

# **Impacts of Land Use on County Finances**

**A Fiscal Study of Queen Anne's County, MD**

Prepared for  
**Queen Anne's Conservation Association**

Prepared by  
**AKRF, Inc.**  
**7250 Parkway Drive**  
**Suite 210**  
**Hanover, MD 21076**

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## EXECUTIVE SUMMARY

This study presents key findings of an assessment of budget and fiscal trends for Queen Anne’s County and examines certain perceptions, or “myths” about development and its relationship to the County’s fiscal position. The overwhelming finding is that Queen Anne’s County is at an important threshold that underscores the current debate about growth management—the delicate balance of maintaining community services and high quality of life while managing to minimize tax burdens and dealing with fiscal pressures from both internal and external factors. Our findings also stress the importance of pursuing smart growth policies so as to be prepared to manage the inevitable rebound in residential demand, and to create opportunities to enhance commercial demand in a manner consistent with maximizing the efficient use of existing commercial and industrial properties.

County budgets have been less influenced by local development than by state and national trends. A review of the County’s fiscal condition over the past 10 years points to a well-managed budget process that has accommodated the demands of a growing residential base while maintaining a low tax rate. From fiscal year 2000 to 2009, County revenue grew dramatically, primarily because of expanding taxable income and rapidly appreciating real estate values. In particular, rising property values for existing property, as opposed to new development, have driven growth in property tax revenue during the past decade. Furthermore, the County has been able to generate a substantial amount of revenue despite a relatively small number of residents, thanks to the agricultural industry, which creates large amounts of productive, tax-paying land, but generates few residents. Expenditures have increased steadily over the last decade, at roughly the same pace as revenues. During this time, the County has devoted a growing share of its budget to general government, public safety, and debt service expenditures, which reflects the increasingly suburban character of the County and its commitment to providing services for a growing population.

Fiscal conditions in Queen Anne’s County changed dramatically in fiscal year 2010 and 2011 due to the national recession. The County, like every other county in Maryland, has faced significant budgetary challenges for the past two years and has taken strong actions to keep its fiscal condition in order. Although the national recession has slowed the pace of development in Queen Anne’s County, it is clear that the lack of development is not to blame for the County’s budget deficit. Rather, the budget deficit has been caused mainly by the loss of State Highway User Revenue funding and decreasing income tax revenue.

The lack of residential development in recent years is not a root cause of budget constraints in Queen Anne’s County. If anything, a brief pause in the new demands added by residential growth gives the County an opportunity to better plan for the eventual growth and increase in demand for community facilities and added school capacity. The current squeeze on local government in terms of reduced revenue (falling assessments and incomes, reduction in state funding) combined with continued increases in new expenditures to meet the needs of current and future residents has required and will require difficult choices. Counties and municipalities around the state and country are grappling with fundamentals of providing expected services, absorbing state and federal cuts in aid, and the pressure to keep tax rates low. That balancing act has so far been managed in Queen Anne’s by trimming County personnel costs and other measures while specifically avoiding any tax increases. Furthermore, while it is clearly the case that Queen Anne’s County will experience new residential development (and actively works to plan for and accommodate new growth), it is also clear that ramping up residential development is not a long term financial benefit or solution to the County.

It is also the case that an open-ended approach to encouraging commercial development would not solve the County’s budget dilemma. The potential to grow the County’s economy through

absorption of, and maximizing the value of, existing commercial properties would be the most effective way to plan for and attract more businesses to the County. Economic development efforts should focus on finding potential new commercial users to fill existing capacities, including vacant built space and vacant or underutilized parcels in already zoned lands.

It is also important to remember that the combination of working agricultural lands, other open spaces, and its Chesapeake Bay waterfront has an intrinsic value that enhances the quality of life for its residents and serves to enhance residential property values. It is not surprising that even with its low tax rate, Queen Anne's County retains a very high per capita revenue basis compared with the state and benchmark counties, since the relatively low population density is supported by tax generating open spaces as well as average property values that clearly benefit from their waterfront location. Working open spaces not only pay taxes but incur the least amount of public expenditures with minimal requirements in terms of road miles, water and sewer infrastructure, community facilities, and police protection.

Finally, within the context of pursuing sound fiscal planning over the long term, it is an economic imperative that Queen Anne's County embrace a smart growth agenda that encourages development where appropriate with a renewed focus on its PFAs and partnering with its incorporated municipalities to encourage a sustainable approach to economic development. Smart growth concentrates new development in areas that have existing or planned infrastructure, and in doing so improves the economic and fiscal health of a region as compared to more dispersed land use patterns. Numerous studies have presented empirical evidence that more dispersed land use patterns generate greater capital costs related to building schools, extending roads, water and sewer lines, and stormwater drainage systems, even as existing infrastructure may be operating below capacity. Similarly, operations and maintenance costs for schools, roads, water and sewer lines, and stormwater drainage are found to be higher for low-density development. Expenditures on basic services like police and fire protection, school buses, emergency medical coverage, trash collection, utilities, and transit have also been shown to benefit from economies of scale and geographic scope.

Since PFAs were adopted, Queen Anne's County has not had a great track record in directing new development within its PFA. Given that a majority of Queen Anne's ready-to-build lots are located in the county's agricultural and rural areas, without additional regulations or incentives for smart growth, the trend of building outside of planned growth areas and the escalation of municipal costs associated with sprawling residential development will persist once overall market conditions rebound.

## **AKRF QUALIFICATIONS**

### *FIRM OVERVIEW*

AKRF, founded in 1981, is a multidisciplinary consulting firm specializing in planning, economic analyses, environmental, and engineering services. We bring together the talents of nearly 200 professionals in six locations including Hanover, Maryland.

AKRF's Planning Economics group offers a variety of expert services and crafts strategic, practical, and innovative solutions for a wide range of complex and challenging issues. From small town revitalization projects to the nation's most ambitious developments projects, AKRF's expert staff performs project feasibility studies, market potential analyses, and municipal fiscal impact assessments.

Our team includes economists, planners, and real estate development specialists with expertise in economic analysis, modeling and forecasting, public policy analysis, and long-range planning. We provide services for a wide range of public sector clients, including municipal, state and federal governments, industrial development agencies, and port authorities, as well as private

sector clients such as real estate developers, public interest groups, retailers, institutions, and lenders.

*KEY STAFF*

AKRF's work in Queen Anne's County was overseen by Peter Liebowitz, AICP, a Senior Vice President who joined the firm in 1984. His practice involves a wide range of assignments, including economic and market analyses for public and private investments, directing and managing environmental impact statements for large-scale development and transportation projects, and a wide range of planning and development services, including regional and corridor studies, comprehensive planning and zoning analyses, expert testimony, and economic development initiatives. Mr. Liebowitz is a full member of the Urban Land Institute and serves in leadership roles on both the national and district council levels.

Mr. Liebowitz was joined by James Cannelli, a technical director of AKRF's Maryland office. Mr. Cannelli brings 25 years of experience as a county planner, most recently having served as the Deputy Planning Director for Anne Arundel County. In addition, technical analyses were conducted by Christian Michel, John Neill, and Connor Lacefield. Resumes for the staff assigned to preparing this study are provided in Appendix A, "AKRF Qualifications".

AKRF is considered the consultant of choice to tackle complex, controversial, and time-sensitive projects in a wide range of service areas. A description of representative projects is also provided in Appendix A.

## I. INTRODUCTION

AKRF was retained by the Queen Anne’s Conservation Association to examine the effects of development on the County’s fiscal condition. AKRF’s analysis aims to wade through relevant data to answer a basic question of County policy: Does “smart growth” help or hurt the County’s finances?

The analysis looks at the relationship between development and county finances, and whether a smart growth policy approach has guided development (or lack of development) in the County; how development trends have actually affected county budgets and finances; and if a more robust housing market or commercial market with ample new development opportunities would have altered the current difficult financial picture for the County. These analyses include:

- Trend analysis of County financial statements;
- Analysis of development trends by type and geography;
- Examination of the impact of new construction on fiscal revenues and cost;
- Assessment of the capacity and demand for more commercial development.

AKRF reviewed a variety of sources to assess the relationship between County finances and land use and development. The primary resources used in the analyses included: a trends analysis of the 2000 to 2009 Comprehensive Annual Financial Reports (CAFR); reviews of the 2010 budget and current (2011) budgeting efforts; 2000 to 2009 State Department of Assessment and Taxation (SDAT) Annual Reports; development data on new housing production available records at the County Planning Department as well as from the County’s GIS database as compiled through the Eastern Shore Regional GIS Cooperative; Queen Anne’s County 2010 Comprehensive Plan; and market analysis of demographic and geographic characteristics for the County. Key findings of this analysis are presented in the sections below and detailed information on the source material is appended to the report.

In addition, the analysis incorporates a comparative benchmark assessment for other counties that have characteristics that maybe similar to or “bracket” Queen Anne’s County. These include:

- **Anne Arundel County**, which represents a more dense and mature suburban community and reflects certain characteristics that Queen Anne’s may be moving towards as it continues to grow;
- **Frederick County**, which represents a location with a rural but more rapidly suburbanizing growth pattern; and
- **Kent County**, which is basically a rural counterpart of Queen Anne’s with a smaller population and, historically, less new growth.

## II. COUNTY FISCAL CONDITIONS

A review of the past 10 years of CAFRs prepared by the County points to a well-managed budget process that has accommodated the demands of a growing residential base while maintaining a low tax rate. This has largely been achievable based on the continued high value of real estate in the County and a statewide trend toward a growing real estate assessment base that has only just in the past year begun to drop as a result of larger economic trends. New residential development has played a lesser role in the generation of revenues accruing to the County. As the trend analysis shows, what residential development will do, over time, is increase expenditure demand in terms of serving a growing residential population.

## A. COUNTY BUDGET TRENDS 2000 TO 2009

The purpose of this section is to provide an overview and analysis of Queen Anne’s County’s fiscal condition from fiscal year (FY) 2000 to 2009 (the period from July 1st, 1999 through June 30, 2009). This overview is intended to provide context and aid in understanding the current fiscal condition of Queen Anne’s County. The CAFRs provide information on the financial activities of Queen Anne’s County for each fiscal year. By examining ten consecutive years of CAFRs, this analysis seeks to identify important revenue and expenditure trends. The data contained in the CAFRs has also been supplemented by interviews with John Borders, Queen Anne’s County Administrator, and Eren Rose, Chief Accounting Officer, data from the State Department of Assessments and Taxation (SDAT), and data from the Overview of Maryland Local Governments Finances and Demographic Information report. A summary matrix of the 10 year CAFR data is appended to this report (see Appendix B “Supplemental Information”).

Queen Anne’s County maintains three types of governmental funds: the general fund, a variety of special revenue funds, and five capital project funds. This analysis focuses on the general fund, because it is the chief operating fund for most day-to-day governmental activities. This analysis is divided into two sections. The first section below focuses on revenue trends from FY 2000 through FY 2009, while the second section focuses on expenditure trends during that period.

### *Revenues*

Queen Anne’s County receives revenue from a variety of taxes, fees, and transfers (see Figure 1). Although the County receives revenue from a variety of sources, the vast majority of its revenue is derived from just two sources—property tax and income tax. Thus, any discussion of the County’s revenue trends must begin with those two sources, which collectively comprised 88 percent of all revenue in FY 2009. **The main revenue story for Queen Anne’s County from FY 2000 to FY 2009 is that revenue grew dramatically because expanding taxable income and rapidly appreciating real estate values drove growth in these two revenue sources.**

From FY 2000 through FY 2009, general fund revenues increased from \$53.9 million to \$103.8 million, for an overall increase of 92 percent. The composition of the County’s revenue sources has remained stable over this period. In FY 2000, 50 percent of revenue was from property taxes, 36 percent was from income taxes, 5 percent was from recordation taxes, and 9 percent was from all other types of revenue.<sup>1</sup> In FY 2009, the same revenue sources were 53 percent, 35 percent, 3 percent, and 9 percent, respectively.

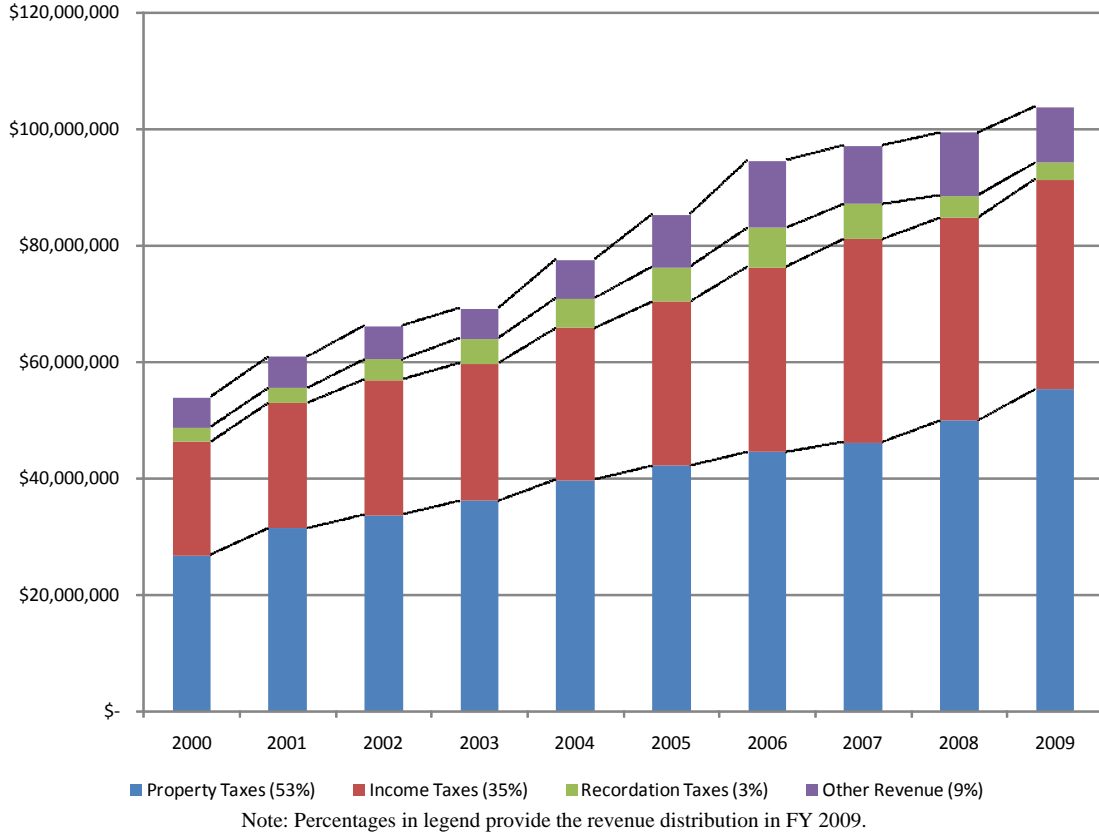
Property tax revenues increased by 106 percent from FY 2000 to FY 2009—from \$26.9 to \$55.3 million, respectively. This growth was driven primarily by increases in the County’s assessable base, which more than doubled from \$3.2 billion to \$8.3 billion from FY 2002 to FY 2009 (see Figure 2a).<sup>2</sup> The growth in the assessable base was tied to the strong economy and an appreciating real estate market. Like Queen Anne’s County, most other counties in Maryland enjoyed growing assessment bases during these years. However, Queen Anne’s County’s assessable base grew at a more rapid pace than many other counties, including the benchmark counties (see Figure 2b). **With the exception of commercial property, which grew at a slightly slower pace than Anne Arundel County, Queen Anne’s assessment base for each property type grew faster than their counterparts in the benchmark counties.**

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<sup>1</sup> Other revenue includes admission and amusement taxes, hotel taxes, license and permit fees, intergovernmental transfers, charges for current services, fines and forfeitures, investment income, donations, miscellaneous revenue, and transfers in from other funds.

