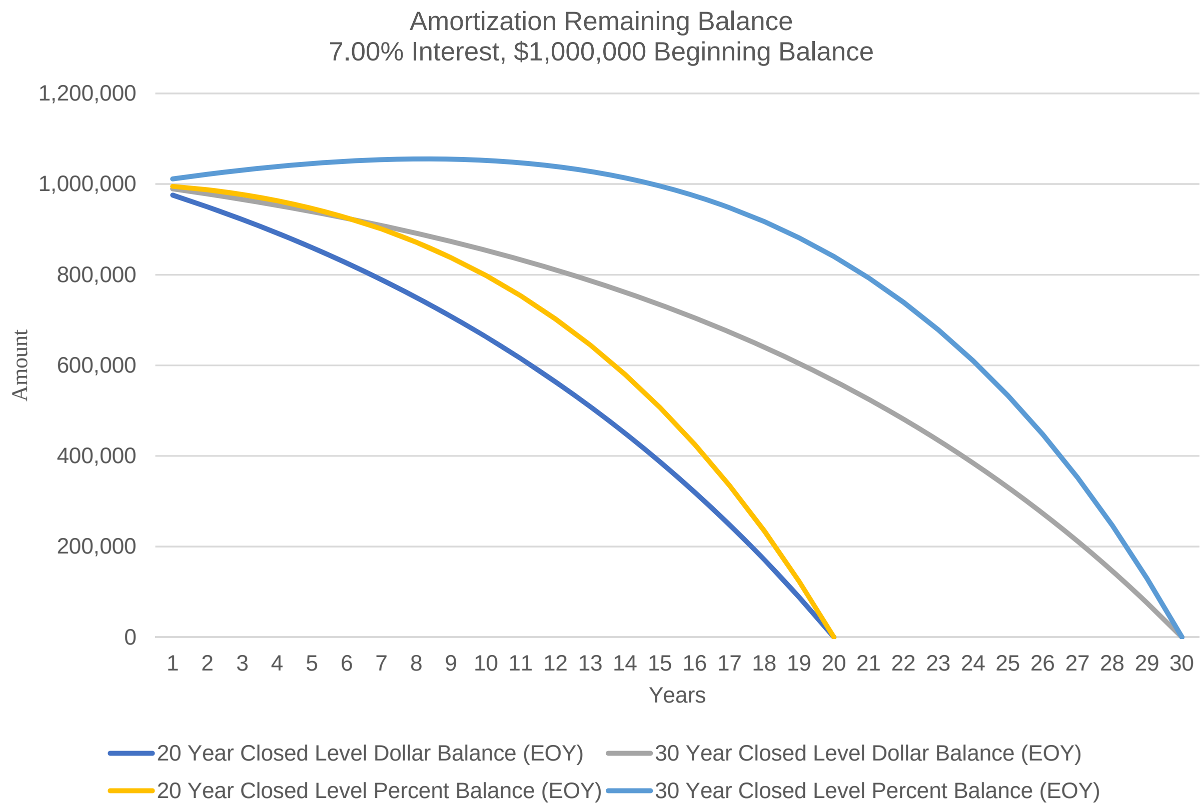
- Long term lower level of benefits
  - **Cost effect slight in the short term because current employees receive the same benefits**
  - **New employees**
    - Currently assume ½ of current employees will be replaced by 2028
    - Currently assume ¾ of current employees will be replaced by 2036
  - **Cost of proposed plan once all employees replaced, but assuming no improvement in plan funding level**
    - 26.4% of pay, instead of 29.4%
  - **If Plan fully funded**
    - 5.7% of pay, instead of 7.1% of pay

Bolton

Pension Plan continued

- Consider reducing current contribution by paying UAL more slowly
  - **Note, ultimate cost higher, because less assets to earn investment earnings**
  - **Three alternatives for restarting plan funding**
    - Current contribution - $12.5 million
    - 20-year, level dollar - $10.8 million
    - 20-year, level percent of pay - $9.4 million
    - 30-year, level dollar - $9.9 million
    - 30-year, level percent of pay – $8.2 million (strongly not recommended)

Pension Plan continued



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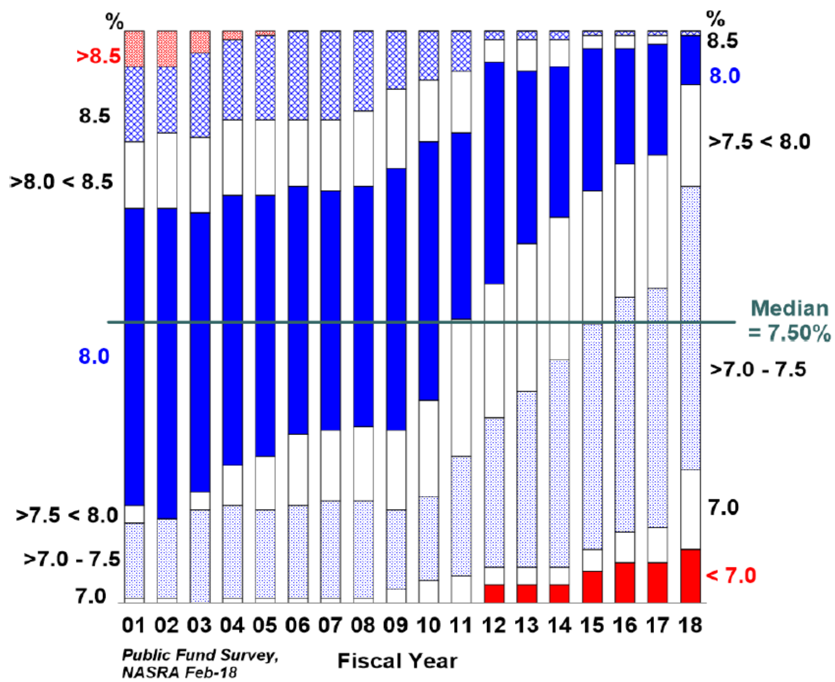
Pension Plan continued

- Other Issues to Consider
  - **Funding Approach Changes**
    - Funding benefit increases (such as COLAs) over future working lifetime or 3 years
    - Recognizing/Funding gains and losses over 15 years
  - **Discount rate/investment return assumption**
    - Currently 7.5%. Should consider lower rate (7.0%), if consistent with investment advisor's expectations
    - 7.0% would increase contribution about $1.4 million
  - **Experience study – recently completed**
    - Critical first step to be comfortable with funding approach
    - Retirement – DROP or ISRP entry, termination of employment
    - Termination
    - Disability
    - Salary Improvement

Pension Plan – Funding Graph

Figure 4: Change in Distribution of Public Pension Investment Return Assumptions, FY 01 to FY 18



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Pension Plan continued

- Plan Administration Issues to Consider
  - **Formal calculations of terminated vested participant benefits**
    - Amounts in data we inherited are only estimates
  - **Definition of compensation**
    - Language in plan document doesn't exactly match plan practice
  - **SPD does not define Normal Retirement Date**
    - States that the date will be provided in a separate document
  - **Better documentation of method for service purchase calculations**
  - **QDRO procedures**

