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BAINBRIDGE DEVELOPMENT CORPORATION
SB0416: STATE GOVERNMENTAL UNITS - OVERSIGHT AND GOVERNANCE
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The Bainbridge Development Corporation (BDC) staff and Board of Directors understand and support the need to ensure transparency of operations and ethical conduct within the management of all state quasi-public entities. The legislation as currently proposed raises concerns about the fiscal and operating impacts. The BDC submits the following testimony as “Informational Only” and recommends further evaluation of the proposed legislation.

Background

The Bainbridge Development Corporation (BDC) was established in 1999 by the Maryland General Assembly to receive title and create a suitable plan for the 1,185-acre former Bainbridge Naval Training Center through its development into productive use. BDC is managed by an Executive Director, assisted by an Administrative Assistant, and governed by a 15-member Board of Directors and complimented by representatives from applicable State agencies.

The BDC was created without any form of funding, either public or private, and relies on a pre-negotiated yearly developer contribution to fund all BDC activities, including, but not limited to legal services, professional services, environmental compliance, property maintenance, planning, engineering, salaries, office overhead, etc.

Rationale for Position

1. Requirement to conduct board operations assessment every 5 years by an independent consultant or accountant

This requirement could potentially pose a significant financial burden to instrumentalities, upwards of \$100,000+ per assessment, which is a cost the BDC cannot absorb in its current funding structure. If a requirement remains for the above-mentioned assessment, the BDC requests that a state fund be created to reimburse for the related costs.

The BDC also suggest more clarity be provided as to what standard the Boards will be evaluated against. Perhaps a more effective, and less cumbersome solution, would be to provide uniform training prior to appointment which could include Open Meetings Act review, State ethics requirements, financial responsibility, statute guidance, etc.

Board of Directors

Carl Roberts, Chair Jim Reynolds, Vice Chair Chick Hamm, Treasurer

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2. Requiring submittal of budgets to DBM for inclusion in state budget books in the manner required by DBM and requiring budget committees to hold bi-annual hearings on the budget of each instrumentality.

This stipulation provides little detail on what DBM will require. Most of the state instrumentalities have budgeting and audit requirements within their founding statutes, which serves to provide transparency and fiscal responsibility. If SB 269 is passed, it would require state instrumentalities to post meeting materials on-line which would include approved budgets and audits. We feel this requirement is duplicative and unnecessary.

3. Require DLS evaluation of instrumentalities every 8 years to determine whether or not the entity is fulfilling its statutory purpose, if another governmental entity or private business is better able to perform the functions of the instrumentality, and if any legislative or non-legislative changes should be recommended to the General Assembly to improve the operations of the entity.

The BDC was created with a unique mission to redevelopment the Former Naval Training Center at Bainbridge. The process and timeline for that goal has significantly changed since the BDCs formation in 1999, due to lack of funding, significant changes in the economy and unexpected environmental concerns. Requiring a subjective evaluation of the BDC, and other state instrumentalities, places the entity in a protective position to defend its importance. State instrumentalities are required to submit annual reports to DLS, the Governor and the legislature, which provides information applicable to the criteria outlined in section 9.6-302C of this bill. We feel this requirement is duplicative and unnecessary.

The BDC appreciates the opportunity to provide an internal review of how the proposed legislation would impact its operations and potential for success. We strongly encourage further evaluation of the stipulations within the legislation prior to consideration.

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