<sup>2</sup> Growth in the assessable base was tracked from FY 2002 to FY 2009 because FY 2002 was the first year the County established assessments at 100 percent of market value.

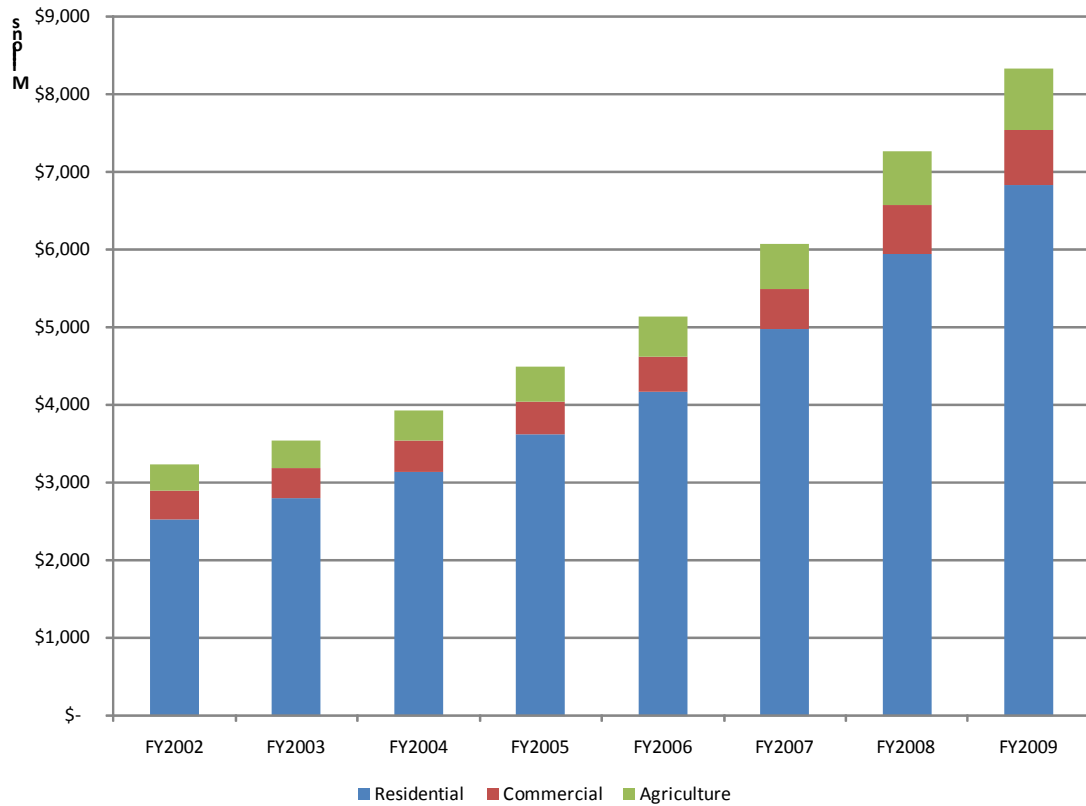
**FIGURE 1: Queen Anne’s County Revenue Trends, FY 2000 – FY 2009**



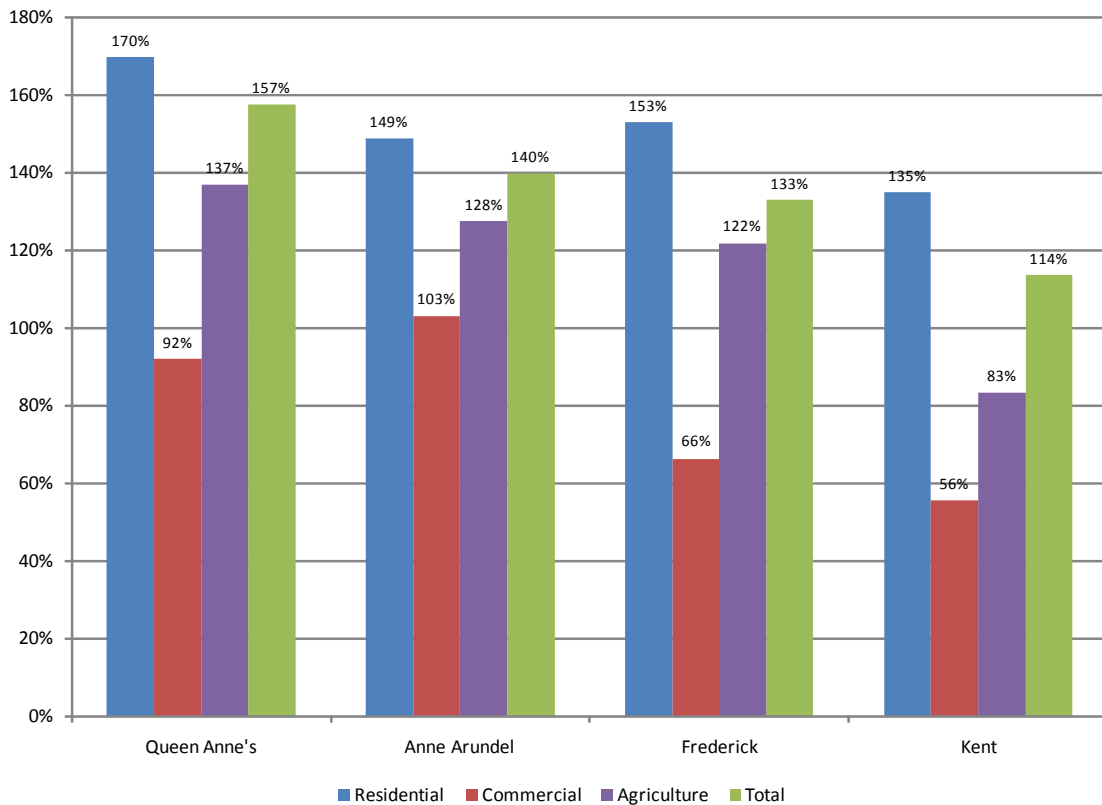
Growth in the assessment base occurs when property values rise, which are reflected in rising assessments, or when new development occurs. The experience of both Queen Anne’s County and the benchmark counties indicates that the role of new development in growing the assessment base is very limited; **the vast majority of the growth in the assessment base is the result of rising property values for existing property.** From FY 2002 (first year with full assessment) through FY 2009, new development never accounted for more than 1.8 percent of the assessable base of Queen Anne’s County in any given year (see Figure 3). As noted above, the benchmark counties had a similar experience. During this time, the composition of the County’s assessable base has been steady, with approximately 80 percent of the value from residential property, 10 percent from commercial property, and 10 percent from agricultural property.



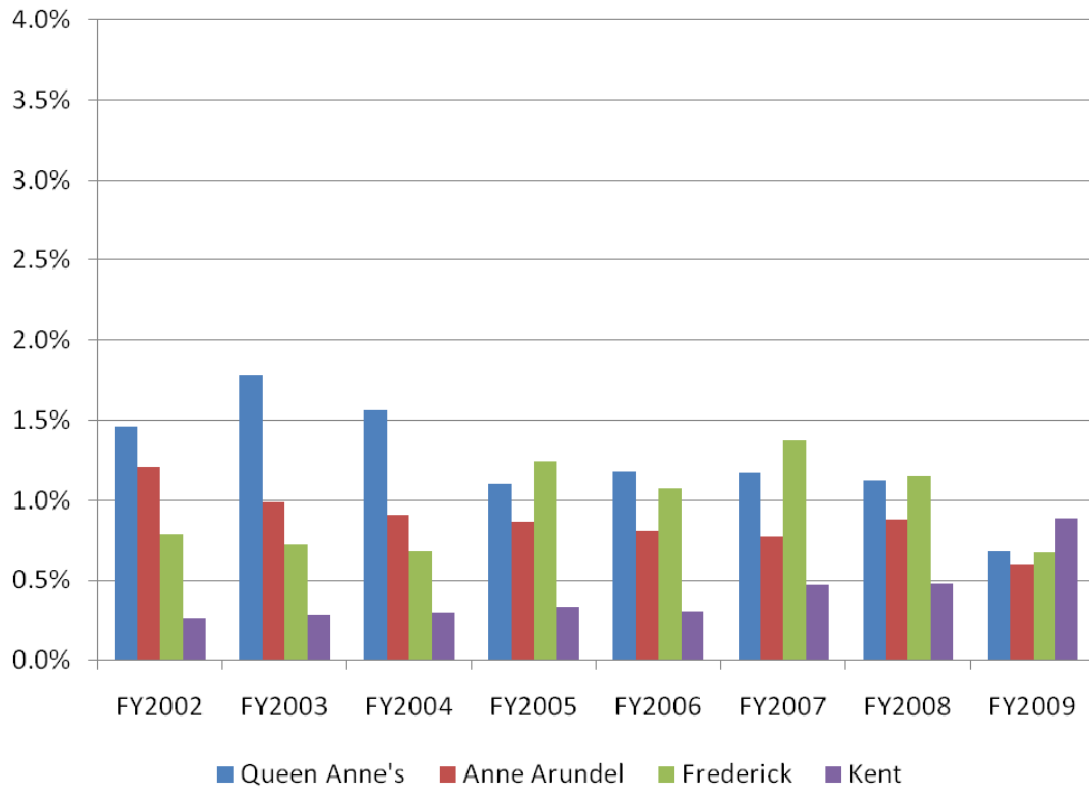
**FIGURE 2a: Growth in Queen Anne’s County’s Assessable Base, FY 2002 – FY 2009**



**FIGURE 2b: Growth in Assessable Base by Use, FY 2002 – FY 2009**



**FIGURE 3: Percent of Assessed Base Attributable to New Development, FY 2002 – FY 2009**



**The County has taken advantage of increasing assessments to reduce property tax rates, and today enjoys the lowest property tax rate among the three benchmark counties, and one of the lowest rates in the state (see Table 1).** The low tax rates translate into a relatively low property tax burden for the average parcel owner in Queen Anne’s County, calculated as the property tax levy using the current tax rate against an average parcel assessed value. This results in a average tax burden of \$2,582, lower than Anne Arundel and Frederick Counties (\$3,558 and \$3,569, respectively).

**Table 1  
Property Tax Comparison, FY 2009**

County	Total Assessed Base	# of Parcels	Average Value Per Parcel	Property Tax Rate	Average Property Tax Levy
Queen Anne’s	\$8,330,388,632	24,843	\$335,321	0.770	\$2,582
Anne Arundel	\$79,428,215,501	198,239	\$400,669	0.888	\$3,558
Frederick	\$29,714,142,319	88,588	\$335,419	1.064	\$3,569
Kent	\$2,867,413,184	12,844	\$223,249	0.972	\$2,170

**Notes:** Property tax rate is per \$100 assessed value.  
The rate in Frederick County reflects special rates for services not funded from the general county property tax rate.  
**Source:** State Department of Assessment and Taxation, Annual Report Fiscal Year 2009.

Income tax revenue increased 86 percent from FY 2000 through FY 2009, from \$19.4 to \$36.0 million. **The steady increase during this time was the result of the strong economy and the**

**County’s proximity to major metropolitan areas with large employment bases.** The strongest growth in income tax revenue occurred from FY 2000 to FY 2007, prior to the onset of the national recession. From FY 2007 through FY 2009, income tax revenue has remained flat, at approximately \$35 to \$36 million annually. The income tax rate has remained unchanged since calendar year 2002; therefore, the growth in income tax revenue during this time reflects the growing affluence of Queen Anne’s County residents. All of the benchmark counties have similar income tax rates as Queen Anne’s and when applied to typical household incomes, Anne Arundel, Frederick County, and Queen Anne’s County all yields about the same per household tax revenue (about \$1,800 per household) while Kent County is lower at about \$1,200 per household (see Table 2).

County	Taxable Income	Tax Rate	Tax Generation	# of Households	Income Tax / Household
Queen Anne’s	\$1,070,637,968	2.85	\$30,513,182	16,831	\$1,813
Anne Arundel	\$13,439,040,498	2.56	\$344,039,437	189,313	\$1,817
Frederick	\$5,186,740,457	2.96	\$153,527,518	81,491	\$1,884
Kent	\$345,378,009	2.85	\$9,843,273	8,146	\$1,208

**Source:** Overview of Maryland Local Governments, Finances and Demographic Data, FY 2010. US Census, American Fact Finder.

Other revenue sources make up only a small portion of the County’s total revenue, and many of these are also closely linked to broader economic conditions. For instance, the strong economy and real estate market contributed to growth in recordation tax revenue from FY 2000 through FY 2006 where it peaked at \$6.8 million (or about 7 percent of all revenues). The recordation tax is collected when property is sold and when property owners refinance property-related debt. With the housing downturn, however, recordation tax has steadily declined since FY 2006 and the 2009 total of \$2.9 million makes up a smaller portion of the budget than it did in FY 2000.

Similarly, the strong economy contributed to growth in investment income from FY 2004 through FY 2007, followed by a sharp decline. From the beginning of FY 2007 through FY 2009, the average daily interest rate earned on county investments decreased from 5.19 percent to 0.47 percent, and investment income decreased from approximately \$1.8 million to \$397,000.