OPEB

Funding Level

Future Funding Requirements

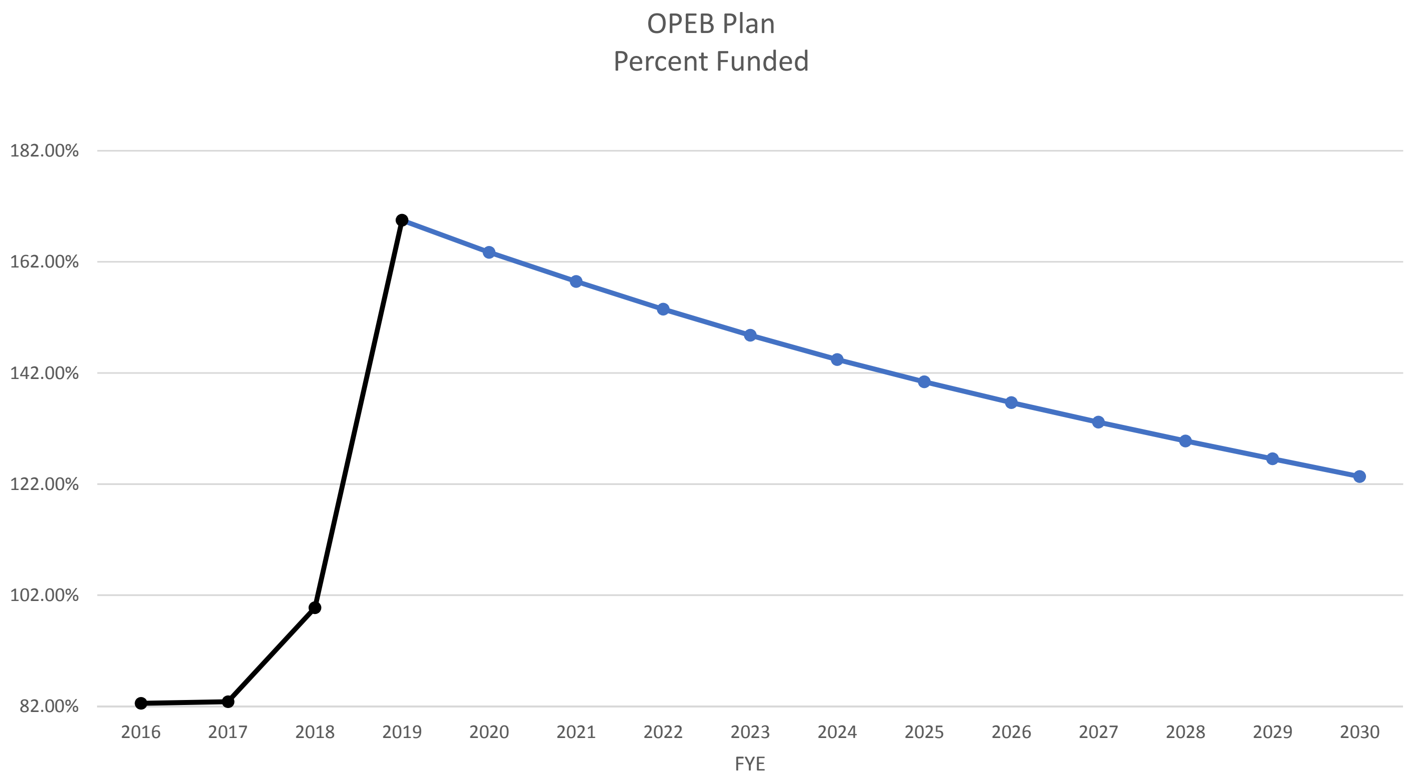
Proposed Benefit Changes

Changes to Consider

OPEB

- OPEB – 99.7% Funded (2017), 169% (Est 2018)
  - **Experience study resulted in significant change in retirement assumption**
- Contributions expected to decrease sharply then increase slowly
  - **Assuming no gains or losses, or benefit changes**
- Relatively low number of retirees
- Change in practice - OPEB benefits were not previously paid from trust
  - **OPEB Trust reimbursing health plan trust in FY2020**
- Retirement assumption critical, since benefits stop at 65
  - Assumption change sharply reduces expected OPEB benefits and liabities

OPEB – Funding Projection



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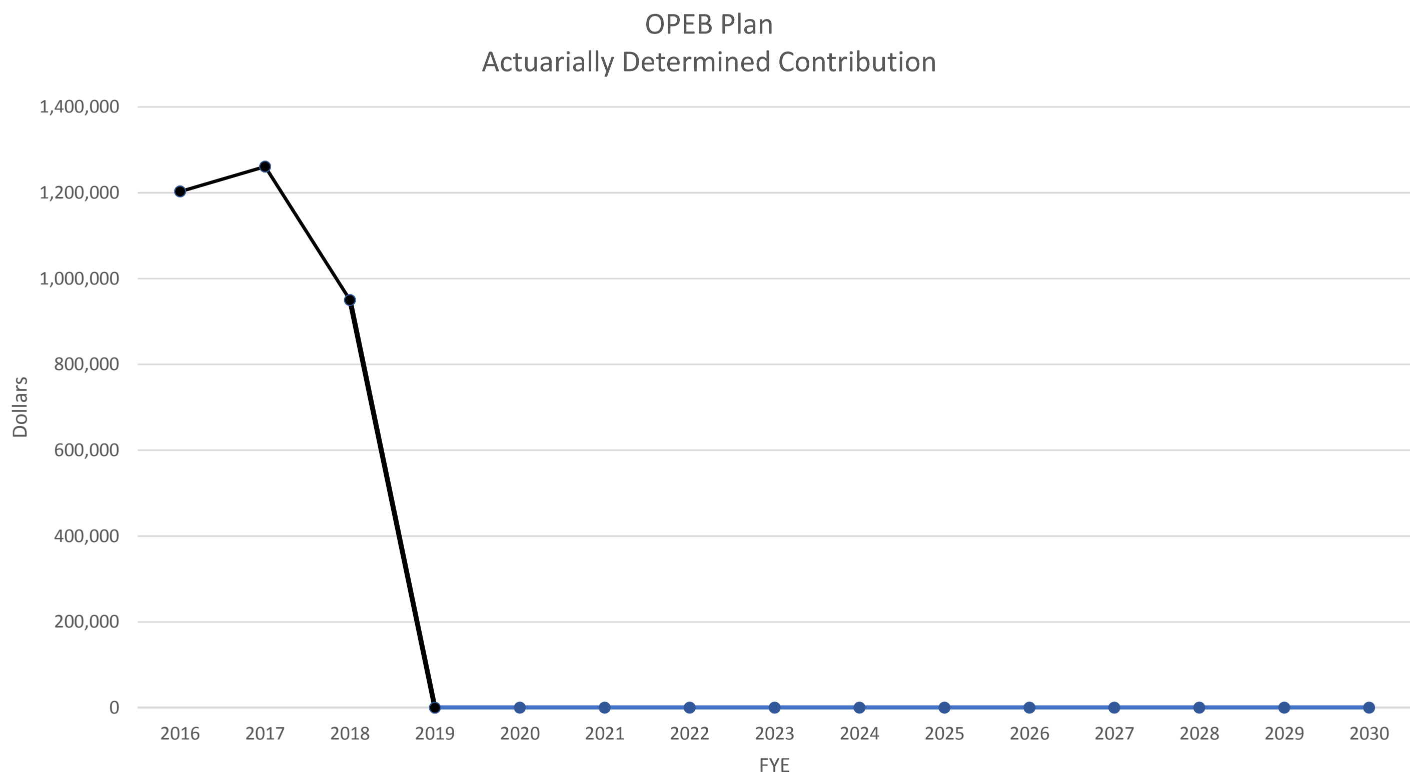
OPEB – Contribution Projection



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OPEB continued

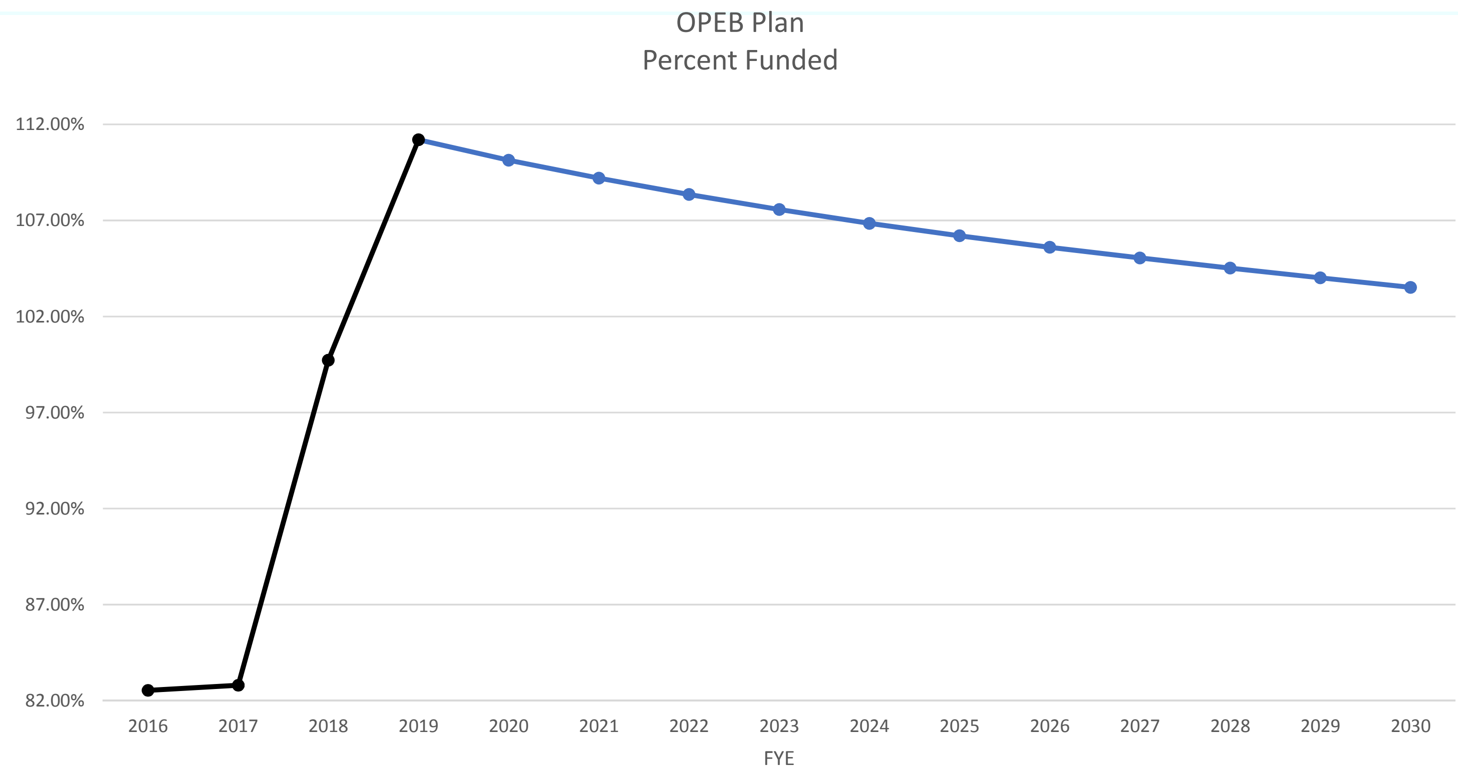
- Issues to consider
  - **Funding approach changes**
    - OPEB liabilities much more volatile than pension plan's
    - Consider not contributing, and temporarily redirecting contribution to pension plan
      - Funds now used for OPEB contribution could be used as a contribution in excess of the pension plan ADC so funds remain available for OPEB plan when funding drops
  - **Discount rate/investment return assumption**
    - Was 7.75%, reduced to 7.5%. Should consider lower rate (7.0%), consistent with investment advisor's expectations
    - Would increase annual contributions from zero to less than $100,000 and reduce funding percent 4%
    - Reduces likelihood of negative surprises from lower than assumed investment return

OPEB Benefit Improvements

- Proposed OPEB Benefit Improvement
  - **Increase County Subsidy to 80%**
    - Current Retirees
    - Future Retirees
    - Former employees who did not elect when they retired from pension plan
  - **Cost Impact**
    - Revisions to current Assumptions
      - 90% expected to elect, instead of 75%
    - Annual Contribution Increase - $940,000
    - Reduction in funding level – 169% to 111%
    - Assumes current 7.5% discount rate

Bolton

OPEB Benefit Improvements continued



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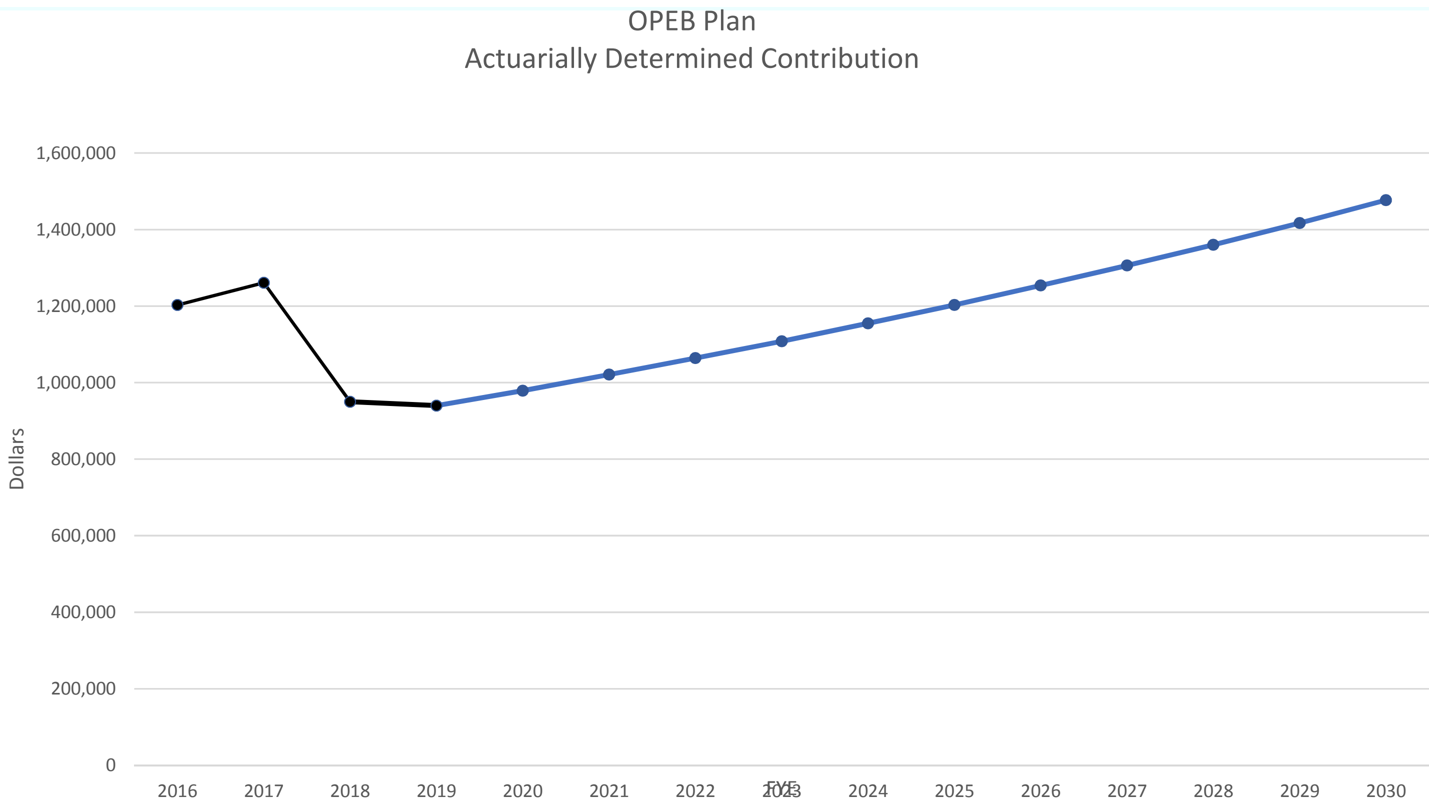
OPEB Benefit Improvements continued



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Summary

General Summary

- Plans Reasonably Conservatively Funded
  - **Recent changes from experience study validates assumptions**
- LOSAP well funded and OPEB very well funded
- Need to Improve Pension Plan funding
  - **Additional contributions**
  - **Lower benefits for future employees**
- Could also lower contributions by longer amortization of unfunded accrued liability
  - **Reduces, rather than improving pension funding**
- Could Improve OPEB benefits
  - **Increase County share of benefit cost**
  - **Increases County contribution, reduces funding levels**
- Plan Documents have not been updated in some time, and should be
  - **Plan documents & SPDs**
- Keep plans well funded and well managed!

Bolton

Questions??