Overall, Queen Anne’s County is able to generate a substantial amount of revenue despite a relatively small number of residents. In FY 2007, the latest year for which comparative data is available, Queen Anne’s County generated approximately \$4,293 in revenue per capita, excluding debt proceeds, which exceeded the per capita revenue in all three benchmark counties and the statewide average (see Table 3). **The high level of revenue generation per capita is indicative of the County’s agricultural industry, which creates large amounts of productive, tax-paying land, but generates few residents.**

*Expenditures*

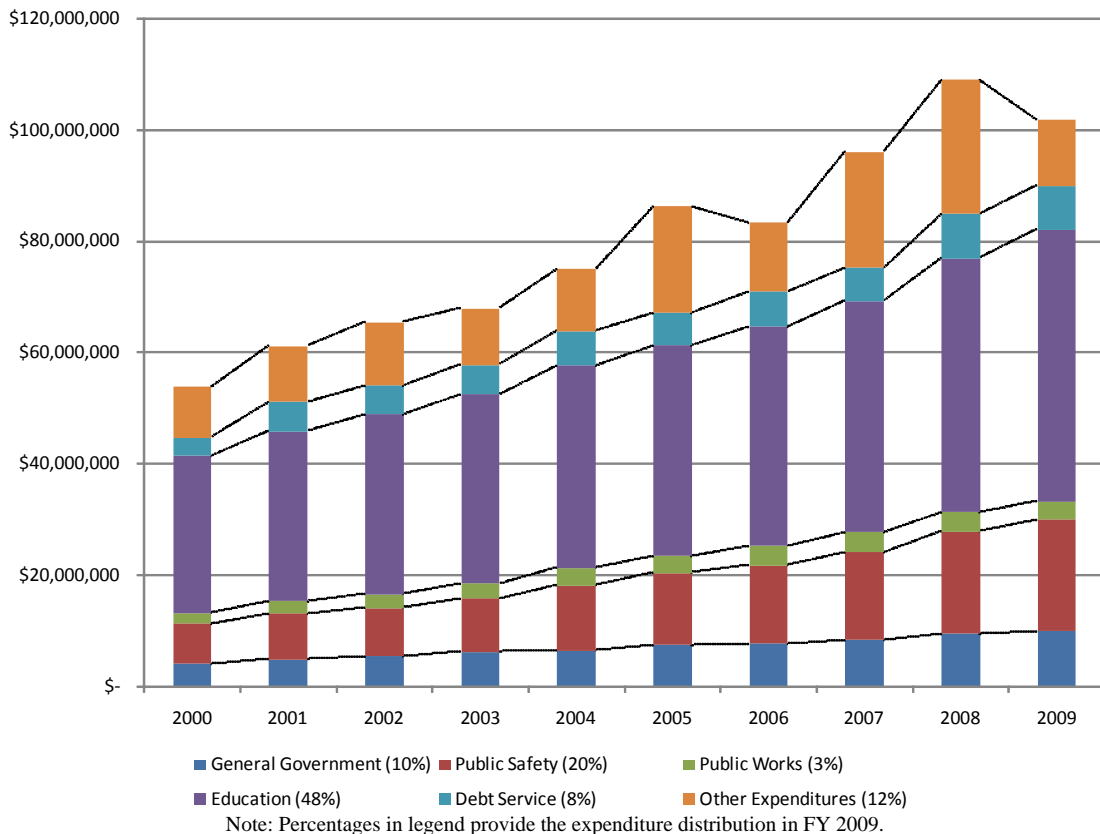
Queen Anne’s County funds a wide range of typical governmental activities through its general fund. Its largest expenditures are those related to education, public safety, and general government (see Figure 4). From FY 2000 through FY 2009, general fund expenditures in Queen Anne’s County have grown steadily and have been driven by increases in the general government, public safety, and debt service, which have grown faster than the county average.

**Table 3**  
**Total Revenue Per Capita, FY 2007**

County	Revenue Per Capita
Queen Anne's	\$4,293
Anne Arundel	\$3,867
Frederick	\$3,601
Kent	\$3,551
Statewide Average	\$4,162

**Notes:** Revenue per capita excludes debt proceeds.  
**Source:** Overview of Maryland Local Governments, Finances and Demographic Data, FY 2010.

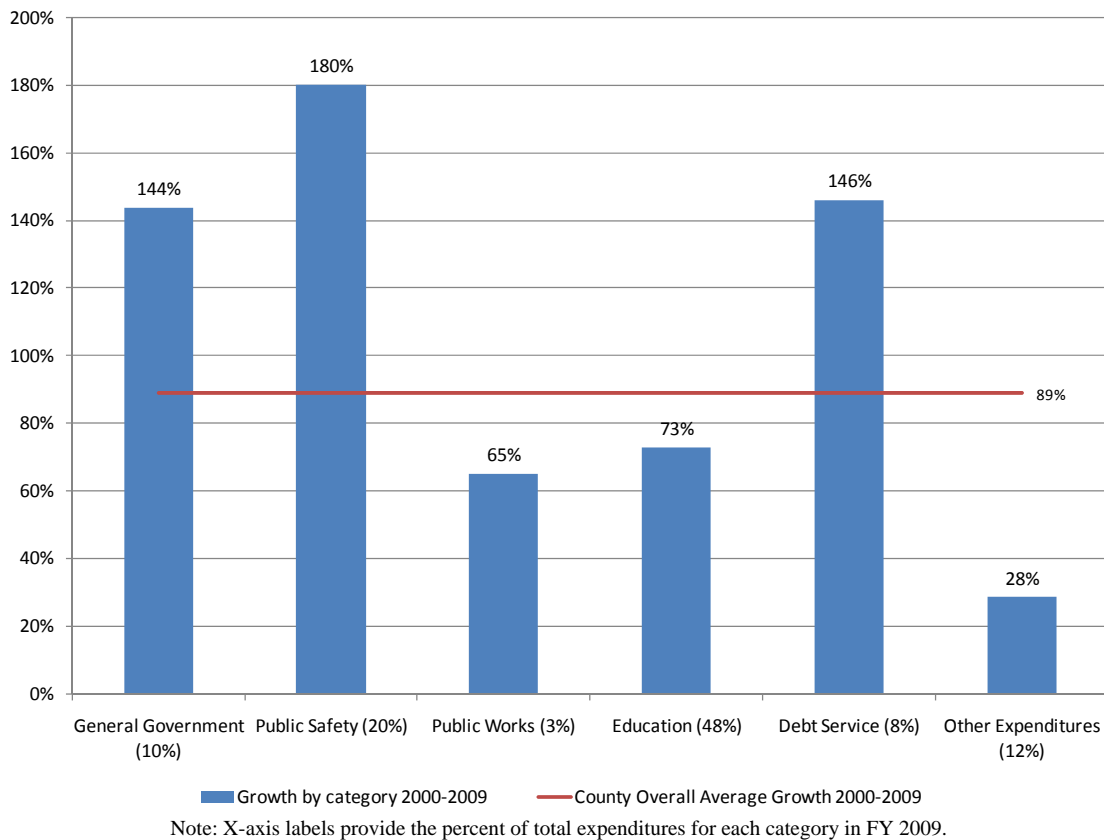
**FIGURE 4: Queen Anne's County Expenditure Trends, FY 2000 – FY 2009**



Total general fund expenditures in FY 2009 were \$101.8 million, which represents an 89 percent increase compared to the \$53.9 million in expenditures in FY 2000. The composition of the County's expenditures has changed over time as the county has become more suburban in character. In 2000, general government expenditures accounted for 8 percent of the total, public safety was 13 percent, public works was 4 percent, education was 52 percent, debt service was 6 percent, and all other expenditures were 17 percent. By FY 2009, general government, public safety, and debt service accounted for larger shares of County expenditures than they had in FY 2000, with 10 percent, 20 percent, and 8 percent of the total, respectively.

These expenditure categories grew at a faster pace than the overall county average of 89 percent. General government expenditures increased 144 percent, from \$4.1 million to \$9.9 million (see Figure 5). Public safety and debt service expenditures grew by 180 percent (from \$7.2 million to \$20.1 million) and 146 percent (from \$3.2 to \$7.8 million), respectively. **The increase in general government expenditures reflects the increased costs of governing a growing county, which experienced a 22 percent growth in the number of households from 2000 to 2009.** Likewise, public safety expenditure increases reflect the County’s growing commitment to providing these services for a growing residential population. In particular, the County has undergone a major expansion of the Department of Emergency Services during this time period, which is captured in the public safety budget. The increase in debt service costs represent the financing costs associated with providing infrastructure for the County, particularly school construction and renovation.

**FIGURE 5: Pace of Growth by Expenditure Category, FY 2000 – FY 2009**



The largest expenditure for the County is its contribution to the education budget, which totaled \$48.9 million in FY 2009, roughly half of all general fund expenditures. Although this expenditure grew more slowly than the county average, it has grown steadily from FY 2000 to FY 2009, which reflects the state-mandated maintenance of effort for school funding and enrollment increases over the past decade. As noted above, education expenditures have also contributed to the growth in debt service expenditures, much of which involve financing capital projects for education.

Other notable changes to expenditures have included transfers out from the general fund, which is included in the “Other Expenditures” category in Figure 4. In most years, Queen Anne’s County transfers between \$2 million and \$5 million out of the general fund for a variety of

purposes, but most often the majority of the transferred funds are to the General Capital fund for pay-as-you-go capital funding (i.e., “pay-go funding”). Pay-go funding uses current revenues that are not needed to fund the operating budget for other purposes. Many counties use pay-go funding to fund one-time expenditures, or to help fund capital projects instead of selling bonds and incurring the interest cost associated with it. This is recognized as sound fiscal policy by Wall Street rating agencies when evaluating and pricing prospective bond sales by counties. However, when revenues are available, and the capital needs are large, the funds transferred from the general fund can increase substantially as evidenced by the \$12.2 million of pay-go funding transferred to the General Capital fund in FY 2008.

*B. CURRENT BUDGET CHALLENGES: 2010 - 2011*

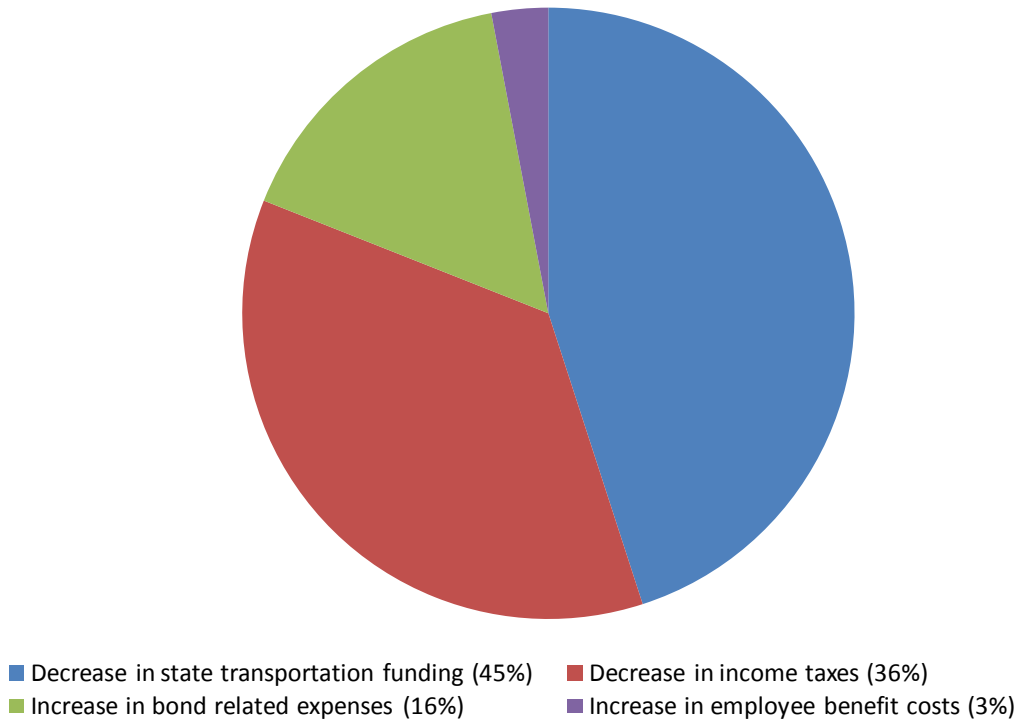
A trend analysis through 2009 is useful to track the general progression of County budgets and correlate to development activities and overall fiscal management. However, beginning in 2010 it has become very evident that there is no current “normal” or precedent situation in that the County is confronting dramatic decline in revenues putting inordinate pressure to manage County finances with an eye toward controlling costs, maintaining services, and holding tax rates.

Beginning in 2010, the County was faced with the reduction of \$5 million in state highway funds, the vast majority of how the County pays for its transportation and maintenance of County roads. County real estate values also began to fall in step with the state and national trends, though the effect on tax revenues is not fully in effect based on the tri-annual reassessment process but will be negative factor beginning in 2011 and lasting for at least two or three years.