Bolton

Actuarial Statement

- In preparing this presentation, we relied without audit, on information supplied by Washington County.
- The actuarial assumptions, data and methods (except where specified as being changed) are those that will be used in the preparation of the actuarial valuation reports (Pension and OPEB) as of July 1, 2018.
- The assumptions reflect our understanding of the likely future experience of the Plan and the assumptions as a whole represent our best estimate for the future experience of the Plan, as revised by the Experience Study reflecting experience through June 30, 2018. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the plan could vary from our results.
- We certify that, to the best of our knowledge, this report and its contents, which are work products of Bolton, are complete and accurate and have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.
- Bolton's report was prepared exclusively for Washington County for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. The term third party does not include the Client's auditor, attorney, third party administrator or other professional, when providing professional services to the Client, or any governmental agency to which this certification is required to be submitted by law or regulation. Any third party recipient of Bolton's work product who desires professional guidance should not rely upon Bolton's work product, but should engage qualified professionals for advice appropriate to its own specific needs

Open Session Item

SUBJECT: Local Preference Discussion

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Sara Greaves, Chief Financial Officer; Rick Curry, Director, Purchasing

RECOMMENDATION: For informational purposes

REPORT-IN-BRIEF: The information being provided is not a recommendation or that of a consideration; it is only to provide the Board with information related to Local Preference.

DISCUSSION: The Board recently requested information related to local preference which marks the 2nd request in a 14 month period. For procurement related topics, the County looks to the National Institute for Governmental Purchasing (NIGP) for guidance. The NIGP was founded in 1944 and is an organization dedicated to establishing and maintaining increased professionalism in the field of public sector procurement. MPPA, Inc. is the local chapter of the NIGP, which has over 70 chapters in the United States, Canada, and internationally. The aims and objectives of MPPA, Inc. are synonymous with those of the parent NIGP organization.

Public Procurement professionals employed by the County are active members in our local chapter and look to MPPA and NIGP for principals and governance in the procurement profession.

The NIGP issued a position paper in 2015 and stated "The Institute for Public Procurement maintains the position that preference policies, including local preferences, conflict with the fundamental public procurement principles of impartiality and full and open competition. Therefore, NIGP *does not support the use of preference policies"*.

On December 19, 2017, the Board requested information related to jurisdictions that had established local preference in Maryland. Below is what was presented at that time.

County	Local Preference
Allegheny	Yes, Within (5%)
Anne Arundel	No, Unless Tie Bid
Baltimore	No
Baltimore City	No
Calvert	No
Caroline	Not Available
Carroll	No
Cecil	Yes

Charles	Yes
Cumberland City	Yes
Dorchester	No
Frederick	No
Frederick City	Yes
Garrett	Reciprocal
Hagerstown City	No
Harford	No
Howard	Yes
Kent	No
Montgomery	Yes
Prince Georges	Not Available
Queen Anne's	No
Saint Mary's	No
Somerset	No
Talbot	No
Washington	No
Wicomico	No
Worchester	No

Out of the 27 jurisdictions listed, 8 provide local preference, 17 do not, and 2 were unknown.

Pros and Cons of local preference

Pros

- Gives local organizations a financial advantage so that more local companies are awarded
- Dollars spent locally are recycled locally (multiplier effect)

Cons

- Not supported by Institute for Public Procurement (NIGP)
- Does not provide the most cost-effective solution to tax payers
- Federal government prohibits local preference for any project they provide funding for which further complicated the evaluation process.
- Subsidizes in-town vendors, reducing incentive for local businesses to provide the best value
- Local preference reduces competition and alienates other jurisdictions.
- Multiplier effect difficult to measure
- Complicate administrative process – any additional requirement adds time required to evaluate and award, also opens room for human error.

Other Considerations

- What determines “local”
    - Geography
        - Is the jurisdiction confined to Washington County or surrounding areas?
        - Is a PO Box considered a business?
        - What if a business is located in a neighboring town but does a majority of their business in our county? Or vice versa?
    - Ownership/Management
        - is the local branch of national company a local business?
        - If a local business is owned by someone living out of state, is it eligible since profits go out of state?
        - What would be the requirement for partnerships or multiple owners?

<u>Multiplier Effect</u>

The economic benefit of keeping local dollars in the local economy is known as the ‘multiplier effect.’ It can be thought of in 3 phases or rounds. Round one is the original source of the funds or the budget, round two is the public body expenditure, and round three captures how the recipients spend the money within the local area. As local tax dollars are spent in a local economy, more jobs are maintained or created and income is generated for residents.

The County does not collect corporate income tax. Personal income tax of 2.80% is collected from those who reside in Washington County.

FISCAL IMPACT: N/A

CONCURRENCES: N/A

ALTERNATIVES: N/A

ATTACHMENTS: NIGP Position Paper on Local Preference

AUDIO/VISUAL NEEDS: None

Procurement.
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POSITION PAPER

Issued 2015

TOPIC:

LOCAL PREFERENCE IN PUBLIC PROCUREMENT

The Importance of Best Value Analysis When Government has Adopted Local Procurement Preferences

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LOCAL PREFERENCE IN PUBLIC PROCUREMENT

A position paper from NIGP: The Institute for Public Procurement
On the Importance of Applying a Best Value Analysis When Government Has Adopted Local Procurement Preferences

INTRODUCTION

There is a long-standing history of implementing various socioeconomic preference programs in government on the federal, state and local level. Such selective purchasing, in the case of local preference, is a decision by the government to direct purchases to certain companies based on location. The local preference program is one such program that has generated interest for its impact on the public procurement process. Local preference programs have been established and promoted to benefit the local economy. Upheld by federal and state laws when established to achieve the state interest, the use of such local preference programs present advantages and disadvantages for governments in their quest for quality, savings, fairness, and efficiency in the procurement of goods and services.

In general, local preference programs may include, but are not limited to, preferences applied as described below. These preferences are highlighted as vehicles to improving socioeconomic levels in, and adding benefits to, local economies.

- Tie-bids - when the bid of a local bidder is the same amount of that of a non-local bid;
- Percentage bids - when the local bidder's bid falls within a certain percentage of that of the lowest bid by a non-local bidder;
- Reciprocal bids - when the local bidder's bid is reciprocal to that of a bid of non-local bidder; and
- Absolute bids - where the bid is awarded to the local bidder even if it is not lowest bid.

Any profession, when establishing its ideals, begins the process by considering the perfect situation and identifying the fundamental tenets that will contribute to achievement of *the perfect situation*. For procurement professionals, that situation is evidenced by a well-developed market of many buyers and sellers; perfect knowledge of the goods or services required; and sufficient lead time to conduct a fair procurement. In reality, the principles guiding public procurement's best practices must often consider social, political, and economic realities.

Adequately reconciling local preference policies with public procurement's guiding principles of fostering full and open competition, best value, equity, and impartiality has historically proved challenging. Through this paper, NIGP takes on that historic challenge to articulate a position that is at once principled and practical.

POSITION

NIGP: The Institute for Public Procurement maintains the position that preference policies, including local preferences, conflict with the fundamental public procurement principles of impartiality and full and open competition. Therefore, NIGP *does not support the use of preference policies.*

Conversely, NIGP does support economic, social, and sustainable communities as part of the Institute's values and guiding principles. Acknowledging that governments may in fact adopt local preferences as a tool for improving local economies, *NIGP recommends that any local procurement preferences be implemented only as one of several criteria in a 'best value' evaluation and award process*. Best value means the most advantageous balance of price, quality, and performance identified through competitive procurement methods in accordance with stated selection criteria. There is no uniform statutory or regulatory definition, but it generally refers to a source selection based upon a cost/benefit analysis. The application of best value procurement to local purchasing preferences extends the concept of considering non-cost items in the evaluation process, and thereby provides the rational basis for including a geography-based criteria.

WHAT IS LOCAL PURCHASING?

Local purchasing is a bid preference which may be given to suppliers doing business in the purchasing jurisdiction (NIGP, 2009). Local purchasing is often promoted as a means of benefiting the local economy.

ADVANTAGES AND DISADVANTAGES OF LOCAL PREFERENCE PROGRAMS

Local preference programs have been met with qualified acceptance in the procurement community. Communities implementing preference programs have identified both advantages and disadvantages of such programs. Proponents claim advantages that include the following: (1) achieving local social policy goals to assist the local economy, and (2) improving and protecting the local economy. While procurement expenditures may rise in response to a local preference program, governments believe the additional costs are outweighed by the support for the development, enrichment, growth, expansion and the retention of the local business community, thereby keeping any tax dollars spent on contracts in the area.

Conversely, critics have been vocal about the disadvantages of such programs, such as: (1) increased cost to the local taxpayers and government to implement such a program; (2) limiting supplier competition; (3) reducing the incentive for local businesses to provide the best value for the dollar for the purchased goods/services; (4) affecting, complicating and potentially burdening the procurement administrative processes; (5) defining a defendable fair process to determine the definition of a local business including, but not limited to, geographic location requirements, management and ownership control, if necessary, and (6) lacking equal opportunity or reciprocity with other jurisdictions.

Literature Review

Research by Glenn Cummings (2009) published in the *Journal of Public Procurement* surveyed state and local procurement preferences. The survey documented the range of geographic preferences practiced by state and local governments, usage patterns and trends, and analyzed their impact on the recipients and on the public procurement process. The preference laws were enacted in the belief that social and political benefits from these programs exceed the cost arising from restricted competition. Furthermore, a 2009 study by the National Association of State Purchasing Officials (NASPO) reported that 27 states gave preference to resident bidders for government contracts.

Academic research studying the impact of local procurement preference laws is not extensive. However, there is consistent evidence that the economic impact sought through preference laws can be achieved. The 2008 study, *Local Preference in Municipal Audit Markets*, conducted by the Owen Graduate School of Management at Vanderbilt University concluded that a local preference law can serve its purpose, in that it always increases the likelihood that the local firm wins (Shor, July 2008). The model used by the author "demonstrates that insiders benefit from a local preference at a cost to the outsider through a lower chance of winning and a cost to the municipality through higher average prices" (Shor, 2008).

An honors thesis presented to the Department of Economics at the University of Oregon reviewed several scenarios examining the impact of local procurement preferences on the local economy as well as the market impact. Based on the study models, the authors identify an increase in employment in the local economy. The positive effects stemming from local preferences could, however, come with associated costs. Depending on cost differentials between local and non-local firms, the policy creates the potential for higher consumer prices, decreased demand, reduced spending, and job loss (Lorelli, June 2003).

Bid preferences were studied by the University of Pennsylvania, Department of Economics and the Wharton School. The study authors found that preference programs result in high-cost companies performing a larger share of work and increased procurement costs. However, these programs also provide incentives to non-favored firms to bid more aggressively, offsetting the upward price pressures (Seim, April 2009).

The use of local preferences in North Carolina was studied in 2011; a year after the Governor had signed an executive order for such preferences. A survey of localities indicated that local preferences were awarded equally among informal purchases for services, goods, or small construction. Survey respondents indicated that goals of preference policy were understood to be promotion of local businesses, job creation, increased tax base, sustainability and wealth creation (Jensen, 2011).

The Government Finance Review (June 2012) conducted a comprehensive review of local preference policy outcomes in both cities and counties. In cities, the preference given to local businesses ranged from 1 to 5 percent, with 5 percent being the most frequent. Counties tended to afford higher percentage preferences to local businesses, 5 to 10 percent. Not surprisingly, cities that maintain local preference policies identified 'local businesses' as those with city business licenses and locations within city limits. Correspondingly, counties that established local preference policies applied the same standards for licensing and locations. One of the main differences between city and county preference policies is that a greater number of counties have reciprocal arrangements with other counties.

Extensive research was conducted in Europe, where progressive integration of social objectives with traditional procurement practices is more readily accepted. The New Economics Foundation (NEF), an independent think tank that promotes innovative solutions in economic, environmental and social issues, released a report on local procurement preferences in 2005. The NEF established an economic case for promoting revitalization through public spending. The revitalization benefited the community through poverty reduction, increased social inclusion, and governmental savings through local procurement preferences. NEF findings indicate that local preference laws kept money circulating in the local economy by fostering local economic linkages and raising the capacity and expertise of local residents and suppliers (NEF, 2005).

Anecdotal or paid consultant studies depict a consistent perspective on the issue. Civic Economics, an economic analysis and strategic planning consultancy focused on developing healthy, sustainable economies, has conducted research on behalf of Arizona and other communities. The reports produced by Civic Economics supported the use of local suppliers as they generate greater economic activity than chain suppliers (Civic Economics, 2007). The applicability of the report is limited as it studies a single retailer, not a statistically valid sample. A Special Report prepared by the Florida TaxWatch (2009) estimated one local job loss for every $100,000 worth of online shopping from other states and countries.

Interestingly, the most staunch opposition to local preference policies comes from procurement professionals. NIGP issued Resolution 1016 in 1987, re-affirmed in 1995, that stated the Institute is, "opposed to all types of preference law and practice and views it as an impediment to cost effective procurement of goods, services and construction in a free enterprise system." (NIGP, 1987) NASPO, likewise "believes that public procurements should be made under conditions that do not restrain markets and that foster adequate competition in the market for the item or service purchased" (NASPO, 2010).

Multiplier Effect

The economic benefit of keeping local dollars in the local economy is known as the 'multiplier effect.' The concept was developed by John Maynard Keynes in collaboration with other economists in the early twentieth century and is used as a means of measuring the economic impact of laws, trade, etc. Simply put, it is a way the government's spending ripples through the economy. The Keynesian model was developed for a national economy. The NEF adapated the model for use at the local level (local multiplier LM3). The '3' represents three 'rounds' of spending. Round one is the orginal source of the funds or the budget, round two is the public body expenditure, and round three captures how the recipients spend the money within the local area. As local tax dollars are spent in a local economy, more jobs are maintained or created and income is generated for residents.

Legal Foundation for Local Preference Laws

Under the federal constitution, local preferences in public procurement typically implicate the commerce clause of Article 1, §8 and the equal protection and due process clauses of the Fourteenth Amendment. The courts have found that states violate the commerce clause when they act to regulate commerce to benefit in-state economic interests. However, in situations when the state acts as a market participant, similar to private actors in the market, it is immune from attack. To survive an equal protection challenge, a state must produce credible evidence at trial that the classification created by the local preference scheme is rationally related to such legitimate state interests. The courts, as they have reviewed the equal protection and due process clauses have applied the "rational basis" legal test. Under this test, "legislation is presumed to be valid and will be sustained if the classification drawn by the statute is rationally related to a legitimate state interest" (City of Cleburne, Texas v. Cleburne Living Center, 105 S.Ct. 3249, 3254 (1985)).

24 CFR[1] PART 85, Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, identifies a number of procurement standards that apply to the expenditure of federal grant funds. Of note is the prohibition of using "statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bid or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference." Consequently, state and local grantees may not use valid local preference laws when the procurement is funded by the federal government.

The Arizona Superior Court, Pima County, ruled on the legality of local preferences in November 2014. The Court analyzed the constitutional challenges to the Tucson procurement code that provided a

[1] "CFR" is the Code of Federal Regulations.

preference for certain bidders of goods and services purchased by the city. The Court found that the preference law violated the Gift Clause of the Arizona Constitution, the Equal Privileges and Immunities clause of the Arizona Constitution, the Federal Equal Protection Clause and the Privileges and Immunities Clause of the United States Constitution. The basis of the finding was that the law was not reasonably related to furthering a legitimate state purpose, discriminated among bidders for government work/services and granted a direct taxpayer subsidy to certain preferred bidders and the City received no direct consideration in return.

CONCLUSION

Upon review of the issue, NIGP maintains the position that local preference policies are in conflict with the fundamental public procurement principles of impartiality and full and open competition and, therefore, *does not support the use of local preference policies as an appropriate tool for improving local economies*.

However, acknowledging that governments may, in fact, adopt local preferences as a tool for improving local economies unless otherwise prohibited by federal court preferences, *NIGP recommends that local procurement preferences are reflected as one of many criteria in a 'best value' evaluation and award process*. Best value means the most advantageous balance of price, quality, and performance identified through competitive procurement methods in accordance with stated selection criteria. There is no uniform statutory or regulatory definition, but it generally refers to a source selection based upon a cost/benefit analysis. The application of best value procurement to local purchasing preferences extends the concept of considering non-cost items in the evaluation process, and thereby provides the rational basis for including a geography-based criteria.