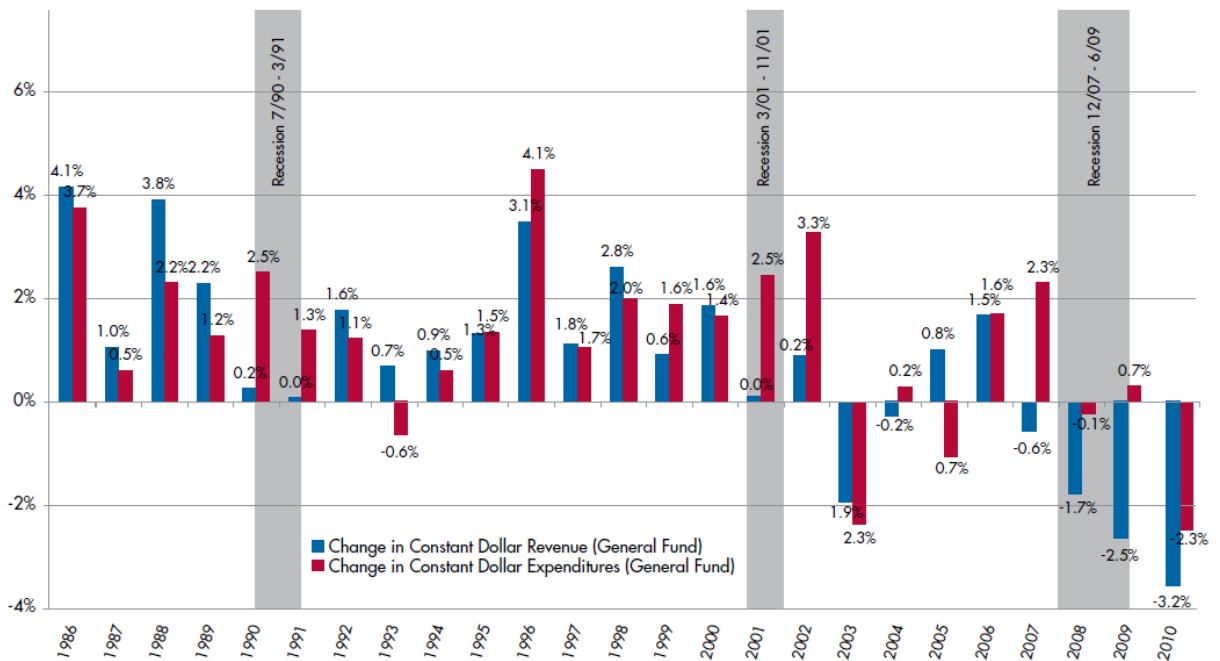
The FY 2011 budget reflects how larger economic trends have affected the County’s revenue stream and put pressure on the budget. As summarized from the report of the Budget Committee, the budget process started with a \$16.6 million deficit primarily driven by large decreases in revenue, including total elimination of state highway funds, declining income tax revenues, increased debt obligations, and, to a much lesser degree, an increase in mandatory pension and benefit expenditures for County employees (see Figure 6).

**Queen Anne’s County has hardly been alone in confronting the dramatically different landscape of the current fiscal challenge. It is a national crisis confronting local government across the board.** As shown in Figure 7 summarized from a report by the National League of Cities, beginning with the recession in 2008, the persistent decline in local revenues over four years has been unprecedented.

**FIGURE 6: Composition of FY 2011 Budget Deficit**



**FIGURE 7: Year-to-Year Change in General Fund Revenues and Expenditures for U.S. Cities (Constant Dollars)**



(Source: National League of Cities: Research Brief on America's Cities, October 2010)

In Maryland, all 23 Maryland counties and Baltimore City have faced significant budgetary challenges for the past two years and have taken strong actions to keep their respective fiscal houses in order. Any review of the national press indicates that local government is taking the brunt of the recession in that so much of its base revenues are derived from property taxes dependent on sustaining an assessable base and from local income taxes hurt by falling incomes. At the same time, federal and state budget restrictions are also cutting into local revenue sources.

The Maryland Association of Counties surveyed all 23 counties and Baltimore City to identify specific actions that elected officials took as the FY 2011 budgets were adopted (see **Table 4**). Seventeen of the jurisdictions experienced budget shortfalls and 18 experienced actual declines in revenues. Since personnel costs represent the largest line item in local government budgets it was not surprising that that nearly all of counties and the Baltimore City focused on this budget item. Twenty two jurisdictions did not provide a cost of living adjustment and twenty one counties did not provide merit increases for county employees. Eight counties elected to force county employees to take furlough days which further reduced personnel costs. Seventeen counties eliminated vacant positions and seven jurisdictions reduced current employees through layoffs. Local jurisdictions took other measures as well to balance budgets. Nine counties reduced funding for education while fourteen counties transferred funds from rainy day funds and reserve funds. On the revenue side, three jurisdictions increased property tax rates, and 11 counties enacted other tax and fee increases. All counties throughout the State of Maryland lost significant amounts of State shared revenues, particularly in transportation funding, which was essentially eliminated for Queen Anne’s and the other counties.

**Table 4**

**Maryland County Budget Actions, FY 2011**

County	Budget Shortfall	Revenue Decline From FY 2010	No COLA	No Merit Increases	Furlough Days	Vacant Positions Eliminated	Layoffs	Education Funding Reduced	Transfer from Rainy Day or Reserve Fund	Property Tax Increase	Other Tax or Fee Increase
Allegany		●	●	●		●					
Anne Arundel	●	●	●	●	●	●			●	●	●
Baltimore City	●	●	●	●	●	●	●	●			●
Baltimore County			●			●					
Calvert				●							
Caroline	●	●	●	●							
Carroll	●	●	●	●				●	●		
Cecil	●	●	●	●		●		●	●		●
Charles	●	●	●	●		●	●		●		●
Dorchester	●	●	●	●	●	●			●		●
Frederick	●	●	●	●		●	●				●
Garrett	●	●	●	●		●			●		
Harford			●	●		●					
Howard			●		●	●					
Kent	●	●	●	●	●	●			●	●	
Montgomery	●	●	●	●	●	●	●	●		●	●
Prince George's	●		●	●				●	●		
Queen Anne's	●	●	●	●	●				●		●
Somerset				●					●		●
St. Marys	●	●	●			●	●	●	●		
Talbot	●	●	●	●			●		●		
Washington	●	●	●	●		●		●	●		●
Wicomico	●	●	●	●	●	●	●	●	●		●
Worcester		●	●	●		●		●			

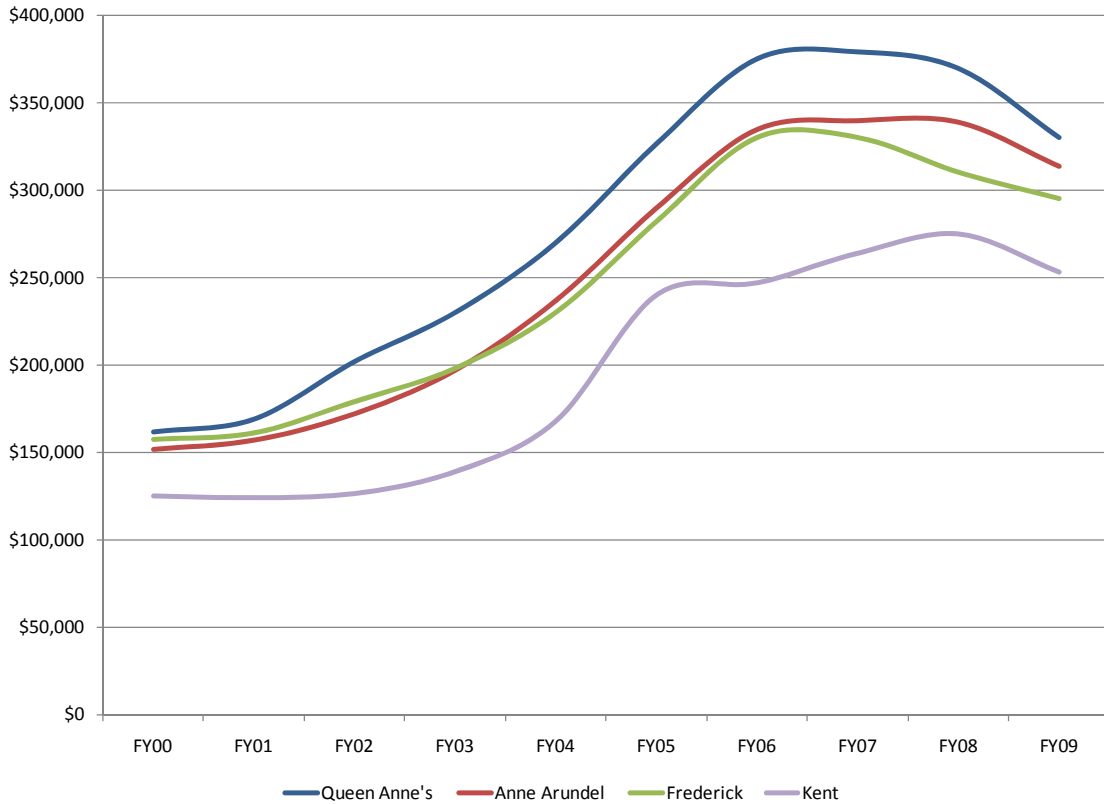
**Notes:** COLA = Cost of Living Adjustment.

**Source:** Maryland Association of Counties, compiled with information obtained from Administrators and County Budget Officers.



The immediate effects of declining property values and taxable incomes are not uniformly hitting all counties exactly at the same time, given key variables like the tri-annual reassessment as they cycle through each county in different areas and at different times. But, based on recent trends in median home prices, there is no doubt that this is a shared and consistent trend affecting all the benchmark counties (see Figure 8).

**FIGURE 8: Median Sales Price for Owner-Occupied Homes, Queens Anne’s County and Benchmark Counties, FY 2000 – FY 2009**



The near term revenue outlook from FY 2011 through FY 2013 for Queen Anne’s and the three benchmark counties is not promising. As noted above, the two largest revenue sources for the counties are property taxes and income taxes. While three of four counties are projecting very modest increases in property tax revenues for FY 2011, residential property assessments, the largest component of each county’s property tax base, face future decreases to reflect prior decrease in the value of homes that have not yet been reassessed through the state’s triennial assessment process. In that sense, the state of property tax revenues in FY 2011 may represent just the “tip of the iceberg” in comparison to future corrections in property tax revenue. Three of the four counties also project decreases in income tax revenues for FY 2011 reflecting existing high unemployment and an uncertain job market. Until the national economy begins a period of robust, sustained growth, the revenue growth for local governments will remain constrained.

### **III. RELATIONSHIP OF DEVELOPMENT TRENDS AND COUNTY FISCAL CONDITIONS**

Queen Anne’s County, like all other municipalities in the State and around the country, balances the provision of services and the maintenance and preservation of existing assets while also accommodating the need to manage growth and change. Therefore, there is always a nexus of

how new development affects local fiscal conditions. Development allows for economic expansion, employment opportunities and new markets for existing and future businesses, and new housing choices for existing and future residents. Development also creates new demands for public services and conflicts between existing and new uses.

It is this ongoing balancing act that often becomes a point of community debate about how much, what kind, and where new development should be occurring. This is particularly important in Queen Anne’s County in terms of planning and managing growth in a County with a rural character and land use pattern, strong residential market demand driven by its adjacency to growing metropolitan areas, and an overall constrained development environment based on transportation and public infrastructure availability. In analyzing the County’s fiscal position and relating this to our observation of development trends and the public debate on land use, it seems worthwhile to revisit certain perceptions, or “myths”, about development and the County’s fiscal condition.

### **MYTH 1: LACK OF RESIDENTIAL DEVELOPMENT HAS HURT THE COUNTY’S FISCAL HEALTH**

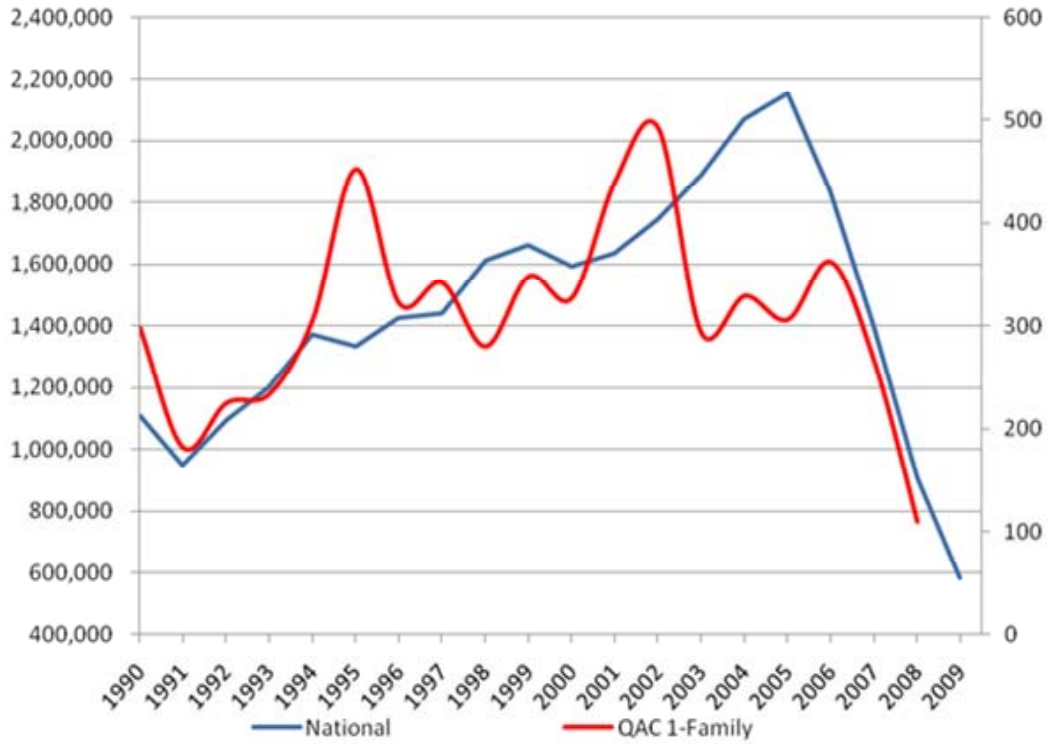
There is a perception that the County’s current financial position has resulted from a lack of residential development and, moreover, that the declining housing market was a result of local policy. **In reality, the County’s current fiscal condition is the result of a wide range of factors, and development has not played the most significant role.** Much more significant is the influence of state and national economic factors that both drove an increase in revenues and assessment (until recently) and presently are greatly curtailing revenue growth. **Residential development’s key influence has been to raise expenditure demands specifically at the point when overall revenues are declining.**