APPENDIX A

DEFINITIONS

A **local preference** occurs when a local firm is favored in a procurement over non-local firms for reasons unrelated to the procurement itself, typically to support the local economy.

Preference policy is a mandate by policy or ordinance that imposes legislative requirements in the public bidding process to award contracts to local suppliers.

Selective purchasing is a decision by the government to avoid buying from certain companies based on their political, social, environmental, or in this case, geographical attributes.

A **multiplier effect** is created when local economic activity is enhanced by a change in government spending. This relationship is recognized as a multiplier effect in that an initial incremental amount of spending can lead to increased consumption spending, increasing income further and hence further increasing consumption, etc., resulting in an overall increase in local economic activity greater than the initial incremental amount of spending. Certain types of government spending crowd out private investment or consumer spending that would have otherwise taken place. This crowding out can occur because the initial increase in spending may cause an increase in interest rates or in the price level. Effectiveness is based on economic linkages that cause funds to be retained in the local economy – not 'leaked' out to other districts.

TYPES OF LOCAL PREFERENCE PROGRAMS

- "Second chance" bidding for local firms
- Bidding or value "credits" that augment a local firms' actual bid for the purpose of bid comparisons, such as percentage preferences (typically 1.5% to 10%)
- Tie bid – allowing local firms to trump in a tie bid situation
- Reciprocal – jurisdiction 'matches' the type and scope of preference enacted in locality where the bidder is based
- Absolute **-** requires jurisdiction to purchase certain commodities within designated area

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Board of County Commissioners of Washington County, Maryland

Agenda Report Form

Open Session Item

SUBJECT: County Step and COLA Follow up

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Sara Greaves, Chief Financial Officer, Debra Peyton, Director, Division of Health and Human Services

RECOMMENDATION: To provide information and receive feedback or consensus from the Board on a direction for the future.

REPORT-IN-BRIEF: To present the County's Step/COLA history as compared to an annual 2.5% Step and up to 1% COLA based on the CPI-W.

DISCUSSION: An idea was brought before the Board on January 15th to provide a path for the future that would align the efforts of County steps and COLA's to be provided annually. In the past, the County had issued either one or the other. When steps are issued, but no COLA, the scale falls out of alignment with peers because the lowest grade and step never increase. However, issuing COLA's instead of steps creates disparity among current employees and new hires. This change in approach includes a change to the scale to reduce steps from 3.5% to 2.5% and includes an annual COLA calculation based on the most recent calendar year 12-month percent change in CPI data from the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

An analysis of the County's past history of steps and COLA's was requested to see how this new methodology measures against what was provided in the past. The outcome of this analysis shows that since 2000, the County's average increase (including both Step and COLA) was 3%. Using the proposed methodology, the County's average increase would have been 3.4%. Considering there have been many changes since 2000, a ten-year average was also reviewed. Over the past ten years, the County's average was 2.86% while the new methodology would have provided 3.31%.

FISCAL IMPACT: Step's and COLA's are contingent upon availability of revenues.