#### *RESIDENTIAL DEVELOPMENT HAS NOT BEEN CONSTRAINED AT THE LOCAL LEVEL*

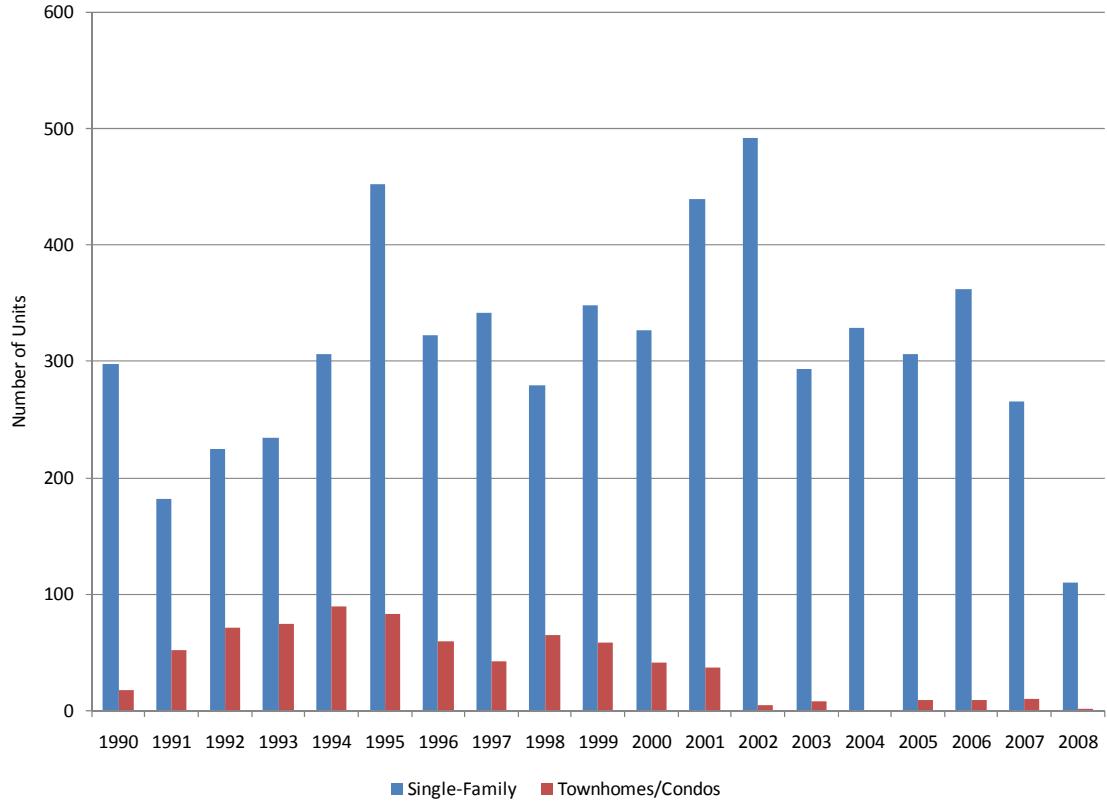
Residential development has not particularly been “constrained” in Queen Anne’s County and local housing production is more a function of state and national trends (see Figure 9). Housing production since 1990 shows a steady uptick in the number of new units added per year after the recession of the early 1990s through 2006. With its relatively small population base, the trend line is not surprising with certain peaks of production associated with specific projects coming on line in 1995 and 2002. Comparatively, a national trend line shows a more steady uptick that is now associated with the “housing bubble” which dramatically peaked in 2006. The sharp drop off associated with the onset of the housing crisis into the “Great Recession” shows that the County was essentially in sync with the rest of the country. Another characteristic of the housing market is that the County production and absorption of housing has had very little diversity over the past decade, with almost all new units being single family homes (see Figure 10). As discussed below, single family homes generate more County expenditure demands (i.e., school enrollment, community services, parks and recreation) as they have the largest family sizes and school aged children.

In terms of housing production compared to the benchmark counties and the state as whole, Queen Anne’s had a robust growth rate that was over 2 percent per year from 2000 to 2003 (see Figure 11). This was outpaced by only Frederick County in the early part of the past 10 years. In most years, Kent County recorded growth rates below Queen Anne’s but higher than the more mature Anne Arundel County or the state as a whole. Over the ten year period, Queen Anne’s County had the second highest rate of housing growth at 18.6 percent, exceeded only by a growth rate of 19.0 percent in Frederick County. All counties and the state clearly dropped the pace of housing production in line with the national economy.

**FIGURE 9: Comparison of Housing Production Trends,  
Queen Anne's County and National, 1990 - 2009**

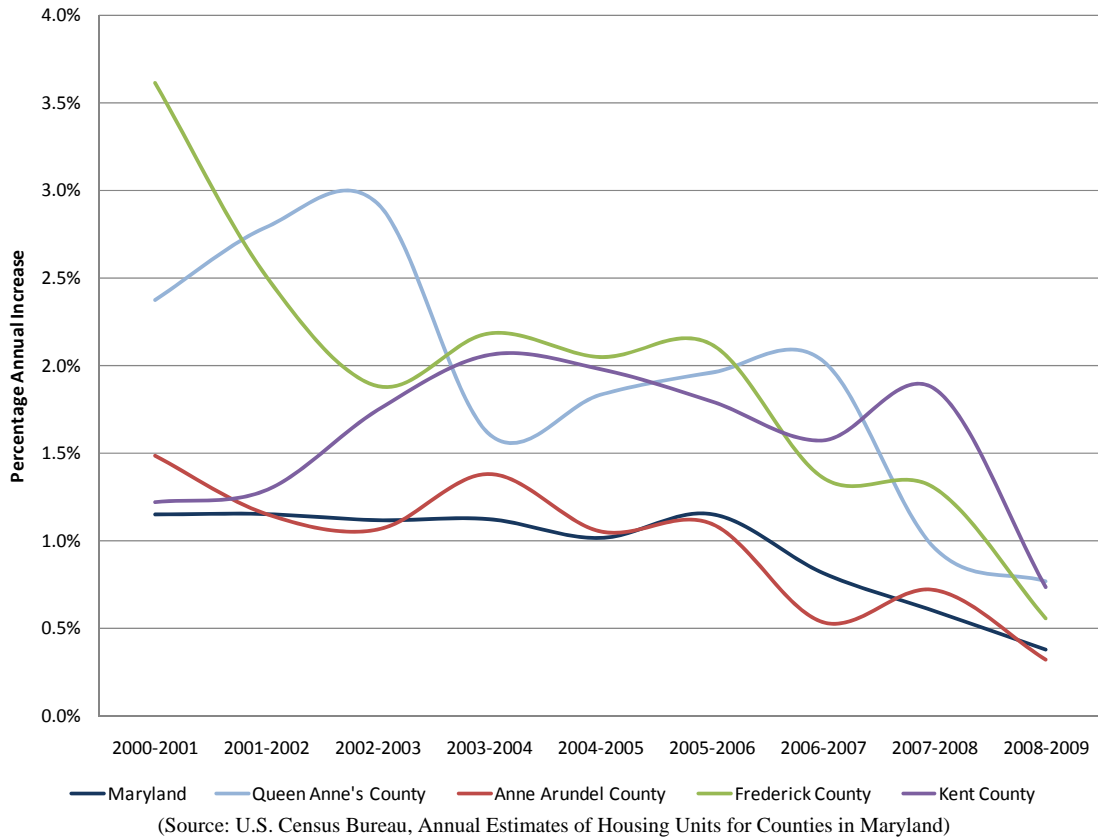


**FIGURE 10: Queen Anne’s County Housing Production by Type**



Source: Eastern Shore Regional GIS Cooperative. “Queen Anne’s County parcels database—GIS data.” 2008.

**FIGURE 11: Year-to-Year Growth in Housing Units 2000 to 2009, Queen Anne’s County and Benchmark Counties**



It is also important to note that housing production is expected to pick up as the market eventually regains traction. Based on the County’s location, high quality of life, and housing values, Queen Anne’s will retain a strong market for residential development and it can be expected to rebound more quickly than other types of development in the County. **With the large number of buildable lots and approved subdivisions in the County (i.e., Table 4 in Comprehensive Plan Appendix 5 shows 1,666 unimproved lots recorded from 2002 through 2008) there is no immediate obstacle to residential development even if the future pipeline is somewhat constrained by the planning and review process (specifically through Adequate Public Facilities Ordinance, or APFO, which is imposing limitations on major new subdivisions).** The County Planning Department’s 2010 Comprehensive Plan build-out analysis identified a short- to mid-term growth projection of about 400 units per year based on current zoning and land use regulations.

*PRIOR RESIDENTIAL GROWTH IS DRIVING NEW EXPENDITURES JUST AS REVENUES ARE FALLING*

As noted above, the downturn in residential housing production and absorption in Queen Anne’s County clearly has a more immediate economic correlation with state and national housing trends and less to do with local decision-making or policy directives. What is troubling about the current condition is that it reflects a highly challenging combination of a sudden drop in stable revenue sources and a need to meet latent demand for increased public expenditure associated with prior residential development. Revenue generated by rapidly accelerating baseline growth in assessed value along with additional residential development masked the underlying growth

in expenditure demand. This “perfect storm” exerts pressure to provide more residential-oriented public services. It is a typical phenomenon in a suburbanizing area that ultimately gets expressed in terms of higher costs to residents and businesses in the County.

In Queen Anne’s County, this can be seen by looking at what expenses were increasing at a faster pace than overall County spending (which rose by 89 percent over the 10 year period). This included three areas typically associated with an increasingly residential character:

- General Government (up 144 percent) which includes parks and recreation and other general spending;
- Public Safety (up 180 percent) which specifically underwent a dramatic change associated with the County’s 911 system; and
- Debt Service (up 146 percent) which for Queen Anne’s has primarily been associated with school construction projects.

While the County’s expenditure to support the School District did not rise ahead of the overall pace of expenditure growth, school enrollment is clearly one of the indicators of change and long term expenditures likely to be faced by the County. **In that regard, the growth in residential units up and until about 2007 has been reflected in that Queen Anne’s was way over state trends in school enrollment change between 2000 and 2008 (see Table 5).** Among the fastest growing districts were Queen Anne’s and Frederick, with growth rates of 8.9 and 8.6 percent, respectively. Conversely, state-wide and in more mature communities such as Anne Arundel, student enrollment actually fell by about 1 percent. In Kent County, the rural and aging demographic characteristics of its population resulted in a dramatic 20 percent decline in school enrollment. More recently, the Queen Anne’s enrollment has been flatter and appropriately reflects the drop off in new residential units being absorbed in the County since 2008. In the past ten years, the school district has had to address capacity issues with renovations and expansion of six of the eight elementary schools, a new middle school (Matapeake, opened in 2007), and renovation and small expansion of Queen Anne’s High School. In general, these capital outlays have substantially increased its debt burden and capital outlay expenses.

County	2000	2008	Change	Percent Change
Queen Anne’s	7,217	7,859	642	8.9
Anne Arundel	74,491	73,653	(838)	-1.1
Frederick	36,885	40,070	3,185	8.6
Kent	2,795	2,219	(576)	-20.9
Maryland	852,920	843,864	(9,056)	-1.1

**Source:** 2008 Maryland Statistical Handbook, Maryland State Department of Education.

*SUMMARY*

The analysis of budget historic trends and current challenges does not suggest that a lack of residential development is at the root cause of budget constraints in Queen Anne’s County. If anything a brief pause in the new demands added by residential growth gives the County some ability to better plan for the eventual growth and increase in demand for community facilities and added school capacity. The current squeeze on local government in terms of reduced revenue (falling assessments and incomes, reduction in state funding) combined with continued increases in new expenditures to meet the needs of current and future residents requires difficult choices. Counties and municipalities around the state and country are grappling with

fundamentals of providing expected services, absorbing state and federal cuts in aid, and the pressure to keep tax rates low. That balancing act has so far been managed in Queen Anne’s by trimming County personnel costs and other measures while specifically avoided any tax increases.

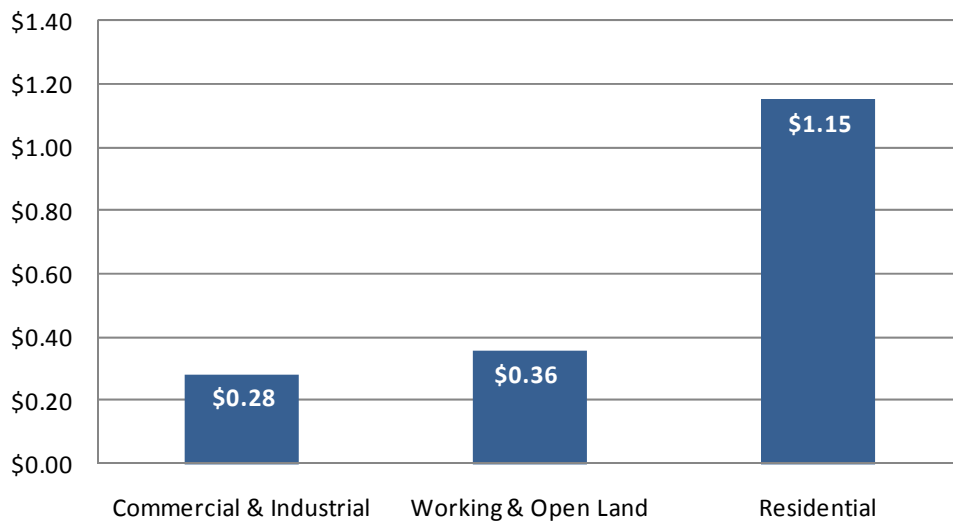
**MYTH 2: INCREASED RESIDENTIAL DEVELOPMENT WILL LEAD TO HEALTHIER FISCAL CONDITIONS**

As shown above, residential development and absorption of new units was relatively active from the mid-1990s through to the national housing crisis, and new development itself was not the primary basis for fiscal conditions in the County. There is also a notion that producing more residential units, and specifically more single family homes, would have a long term fiscal benefit to the County. **While it is clearly the case that Queen Anne’s County will experience new residential development (and actively works to plan for and accommodate new growth), it is also clear that ramping up residential development is not a long term financial benefit or solution to the County.**

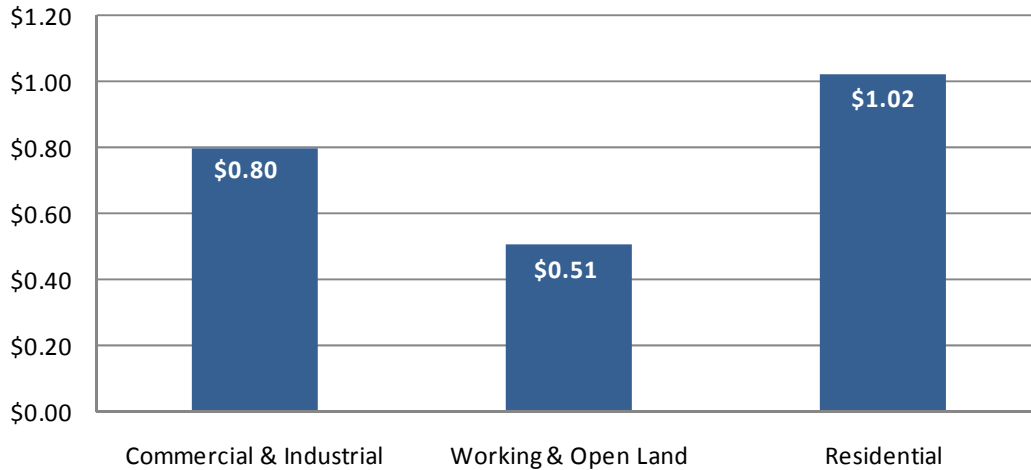
*UNDERSTANDING THE LAND USE – FISCAL IMPACT DYNAMIC*

By any number of planning and financial metrics, it is well established that over a long term perspective, residential uses generally create more financial burden than they generate in overall revenues. This is the basic nature of municipal governance and why a balanced assessment base tries to capture and retain a non-residential assessable base even when the municipality is a predominantly residential community. This is true throughout Maryland and the country and it has been repeatedly analyzed and supported by organizations, most notably, the American Farmland Trust (AFT). AFT has created a basic template for assessing the relationship of the revenue to cost relationship of principal land use categories covering residential, commercial, and agricultural (working and open land). AKRF has conducted that basic analysis and it is summarized and compared with average AFT results in Figure 12a and 12b.

**FIGURE 12a: Median Cost (Per Dollar of Revenue Raised) to Provide Public Services to Different Land Uses; Nationwide Study**



**FIGURE 12b: Median Cost (Per Dollar of Revenue Raised) to Provide Public Services to Different Land Uses; Queen Anne’s County, 2009**



There are noticeable differences between the national medians shown in Figure 12a as compared to AKRF’s estimates for Queen Anne’s County, shown in Figure 12b. The most substantial difference is in the cost of servicing commercial and industrial uses—\$0.80 in municipal costs for every dollar in revenue for Queen Anne’s County, which is nearly three times the nation’s median cost. This is largely due to fact that the municipal cost of servicing commercial and industrial uses depends on densities, distribution, and potential for economies of scale, for which there is great variation among communities nationally. Within the over 151 communities studied by the American Farmland Trust, municipal cost for commercial and industrial uses ranged from \$0.04 in cost per dollar of revenue raised in Mount Vernon, New Hampshire to \$1.04 in costs in Perry, Wisconsin (the only community in which costs were estimated to be greater than revenues). In Kent County, Maryland, the American Farmland Trust estimated the municipal cost of commercial and industrial uses to be \$0.64 per dollar of revenue. Another contributor could be the timing of analyses; AKRF’s estimate for Queen Anne’s County is based on 2009 tax revenues, which were generated during a recession that created commercial and industrial vacancies and reduced property tax revenues.

AKRF’s estimate of the municipal cost of residential uses in Queen Anne’s County—\$1.02 in cost for every dollar of revenue—is lower than the median national cost of \$1.15 per dollar in revenue. This difference is largely due to the variation in residential density across communities nationally. Residential density is a major factor in its municipal costs, and Queen Anne’s County has a relatively dense residential concentration on Kent Island. A more appropriate comparison would again be Kent County, Maryland, where the American Farmland Trust estimated the municipal cost of residential uses to be \$1.05 per dollar of revenue, only slightly higher than the AKRF estimate for Queen Anne’s County. Another factor that may be contributing to Queen Anne’s County lower residential cost burden is its relatively large proportion of second homes, which do not demand the same level of municipal services as primary homes. Based on 2005-2009 American Community Survey data, approximately 5 percent of Queen Anne’s County housing units are for, “seasonal, recreational, or occasional use,” as compared to 3.5 percent nationally.

***FASTER PACE OF DEVELOPMENT ACCELERATES COMMUNITY DEMANDS***

Economic forecasts that emphasize the fiscal benefit of pursuing and expanding residential development, such as the 2005 Economic Development Office’s “A Fiscal Impact Analysis of Future Growth Scenarios by Land Use Category: 2003 – 2023,” typically do not look at the full



consequences of growth. This earlier study, in fact, specifically excluded critical changes in the County’s obligations, including: “major new capital projects such as roads, emergency services facilities, and schools.” As described above, these are exactly the changes to be expected from accelerating residential development. At a pace of 400 new single family homes a year (similar to what occurred in the late-1990s to mid-2000s), there would be the likelihood of adding new school capacity equal to a new elementary school every 5 to 10 years. This is based on an average school capacity of 515 seats across the County’s eight elementary schools and a student enrollment increase of about 500 students every three to five years (0.5 students per new single family home, or 200 per year).

While the current housing slowdown slowed enrollment trends, it is noted that school system is expected to continue its enrollment growth over time and the Board’s enrollment projects are found in the appendices to this report (see Appendix B “Supplemental Information”). The projection estimates a 19.5 percent increase in enrollment over the next 10 years, or about 1.9 percent per year. This increase is comparable to the 25 percent increase projected in the 2010 Queen Anne’s County Comprehensive Plan.<sup>1</sup> Figure 13 shows that with the current growth projections a majority of schools in the system will require expansion and modernization.

**FIGURE 13: Queen Anne’s County Public Schools, Enrollment vs. Capacity, 2010 – 2020  
Projected Enrollment as a Percentage of State-Rated Capacity**

State-Rated Capacity (seats)	90 to 100% Capacity					Over 100% Capacity					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Elementary Schools</b> 4,120	80%	83%	85%	88%	89%	91%	93%	95%	97%	99%	101%
Bayside 695	35%	37%	39%	37%	36%	40%	40%	40%	40%	40%	40%
Centreville 550	83%	85%	89%	92%	94%	97%	100%	103%	105%	108%	111%
Church Hill 419	80%	82%	86%	90%	92%	92%	95%	98%	100%	103%	106%
Grasonville 500	81%	85%	86%	91%	94%	97%	100%	102%	105%	107%	109%
Kennard 450	105%	108%	111%	117%	118%	124%	127%	130%	134%	137%	140%
Kent Island 445	115%	118%	116%	122%	122%	122%	122%	122%	122%	122%	122%
Matapeake 600	87%	87%	88%	90%	87%	87%	88%	89%	90%	91%	92%
Sudlersville 461	79%	84%	88%	93%	95%	99%	103%	107%	111%	115%	118%
<b>Middle Schools</b> 2,611	67%	66%	66%	69%	71%	74%	75%	77%	78%	80%	81%
Centreville 695	72%	71%	73%	76%	78%	79%	83%	84%	88%	90%	92%
Matapeake 800	51%	49%	48%	49%	50%	51%	49%	49%	49%	49%	50%
Stevensville 757	67%	67%	66%	70%	68%	71%	72%	76%	77%	78%	79%
Sudlersville 359	92%	92%	96%	103%	110%	118%	125%	126%	127%	131%	135%
<b>High Schools</b> 2,314	106%	107%	106%	103%	104%	103%	105%	109%	112%	115%	117%
Kent Island 1,135	110%	111%	110%	109%	110%	108%	111%	110%	112%	116%	114%
Queen Anne 1,179	103%	103%	102%	97%	99%	98%	100%	108%	111%	115%	120%
<b>County Totals</b> 9,045	83%	84%	85%	86%	88%	89%	91%	93%	95%	97%	99%

**SUMMARY**

In summary, while residential development is part of a balanced growth management plan for the County, it is not in and of itself a way to strengthen overall fiscal conditions. The costs of public services required by residential land use exceed the revenues that such use generates; as

<sup>1</sup> Queen Anne’s County Comprehensive Plan 2010, Appendix 5, page 23.

residential growth occurs, the fiscal gap can only be closed by expanding commercial and industrial land uses, while minimizing the loss of working and open land, the most tax positive land use of the three major categories.

### **MYTH 3: MORE COMMERCIAL ZONING CAN SOLVE THE COUNTY'S BUDGET PROBLEMS**

As noted above, it is important that Queen Anne's County have a prosperous commercial sector that creates employment for its residents, attracts outside investment to the County, and provides for a commercial property assessment base to generate tax revenues necessary to support County expenditures. However, it is a misconception to think that additional commercially zoned lands could spur enough new commercial development to offset the County's current and long term obligations.

**The relative stability of the County's commercial base at about 20 percent of the total (about 10 percent agricultural and 10 percent other business and commercial uses) is a good position for the County, particularly with such a strong basis in agricultural lands that provide steady taxable base with very little infrastructure demands or public cost.** Typical commercial development (i.e., industrial, office, and retail), while itself a net fiscal benefit for the County, is only maximized in value when efficiently planned and integrated in terms of location and infrastructure. These uses require sufficient access to highways and to employees and customers, and it is no surprise that the majority of the County's commercial development is located on Kent Island, along the Route 50 corridor and up into Centerville. Smaller commercial development can be found in the outer incorporated towns as well as along some the Route 213 corridor.

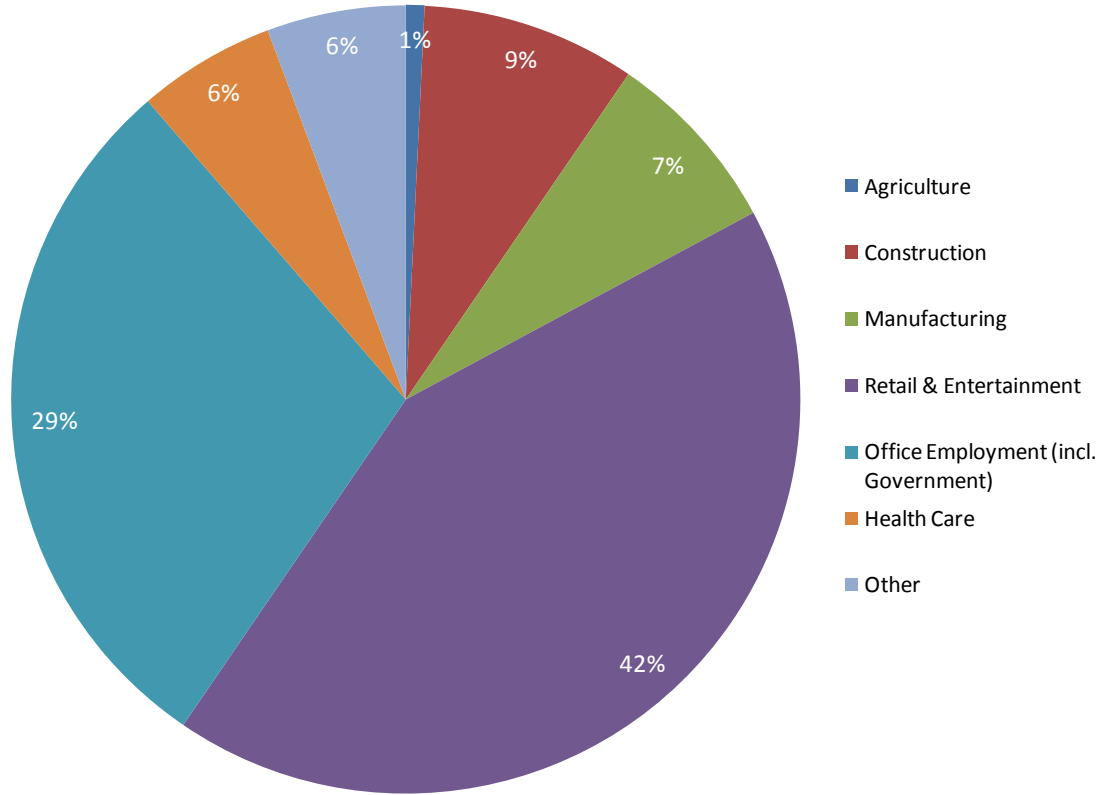
Expanding commercially zoned land in the County would not really create a template for wholly new development, rather it would be more likely to create a commercial creep, or sprawl. There is certainly evidence of this beginning to occur along the key commercial corridors in the County. There is a long precedent history that such change over time has an adverse effect on many quality of life issues, including traffic and circulation and conflicts with adjacent residential and agricultural areas. The decentralization of commercial corridors and nodes has been endemic throughout the country and is one of the most visible manifestations of sprawl that threatens efficiency of the movement of goods and employees/customers and can dramatically change community character.

What is really important are the market fundamentals as a barometer of commercial development potential in Queen Anne's County. These fundamentals are relatively limited in terms of the County's base population and its relationship with competing markets, most notably with Annapolis and the Baltimore area to the west, Easton and Talbot County to the South, and Middletown and Dover, DE to the north and East. Further, AKRF's analysis of market trends finds that there are many vacant commercial properties that should be absorbed by the market before it is necessary to pursue development of new commercial properties. **Most of the foreseeable demand in terms of accommodating increases in employment and attracting new business to the County can and should take place within its existing vacancies, especially given that a lot of these spaces are prime locations on Kent Island and in Centerville.**

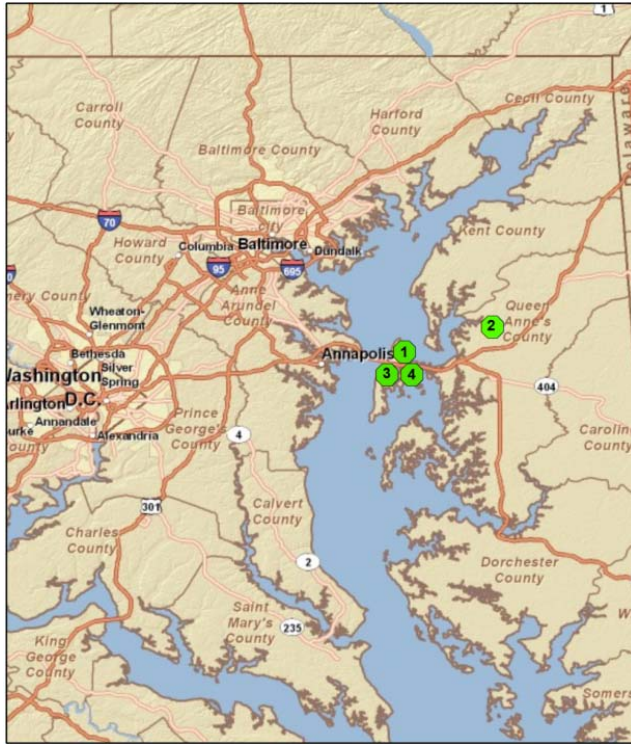
This assessment is based on a preliminary analysis of the current commercial and business climate in the County. As shown in Figure 14 and based on ESRI, there are about 14,600 employees working at 2,200 businesses in Queen Anne's County. Approximately 1,100 jobs are in manufacturing, about 4,300 in office employment, and the majority in retail and entertainment (about 6,200). In terms of demand for commercial real estate, conversations with brokers active in the County indicate demand has tapered off since 2008, particularly for office space in

comparison with industrial and flex space. Realtors indicate that the market is currently oversupplied and have difficulty leasing vacant office and industrial space. In particular, there is capacity and opportunity contained in the key business parks in the County as noted in Figure 15.