CONCURRENCES: N/A

ALTERNATIVES: N/A

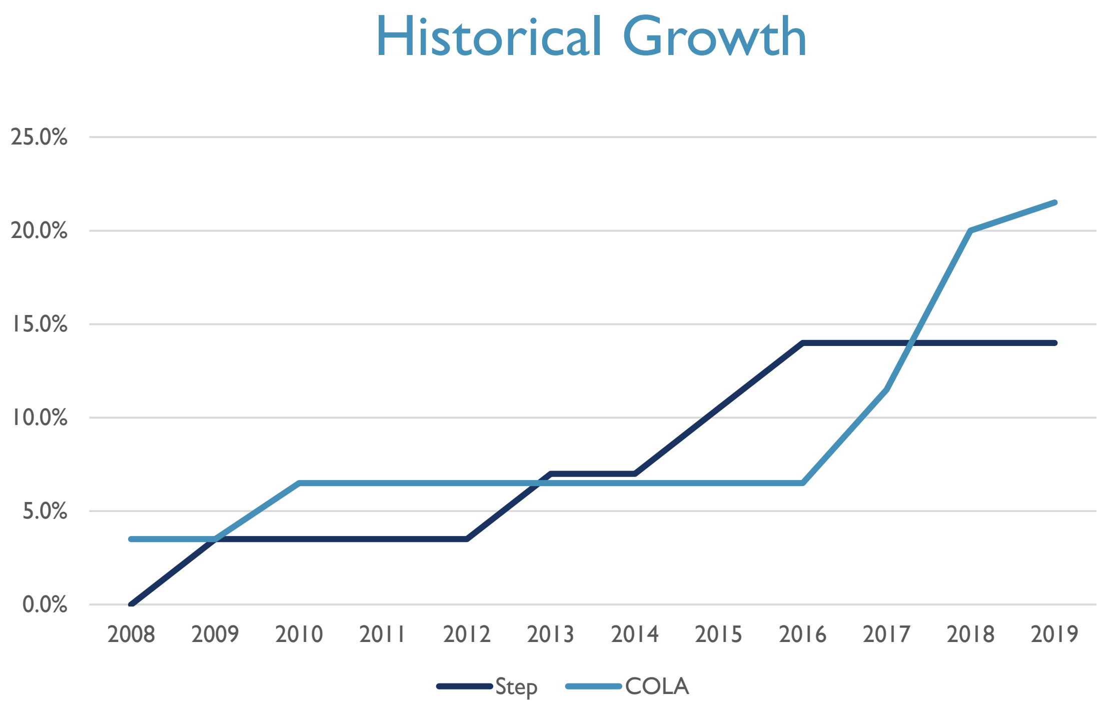
ATTACHMENTS: Wage Comparison; Graph

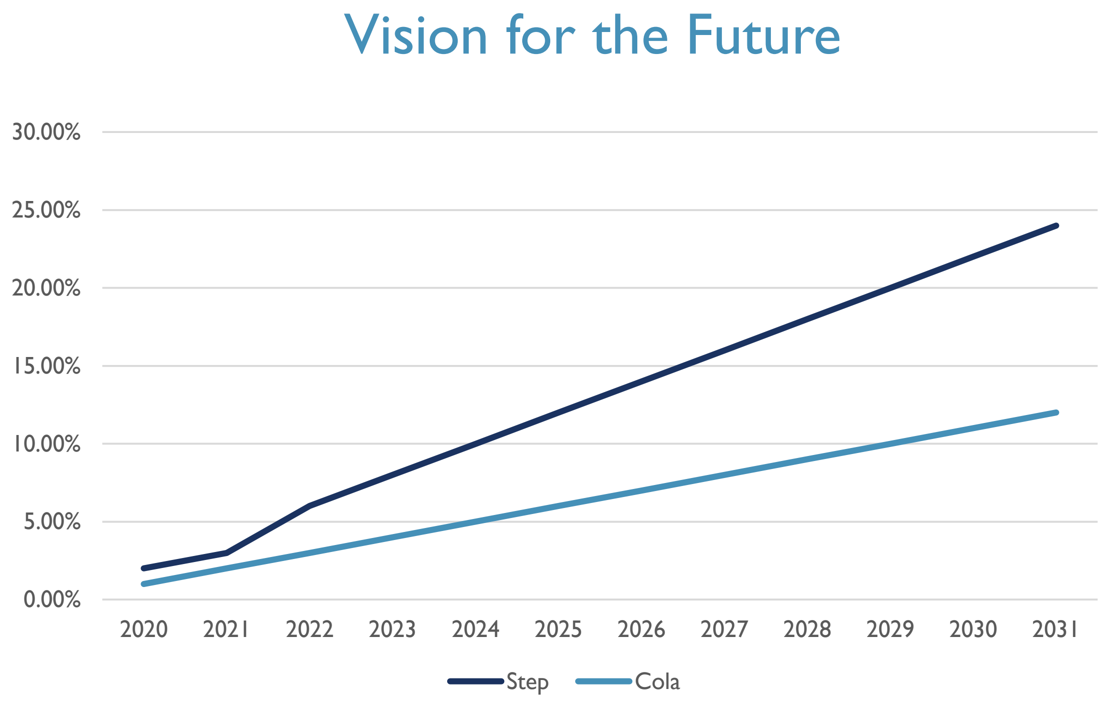
AUDIO/VISUAL NEEDS: None

Washington County, Maryland
Average Wage Changes

	Washington County - Current				CPI	Washington County - Proposed			
Fiscal Year:	Merit Step	General Cola	Average Increase	31,000	12/31/XXXX of prior Fiscal year	Merit Step	General Cola	Average Increase	31,000
2000	0.00%	3.00%	3.00%	31,930	1.34	2.50%	1.00%	3.50%	32,085
2001	0.00%	3.00%	3.00%	32,888	2.23	2.50%	1.00%	3.50%	33,208
2002	0.00%	3.00%	3.00%	33,875	3.48	2.50%	1.00%	3.50%	34,370
2003	0.00%	2.00%	2.00%	34,552	2.75	2.50%	1.00%	3.50%	35,573
2004	0.00%	2.00%	2.00%	35,243	1.36	2.50%	1.00%	3.50%	36,818
2005	0.00%	3.00%	3.00%	36,300	2.24	2.50%	1.00%	3.50%	38,107
2006	0.00%	4.00%	4.00%	37,752	2.61	2.50%	1.00%	3.50%	39,441
2007	0.00%	4.50%	4.50%	39,451	3.53	2.50%	1.00%	3.50%	40,821
2008	0.00%	3.50%	3.50%	40,832	3.24	2.50%	1.00%	3.50%	42,250
2009	3.50%	0.00%	3.50%	42,261	2.85	2.50%	1.00%	3.50%	43,729
2010	0.00%	3.00%	3.00%	43,529	4.09	2.50%	1.00%	3.50%	45,259
2011	0.00%	0.00%	0.00%	43,529	-0.65	2.50%	0.00%	2.50%	46,391
2012	0.00%	0.00%	0.00%	43,529	2.08	2.50%	1.00%	3.50%	48,014
2013	3.50%	0.00%	3.50%	45,052	3.55	2.50%	1.00%	3.50%	49,695
2014	0.00%	0.00%	0.00%	45,052	2.11	2.50%	1.00%	3.50%	51,434
2015	3.50%	0.00%	3.50%	46,629	1.38	2.50%	1.00%	3.50%	53,234
2016	3.50%	0.00%	3.50%	48,261	1.51	2.50%	1.00%	3.50%	55,097
2017	0.00%	5.00%	5.00%	50,674	-0.41	2.50%	0.00%	2.50%	56,475
2018	0.00%	8.50%	8.50%	54,982	0.98	2.50%	1.00%	3.50%	58,451
2019	0.00%	1.50%	1.50%	55,806	2.12	2.50%	1.00%	3.50%	60,497
Average	0.70%	2.30%	3.00%	80.02%		2.50%	0.90%	3.40%	95.15%
10 Year Average	1.02%	1.85%	2.86%			2.50%	0.81%	3.31%	
Cumulative Increase				222,130					280,949

COUNTY STEP AND COLA GROWTH





Open Session Item

SUBJECT: Division of Environmental Management Reorganization

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Dan DiVito, Director, Division of Environmental Management, Sara Greaves Chief Financial Officer

RECOMMENDED MOTION: Approve the reorganization of the Division of Environmental Management as presented or amended.

REPORT-IN-BRIEF: Not unlike other County Divisions, DEM is facing a significant loss of historic systems knowledge, experience, and expertise due to the retirement of several individuals in key positions. Within the next 12 months several supervisory personnel will be retiring. In order to provide continuity for a stable, systematic transition to new leadership, the Division has begun implementing a succession plan by identifying individuals who have the capacity and potential to move up in the organization to ensure the continuance of quality service the county's rate payers deserve. These individuals have started to "shadow" supervisory personnel to train in the intricacies of supervision within the division. As part of the succession plan it has been determined a restructuring of the Division's Table of Organization is necessary.

The proposed restructuring provides for a more efficient and accountable chain of command. This plan can be categorized in two general areas. First, the creation of one new titled position with responsibilities over a new department as the result of the consolidation of two separate but related departments; and second, a simple movement within the Division realigning reporting assignments creating a more direct chain of command.

New Position/Responsibility

1. Creation of a Deputy Director of Collections and Maintenance Support (Grade 17) position with the responsibility of the daily operations of the maintenance and collections sections of the new department. In-turn, the positions of Maintenance Assistant Superintendent and Collections Assistant Superintendent will eventually be eliminated.
2. The position of Assistant Superintendent of Operations, which is currently vacant due to a retirement (effective December 1, 2018), will be eliminated.

<u>Simple Reassignment (no change in grades or primary functions)</u>

1. Collections
    a. Move the entire Collections Department into a newly formed Department of Collections and Maintenance Support. This new department will combine Maintenance and Collections into one unit. The consolidation of these individual but related departments provides for a more efficient, collaborative approach to supportive services and allows for more personnel interaction and opportunities to cross train.

2. Laboratory Services
    a. Move into Operations. The main function of the lab is to provide the required testing results mandated by the Division's treatment facilities NPDES permits. This state licensed and approved laboratory is necessary for the treatment plants to remain in compliance with federal and State regulations. This function is in direct support of the treatment facilities operations and therefore belongs within the Operations Department.
3. Industrial Pre-Treatment
    a. Move into Operations. The main function of this mandated program is to regulate industrial discharges that may have adverse effects on the Treatment plants.

DISCUSSION: Proposed restructure allows for the orderly transition to new leadership, creates a more direct line of authority from Director through the five main departments of the division without impacting current employment status. After the scheduled retirement of key personnel, the resulting organizational structure will eliminate three (3) full time positions resulting in significant saving in operational expenses.

FISCAL IMPACT: The proposed organizational structure after all currently planned retirements have taken place (January 1, 2020) will result in the elimination by attrition of three (3) full time Assistant Superintendent Supervisory positions. The cost associated with this reorganization will reduce the Division's operational salary and benefit expenses by approximately $215,000 annually.

CONCURRENCES: Director of Environmental Management, Chief Financial Officer.

ALTERNATIVES: Leave current structure in place

ATTACHMENTS: Org chart 1 (Current): Org chart 3 (Proposed).

AUDIO/VISUAL NEEDS: None

Open Session Item

SUBJECT: Request for local funding support for the Infrastructure for Rebuilding America (INFRA) Grant

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Susan Buchanan, Director, Office of Grant Management, Scott Hobbs, Director, Division of Engineering

RECOMMENDED MOTION: Move to approve local funding support of $_______ for the INFRA Grant application for the I-81 Phase 2 project, contingent upon an approved grant award.

REPORT-IN-BRIEF: The Maryland Department of Transportation (MDOT) has requested local funding support from both the public and private sector to move forward with a INFRA grant application for Interstate 81 Phase 2 construction. The suggested support commitment from the County is $1 million.

DISCUSSION: On January 11, 2019, County staff met with representatives from MDOT to discuss a potential grant application submission for the INFRA Grant which is offered through the United States Department of Transportation. The application would request funding for construction costs of Interstate 81 Phase 2, which consists of reconstruction and widening of the highway from north of MD 63/MD 68 at Williamsport to north of the Halfway Boulevard interchange.

During the meeting, MDOT staff discussed the BUILD grant application submitted for the project in 2018 and indicated that the absence of local funding support had a significant impact on the project not receiving grant funds. An application submitted by Cecil County, with substantial local and private sector funding support, was awarded grant funds despite having a lower benefit-cost ratio (return on investment) than Washington County's project. Moreover, MDOT staff indicated that the State does not plan to move forward with an INFRA grant application for I-81 Phase 2 without a local funding commitment and sent the attached letter to the County requesting support. The letter requests a response by Wednesday, January 30.

FISCAL IMPACT: $__________ contingent upon an INFRA grant award for I-81 Phase 2

CONCURRENCES: N/A

ALTERNATIVES: Deny the request for funding support.