**FIGURE 14: Queen Anne’s County Existing Employment Profile**



**FIGURE 15: Queen Anne’s County Existing Business Parks**



- 1) Chesapeake Business Park:**
  - About 25 years old
  - Total capacity: 160 acres
- 2) Centreville Business Park:**
  - Recently completed
  - Total capacity: 80 acres
- 3) Thompson Creek Business Park:**
  - 15 to 20 years old
  - Small and medium-sized office condos
- 4) Stevensville Professional Center:**
  - 15 to 20 years old
  - Small and medium-sized office condos

A summary of vacant commercial space and currently undeveloped land area and its potential absorption of new employment is presented in Figure 16. The business absorption capacity assumes a build-out ratio for undeveloped land would be 50 percent and that new commercial space could be occupied based on a ratio of 250 square feet per office worker and 500 square feet per worker for industrial/flex space.

**FIGURE 16: Absorption Capacity, Queen Anne’s County Business Parks**

Total Capacity	Capacity by Space Type		Capacity by Employment Type	
<b>Chesapeake Bay Business Park</b>				
• Vacant space: 221K square feet	• Office	293,300 sf	• Office	1,173
• Undeveloped land: 25 acres	• Industrial	478,000 sf	• Industrial	956
<b>Centreville Business Park</b>				
• Vacant space: 180K square feet	• Office	601,000 sf	• Office	2,400
• Undeveloped land: 45 acres	• Industrial	557,600 sf	• Industrial	1,115
<b>Thompson Creek Park</b>				
• Vacant space: 34,000 square feet	• Office	34,050 sf	• Office	136
• Undeveloped land: NA	• Industrial	NA	• Industrial	NA
<b>Other Space</b>				
• Vacant space: 14,400 square feet	• Office	14,400 sf	• Office	58
• Undeveloped land: NA	• Industrial	NA	• Industrial	NA
<b>Total</b>				
• <b>Vacant space: 449K square feet</b>	• <b>Office</b>	<b>928,350 sf</b>	• <b>Office</b>	<b>3,767</b>
• <b>Undeveloped land : 60 acres</b>	• <b>Industrial</b>	<b>1,050,000 sf</b>	• <b>Industrial</b>	<b>2,071</b>

This analysis shows that the existing parks alone could absorb about 930,000 square feet of office space housing about 3,800 employees and another 1 million square feet of industrial space accommodating 2,100 employees. In total, the absorption of 5,900 jobs would essentially double the county’s current office employment base, almost triple the industrial base and increase overall employment by 45 percent. This represents many years of economic development and means that **suitable capacity exists now and into the future without sprawling commercial development into new areas.**

*SUMMARY*

While new commercial activity in newly zoned areas area may add to the tax base (as would activity in existing parks and other commercially zoned areas), it would likely come at a two-fold expense: further weakening and undermining the existing commercially zoned areas; and, creating higher than typical new County expenditure requirements to provide services to an extended area. Commercial property assessment uses standard market evaluation techniques based on land values, income earning potential of properties (which can vary by size, age, location) and value of comparable properties. The extensive vacancies and available capacity in Queen Anne’s County ultimately reduce the income potential of commercial properties and hold back their assessable value. It also makes properties more vulnerable to tax assessment challenges based on documented actual income levels for any given property that may be far below the assessment basis. **An effective economic development strategy would be to create opportunities to use the built-in capacity to maximize the value of existing commercial assets by raising anticipated income valuation and reducing drag on property values.**

In summary, the potential to grow the County's economy through absorption of, and maximizing the value of, existing commercial properties would be the most effective way to plan for and attract more businesses to the County. Economic development efforts should focus on finding potential new commercial users to fill existing capacities, including vacant built space and vacant or underutilized parcels in already zoned lands.

#### **MYTH 4: AGRICULTURE AND OPEN SPACE ARE UNPRODUCTIVE LAND USES**

Queen Anne's County is one of the premier agricultural assets in the state and is central to one of the last great agricultural regions on the East Coast. The County's agricultural history and dominating presence is part of the unique character that defines the community. **The combination of working agricultural lands, other open spaces, and its Chesapeake Bay waterfront has an intrinsic value that not only enhances the quality of life for its residents but also serves to enhance residential property values.** It is not surprising that even with its low tax rate, Queen Anne's County retains a very high per capita revenue basis compared with the state and benchmark counties, since the relatively low population density is supported by tax generating open spaces as well as average property values that clearly benefit from their location (see Table 3 above). As noted previously, working open spaces not only pay taxes but incur the least amount of public expenditures with minimal requirements in terms of road miles, water and sewer infrastructure, community facilities, and police protection.

Nonetheless, there is a lack of understanding regarding the importance of agricultural preservation and a persistent notion that agricultural and open space lands could be more productive if they were allowed to be developed with more active uses. Because the land area is so large, comprising roughly two-thirds of the County's land area, there is less sensitivity to efficacy of protecting agricultural and open spaces and a perception that too much land is preserved or otherwise set aside as "unavailable" for potential development. Continued agricultural use of preserved land is an economic contributor in terms of value-added use of the land and as a property tax rateable.

However, agricultural lands and overall viability of agriculture in the County are increasingly vulnerable from incremental changes in the land use base that add up over time. For instance, as noted in the County's Trends and Indicator's Report from November 2009, the conversion of agricultural and open space lands is an ever-present and expanding occurrence. Twice as much agricultural land was lost between 2002 and 2008 (7,145 acres) as was lost in the roughly 25 year span from 1973 to 1997 (3,679 acres). Although the County's APFO can limit the conversion of agricultural land due to large scale development proposals, minor projects (i.e., less than six units) continue to result in small incremental landscape changes because they are exempt from APFO and generally undergo only administrative review by the County, rather than the more rigorous Planning Commission review. Unfortunately, as the next figure shows, the spread of development throughout the County has been the most notable pattern over the past decade of residential growth in the County (see Figure 17).

The vulnerability of the continued conversion from agricultural land to residential or commercial uses increases the potential for disruption and conflict. These have been long-standing indicators of declining agricultural viability. As noted by Maryland Department of Planning in their presentation to the Queen Anne's County in May 2009, this includes:

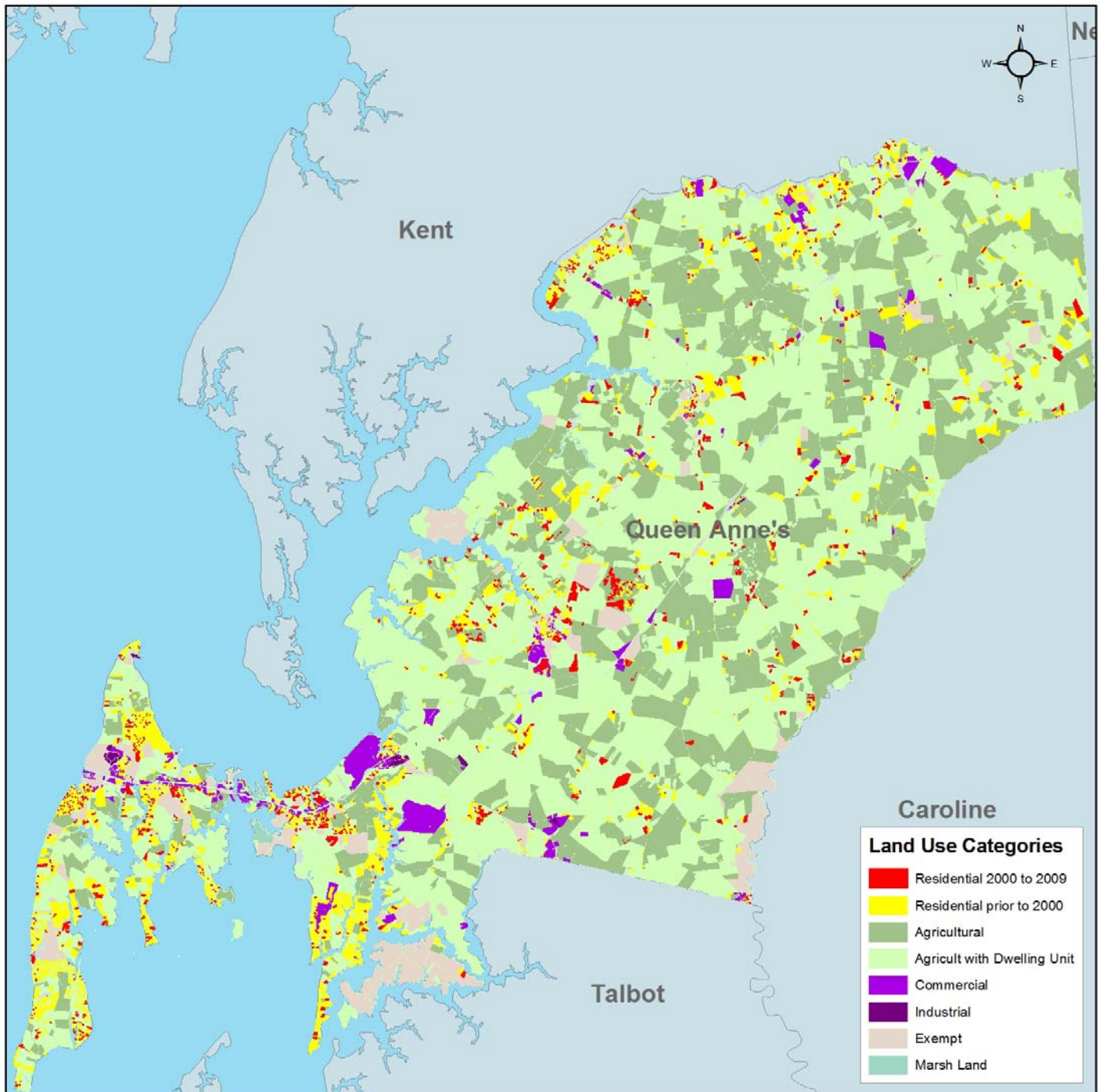
- *Traffic that interferes with movement of agricultural machinery, livestock, and product;*
- *Conflicts between farmers and non-farm occupants of the landscape, including litigation, nuisance, and liability concerns that impact a farmer's costs, constrain farming practices, and reduce efficiencies and profitability; and,*

- *Reduce availability of agricultural supplies and processors, distributors, and wholesale markets for agricultural products reduces the profitability and feasibility of farming.*

*SUMMARY*

A balanced land use strategy for Queen Anne’s County should affirm the appropriateness of preserving existing agricultural land. As noted above, this includes preserving community character and “quality of life” of life considerations, and even from a long-term economic potential for food production in a location central to dense northeast population centers. However, this report is focused on fiscal considerations and agricultural lands continue to be a stable component of the tax base and minimize public expenditures.

**FIGURE 17: Queen Anne's County Residential Development, 2000 to 2009**





#### IV. COUNTY FISCAL IMPLICATIONS OF A SMART GROWTH AGENDA

The assessment provided in this study reflects the intensely challenging economic environment confronting Queen Anne’s County. Within the context of pursuing sound fiscal planning over the long term, it is an economic imperative that the County embrace a smart growth agenda that encourages development where appropriate with a renewed focus on its PFAs. Queen Anne’s County has an inherently strong future residential development market and it is likely to be first to rebound. Economic expansion in terms of business growth and commercial development is an important goal to help continue to stabilize the property tax assessment base. But it is also clear that commercial growth could lag, as such growth will require a concerted economic development strategy focused on absorbing existing capacity and underutilization before expanding the land area available for commercial development. And balanced development must always consider the need to retain and strengthen the agricultural base of the County. This section integrates AKRF’s analyses of Queen Anne’s County development and budget trends with literature review on the fiscal impacts of development in order to articulate a more fiscally sound approach to future development in the county. The discussion addresses the following questions:

- **What is “Smart Growth” in Queen Anne’s County?** The section presents an overview of smart growth, and applies its broad principles to the specific demographic and economic characteristics of Queen Anne’s County.
- **Is “Smart Growth” Fiscally Smart?** The section examines how smart growth can result in direct cost savings on infrastructure and community services, and can indirectly enhance fiscal revenues by improving economic conditions and quality of life.

##### *WHAT IS “SMART GROWTH” IN QUEEN ANNE’S COUNTY?*

In communities across the nation, there is a growing concern that current development patterns—dominated by what some call “sprawl”—is not in the long-term interest of our cities, existing suburbs, small towns, rural communities, or wilderness areas. Though supportive of growth, communities are questioning the fiscal costs of development that spreads far from our traditional population centers. There are also economic and quality of life concerns associated with loss of our most valuable natural resources.

Smart growth concentrates new development in areas that have existing or planned infrastructure to avoid sprawl. In these areas smart growth is characterized by sustainable, compact, transit-oriented, bicycle-friendly land use, with neighborhood schools, walkable streets, mixed-use development and a wide range of housing choices. Its purpose is to conserve valuable natural resources through the efficient use of land, water and air; foster economic development and job growth; expand transportation, employment, and housing choices; distribute the costs and benefits of development in an equitable manner; and promote public health.

In *Maryland Growing Smarter* (2007), the Maryland Department of Planning characterizes smart growth as follows:

- *Smart Growth* is designed to steer development where it will have the least impact on our natural and fiscal resources.
- *Smart Growth* is well-planned development, guided by sound principles, laws and practices that spur economic growth and enhance quality of life - while protecting the environment and minimizing infrastructure costs and household expenses.

- *Smart Growth* produces safe, attractive, convenient, affordable neighborhoods that offer a mix of housing choices and price ranges. Smart growth is about protecting the Bay and preserving Maryland’s farms and forestland. Smart growth is increased transportation options and walkable, amenity-filled communities that reduce dependency on the automobile.
- *Smart Growth* is guided by a dialogue between citizens, developers, business interests and other community stakeholders to produce development decisions that work for everyone. It is not slow growth or no-growth.
- *Smart Growth* is never one-size fits all. What works in rural western Maryland may not be appropriate in southern Maryland towns or the state’s more urban counties.

It is appropriate to keep in mind that smart growth strategies necessarily vary from one region to another, depending on a variety of factors including geography, existing development densities, and economic drivers. Smart growth can be applied in a variety of conditions, including rural, suburban and urban, but the applications will vary with the conditions. For example, in rural areas smart growth means clustering more development into villages, while in suburban areas it means creating complete, mixed-use, walkable neighborhoods. Smart growth is concerned with how people are distributed within a community, not with the total size of the community or the average density over a large area.