ATTACHMENTS: MDOT Letter requesting support, Draft letter of response to MDOT

AUDIO/VISUAL NEEDS: N/A

MARYLAND DEPARTMENT OF TRANSPORTATION

Larry Hogan
Governor
Boyd K. Rutherford
Lt. Governor
Pete K. Rahn
Secretary

January 16, 2019

Mr. Robert Slocum, Administrator
Washington County Government
100 West Washington Street
Hagerstown, MD 21740

Dear Mr. Slocum:

Following up on our meeting on Friday regarding applying for a discretionary grant to move the Interstate 81 Phase 2 project forward, the Maryland Department of Transportation (MDOT) strongly believes that the local county and private sector support are necessary for the project to be successful.

With the United States Department of Transportation announcing the opportunity to apply for Infrastructure for Rebuilding America (INFRA) grants, MDOT reviewed successful and unsuccessful discretionary grant applications previously submitted by Maryland as well as other states. A critical component of successful applications was funds from the private sector and the local county/city government.

In the application for the I-95 Belvidere Road Interchange project, Cecil County stepped up with $1 million and the private sector committed $5.65 million to the $54-million project. This application was successful despite having a lower benefit-cost ratio (a measure of return on investment) than the I-81 Phase 2 application.

To make the most compelling case for a successful I-81 Phase 2 application, MDOT is looking for a commitment of funds for the estimated $80-million project from Washington County and the private sector. Without this support, MDOT does not plan to move forward with an application for I-81 Phase 2. With applications due on March 4, 2019, we respectfully request a response by Wednesday, January 30.

Sincerely,

Corey Stottlemyer, Senior Policy Analyst
Office of Planning and Capital Programming

Jeffrey A. Cline, *President*
Terry L. Baker, *Vice President*
Krista L. Hart, *Clerk*

Washington County
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January 29, 2019

Mr. Corey Stottlemyer
Senior Policy Analyst
Office of Planning & Capital Programming
Maryland Department of Transportation
7201 Corporate Center Drive
Hanover, MD 21076

Dear Mr. Stottlemyer:

I am writing in response to your letter requesting local funding support for the I-81 Phase 2 grant application submission for the Infrastructure for Rebuilding America (INFRA) grant program. County staff presented your request to the Board of County Commissioners during their public meeting on January 29, 2019.

Improvements to Interstate 81 remains a high priority of the County, recognizing the benefit to local businesses and citizens, along with the potential for future economic development in the area. Furthermore, the County understands that a commitment of local funding will enhance our grant application.

The Board of County Commissioner discussed this request and voted to provide $___________ of local funding support to match a successful INFRA grant award for this project. The County appreciates the State's continued support and partnership in these efforts and is hopeful that this commitment will result in a successful grant application.

Sincerely,

BOARD OF COUNTY COMMISSIONERS OF
WASHINGTON COUNTY, MARYLAND

By: ____
Jeffrey A. Cline, President

Cc: Board of County Commissioners
Robert J. Slocum, County Administrator, Washington County
Susan Buchanan, Director, Office of Grant Management, Washington County
Scott Hobbs, Director, Division of Engineering, Washington County

Open Session Item

SUBJECT: Public Safety Training Center – Water Service

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Scott Hobbs, Director, Division of Engineering

RECOMMENDED MOTION: Consensus to send letter as written and proceed with pre-annexation agreement for water service.

REPORT-IN-BRIEF: This is a follow-up to the presentation on October 23, 2018 and request to send a letter from the Board of County Commissioners to the City of Hagerstown regarding the water service at the Public Safety Training Center.

For development projects outside of the Medium Range Growth Area (MRGA), City water service is only possible through an exception in the City's Water and Wastewater Policy, and if the property is not contiguous, a pre-annexation agreement is required as a condition of services.

Now that there is an exception in the City of Hagerstown Water & Wastewater Policy for an essential public service, the City has requested a letter from the Commissioners regarding why this is an essential public service, why the location outside of the MRGA is necessary, and what the water need is for the project.

DISCUSSION: The Public Safety Training Center is an essential public service as it will play a critical role in the community's public safety, health, and emergency response system through training and collaboration of various agencies. It is estimated the training building will use approximately 1,000 gallons of water per day (5 EDUs - Equivalent Dwelling Units). The facility will be located at 9238 Sharpsburg Pike on a 49-acre parcel just south of the Westfields community. Existing City water service is available in the vicinity of the site. The facility will be used by emergency services, police, and fire personnel from the County and City.

FISCAL IMPACT: Capital Improvement Plan (CIP) Project, BLD093

CONCURRENCES: N/A

ALTERNATIVES: N/A

ATTACHMENTS: Draft Letter, Parcel Map, Renderings, 10/23/18 Letter, City of Hagerstown Water & Wastewater Policy, Hagerstown Growth Boundaries Map, Pre-Annexation Agreement

AUDIO/VISUAL TO BE USED: N/A

Open Session Item

SUBJECT: Budget Transfer - Replacement truck Weed Control

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Lane Heimer, Supervisor, Weed Control

RECOMMENDED MOTION: To approve Budget Transfer for purchase of a vehicle

REPORT-IN-BRIEF: The Weed Control Program is replacing vehicle #680015 due to needed repairs exceeding value of truck.

DISCUSSION: The Weed Control Program is replacing the 2006 Ford F350 Ford due to transmission failure and needed repairs that will cost more than value of truck. This is an unplanned replacement which will be needed before the growing season starts this spring. Truck is to be replaced with a half-ton, four-wheel drive through the Maryland State BPO 001B9400176 at an approximate cost of $27,903. All funds for the purchase will come from spray revenues invoiced by the program. The Weed Control Program is a self-supporting county program.

FISCAL IMPACT: $27,903

CONCURRENCES: N/A

ALTERNATIVES: To not approve the vehicle purchase

ATTACHMENTS: None

AUDIO/VISUAL NEEDS: None

Washington County, Maryland
Budget Adjustment Form

Print Form

○ Budget Amendment - Increases or decrease the total spending authority of an accounting fund or department

○ Budget Transfer - Moves revenues or expenditures from one account to another or between budgets or funds.

Transaction/Post -Finance	
Deputy Director - Finance	
Preparer, if applicable	Sonja Hoover Digitally signed by Sonja Hoover Date: 2019.01.17 10:01:10 -05'00'

Department Head Authorization	Lane Heimer Digitally signed by Lane Heimer Date: 2019.01.18 12:40:05 -05'00'	Required approval with date	Jan 18, 2019
Division Director / Elected Official Authorization		If applicable with date	
Budget & Finance Director Approval		Required approval with date	
County Administrator Approval		Required approval with date	
County Commissioners Approval		Required > $ 25,000 with date	

Expenditure / Account Number	Fund Number	Department Number	Project Number	Grant Number	Activity Code	Department and Account Description	Increase (Decrease) + / -
403120	10	12400				Weed Control Fees	27,910
600300	10	12400				Vehicles	27,910

Explain Budget Adjustment: Weed Control needs to replace truck number 680015 due to repairs are greater than the value of the vehicle. A budget adjustment needs to be completed to purchase the vehicle.

Required Action by County Commissioners: ○ No Approval Required ● Approval Required

Approval Date if Known:

Expenditure / Account Number	Fund Number	Department Number	Project Number	Grant Number	Activity Code	Account Description	Increase (Decrease) + / -

Open Session Item

SUBJECT: Sewer Debt Forgiveness discussion

PRESENTATION DATE: January 29, 2019

PRESENTATION BY: Russ Weaver, Vice Mayor, Town of Sharpsburg; Jack Kelsering, Mayor, Town of Smithsburg; Paul Crampton, Mayor, Town of Funkstown

RECOMMENDED MOTION: N/A

REPORT-IN-BRIEF: Town and Funkstown, Sharpsburg and Smithsburg would like to better understand the sewer debt forgiveness previously owed by the Town of Williamsport

DISCUSSION: Informative discussion

FISCAL IMPACT: N/A

CONCURRENCES: N/A

ALTERNATIVES: N/A

ATTACHMENTS: None

AUDIO/VISUAL NEEDS: None