*Priority Funding Areas*

At the state level, the strategic underpinning of Maryland’s smart growth efforts has been the designation of Priority Funding Areas (PFAs). In order to curb sprawling growth patterns that had been predominant in Maryland (and in much of the United States) since the 1950s, the Maryland General Assembly passed the Smart Growth and Neighborhood Conservation Act in 1997. The law created PFAs, which require that state spending be directed to existing communities and other areas where local governments want new growth to occur. **PFAs provide target areas in which to more effectively focus state, local government and private sector land-use decisions and resources, and are designed to ensure that the state does not subsidize sprawl.**

PFAs include municipalities, areas inside the Baltimore and Washington beltways, areas designated by the Maryland Department of Housing and Community Development (DHCD) for revitalization, enterprise zones, empowerment zones, and county-designated growth areas that meet a set of minimum criteria. New areas for residential development must be developable at a density of at least 3.5 dwelling units per acre and be served by public water and wastewater. Commercial and Industrial zoned employment areas can also qualify as priority funding areas. It is strongly recommended that these areas also be served by water and wastewater utilities.

The PFAs for Queen Anne’s County are essentially aligned with historic developed areas including portions of Kent Island along the Route 50 corridor as well as the incorporated towns, village centers, and historically commercial or industrial sites in the County. The Queen Anne’s Comprehensive Plan designates five major growth areas that have PFA’s embedded in them. These areas are larger geographically than the PFA boundaries and are planned for public water and wastewater service. Queen Anne’s County has developed more detailed master plans for the five designated growth areas. These growth areas are Kent Narrows, Chester/Stevensville, Grasonville, Centreville, and Queenstown.

Since PFAs were adopted, Queen Anne’s County has been unsuccessful in directing new development to the unincorporated areas in its five designated Growth Areas. In three of the six years between 1997 and 2002, the percentage of new residential lot approvals through the subdivision approval process was greater in Non Growth Areas than in Growth Areas. Between 2003 and 2008, the trend of lot approvals in Non Growth Areas accelerated significantly, with percentages ranging from 66% to 92% of total lot approvals. During only one year—2006—was the percentage of lot approvals greater in Growth Areas than Non Growth Areas. **What this means is when the residential housing market recovers, the majority of ready to build lots are located in Queen Anne’s County’s agricultural and rural areas, not in its planned growth areas.** Development in Queen Anne’s County will continue to sprawl and further fragment its productive agricultural lands.

One area of concern, as recently noted by the Maryland State Planning Department, is that Queen Anne’s County’s zoning regulations are not as protective when compared to those of other Maryland counties. Its Agricultural zoning regulations allow residential densities of one dwelling unit per eight acres. In “A Report of the Task Force on the Future for Growth and Development in Maryland, Appendix A, Growth Scenario Explanation,” six counties are cited as meeting the minimum density standard for agricultural or rural zoning regulations of 1 dwelling unit per 20 acres. These counties are Worcester, Caroline, Frederick, Calvert, Baltimore, and Montgomery. Alternatively, eleven counties met the smart growth scenario’s 4 dwelling units per acre standard for new residentially developed lots in PFA’s in 2006. Those counties were Anne Arundel, Baltimore, Charles, Dorchester, Frederick, Harford, Howard, Montgomery, St. Mary’s, Washington, and Worcester. For those residential parcels developed inside PFA’s, research by Lewis, Knapp and Sohn in the *Journal of the American Planning Association*, found that Queen Anne’s county achieved densities of 0.31 acres per unit or 3.23 dwelling units per acre. **The data for Queen Anne’s County mean that county zoning and development regulations in the rural areas should be tightened and incentives for new development to locate in Growth Areas need to be strengthened.**

#### *IS SMART GROWTH FISCALLY SMART?*

Over the last few decades many studies have shown that smart growth can improve the fiscal health of a jurisdiction as compared to more dispersed land use patterns. The fiscal benefits of smart growth can be realized directly—through reduced public infrastructure and community service costs—as well as indirectly, by improving business climate and quality of life. A summary of prominent and influential studies dealing with the direct relationship between land use patterns and public costs and revenues is appended to this study (see Appendix B “Supplemental Information”). The following highlights principal findings from these studies and their applicability to Queen Anne’s County.

#### *Smart Growth and Public Infrastructure and Services*

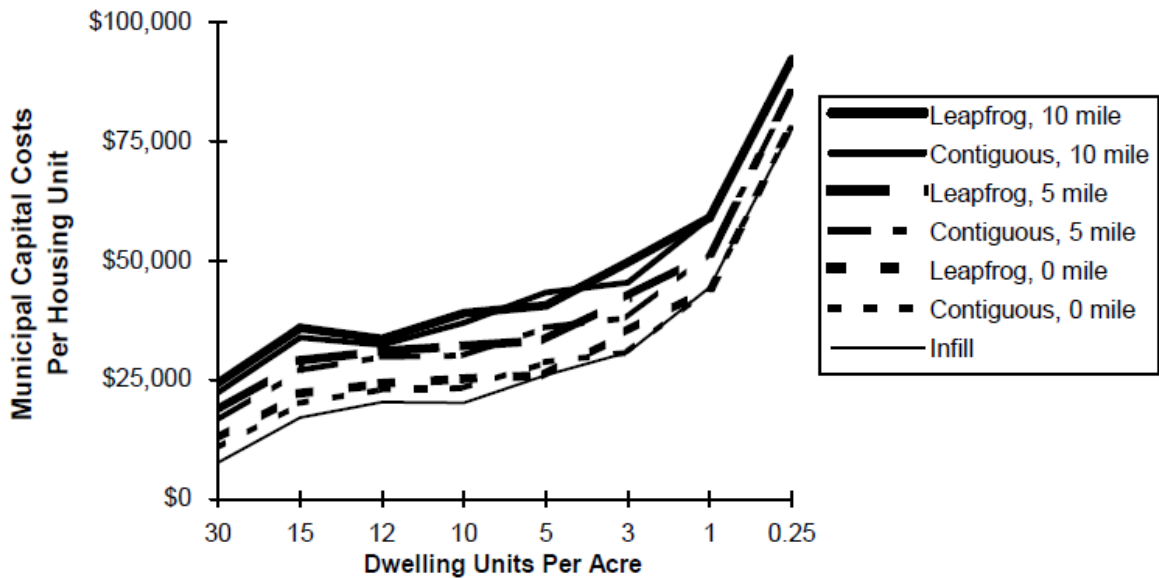
Land use patterns affect the costs of providing public infrastructure and services such as roads, water, sewage, garbage collection, school transport and mail delivery. Most activities that involve *distribution* (products being delivered to a destination) or *interaction* (people and materials being brought together) are more efficient with compact land use patterns because less travel is required to reach destinations. Although costs-per-mile tend to increase in denser areas due to congestion and friction, unit costs actually decline because each mile serves more destinations and users. These efficiencies are why people and businesses tend to cluster into cities, towns and business districts.

Numerous studies have presented empirical evidence that more dispersed land use patterns generate greater capital costs related to building schools, extending roads, water and sewer lines, and stormwater drainage systems, even as existing infrastructure may be operating below

capacity. Similarly, operations and maintenance costs for schools, roads, water and sewer lines, and stormwater drainage are found to be higher for low-density development. Expenditures on basic services like police and fire protection, school buses, emergency medical coverage, trash collection, utilities, and transit have also been shown to benefit from economies of scale and geographic scope.

A seminal study on the topic performed by James Frank identified various factors that affect capital costs, including density and distance from the existing urban center (town or city), as illustrated in **Figure 18**. This analysis differentiated projects by infill, contiguous, and leapfrog<sup>1</sup>, as well as by a range of densities and distances from the urban center (0, 5 and 10 miles). The study found that capital costs increase for lower density, non-contiguous development. Higher density, clustered, infill development was found to provide hundreds of dollars in annual savings per unit compared with sprawl. **Figure 18** also indicates that the most dramatic cost increases occur in the 1- to 0.25-dwelling-units-per-acre range, which is most relevant to residential densities in Queen Anne’s County. In Queen Anne’s County, capital costs have increased steadily during the previous decade. As measured in total appropriations, capital costs have increased from approximately \$69 million in 2003 to \$129 million in 2009. Another way to measure capital costs is through the increase in debt service over time. This, too, has increased in the County, from approximately \$3.2 million in 2000 to \$7.8 million in 2009.

**FIGURE 18: Residential Service Costs Per Housing Units Per Acre**



(Source: Frank 1989, p. 40)

For Queen Anne’s County, the density efficiencies created by smart growth may have the most profound fiscal implications on road costs, particularly in light of recent state funding cuts. A Maryland Department of Planning Growth Simulation Model for 2010 to 2030<sup>2</sup> showed that a

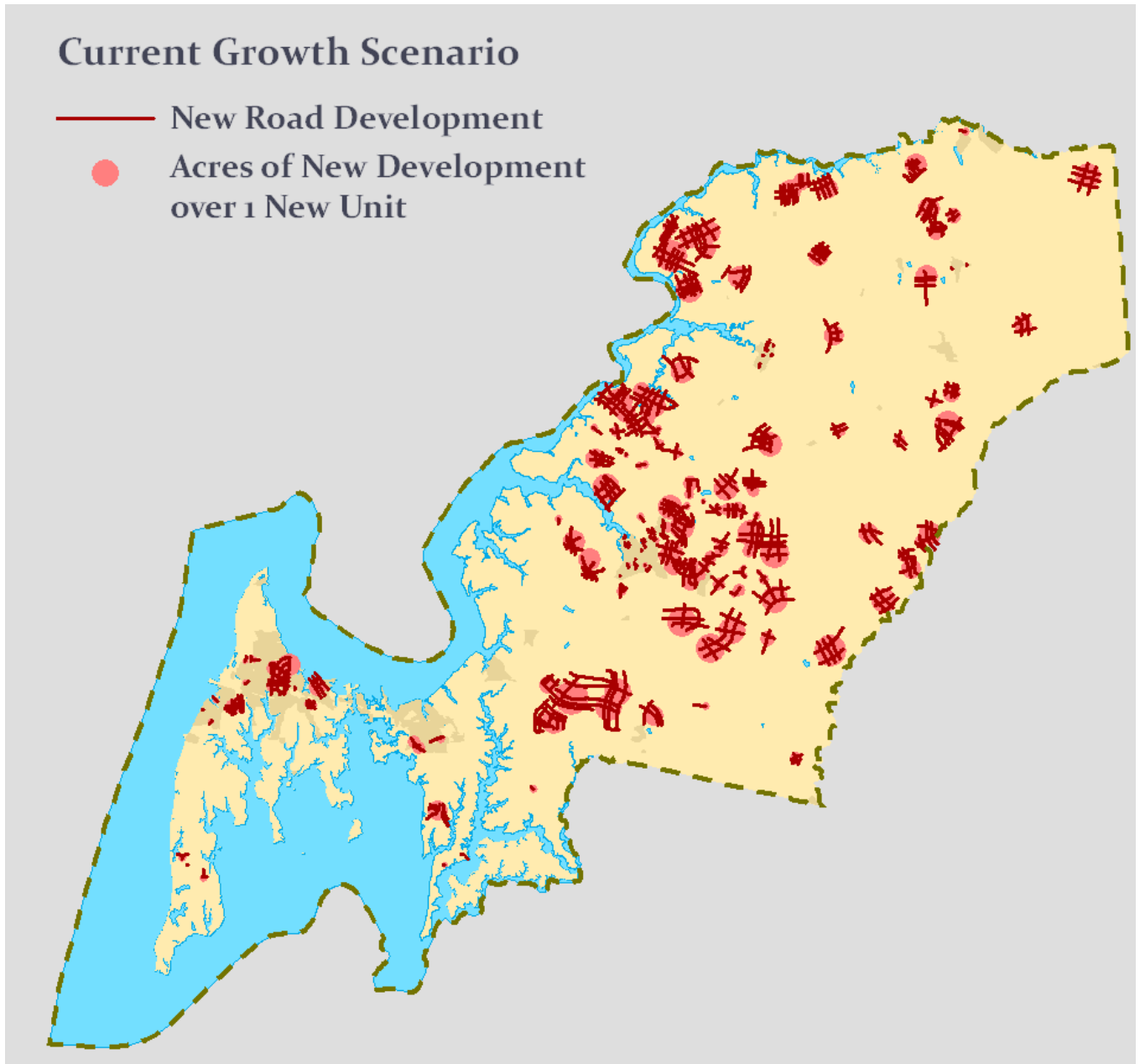
<sup>1</sup> “Leapfrog” development refers to the relationship, or lack thereof, between subdivisions. Such developments are typically separated by large tracts of undeveloped land, resulting in a low average density.

<sup>2</sup> Choi and Fricke, 2010. Analyzing the Effects of Smart Growth on Projected Road Development in 2030. Maryland Department of Planning.

Smart Growth Scenario, when compared to a Current Growth Scenario, would result in only a 1 percent reduction in the amount of housing development in exurban counties such as Queen Anne’s County, but would result in a 437 percent reduction in the projected acres of new development, and a 274 percent reduction in the miles of community road needed to support development (the differences in community road build-out for Queen Anne’s County is shown in **Figures 19a and 19b**). For all “exurban” Maryland counties (including Queen Anne’s, Washington, Carroll, Cecil, Charles, and St. Mary’s) the study projected that aggregate road costs over the next 20 years would be approximately \$6.9 billion greater without smart growth (see **Table 6**).

<b>Table 6</b>		
<b>Projected Road Costs 2010-2030 in “Exurban” Maryland Counties*</b>		
	<b>Current Growth Scenario</b>	<b>Smart Growth Scenario</b>
Road Mileage within PFA	303	528
Road Mileage out of PFA	1,937	72
Total Road Mileage	2,240	600
Costs within PFA	\$1,273,486,000	\$2,216,554,000
Costs out of PFA	\$8,135,510,000	\$300,970,028
<b>Total Cost</b>	<b>\$9,408,996,000</b>	<b>\$2,517,524,000</b>
<b>Notes:</b>	* Exurban counties include Queen Anne’s, Washington, Carroll, Cecil, Charles, and St. Mary’s.	
<b>Source:</b>	Choi and Fricke, 2010. <i>Analyzing the Effects of Smart Growth on Projected Road Development in 2030</i> . Maryland Department of Planning.	

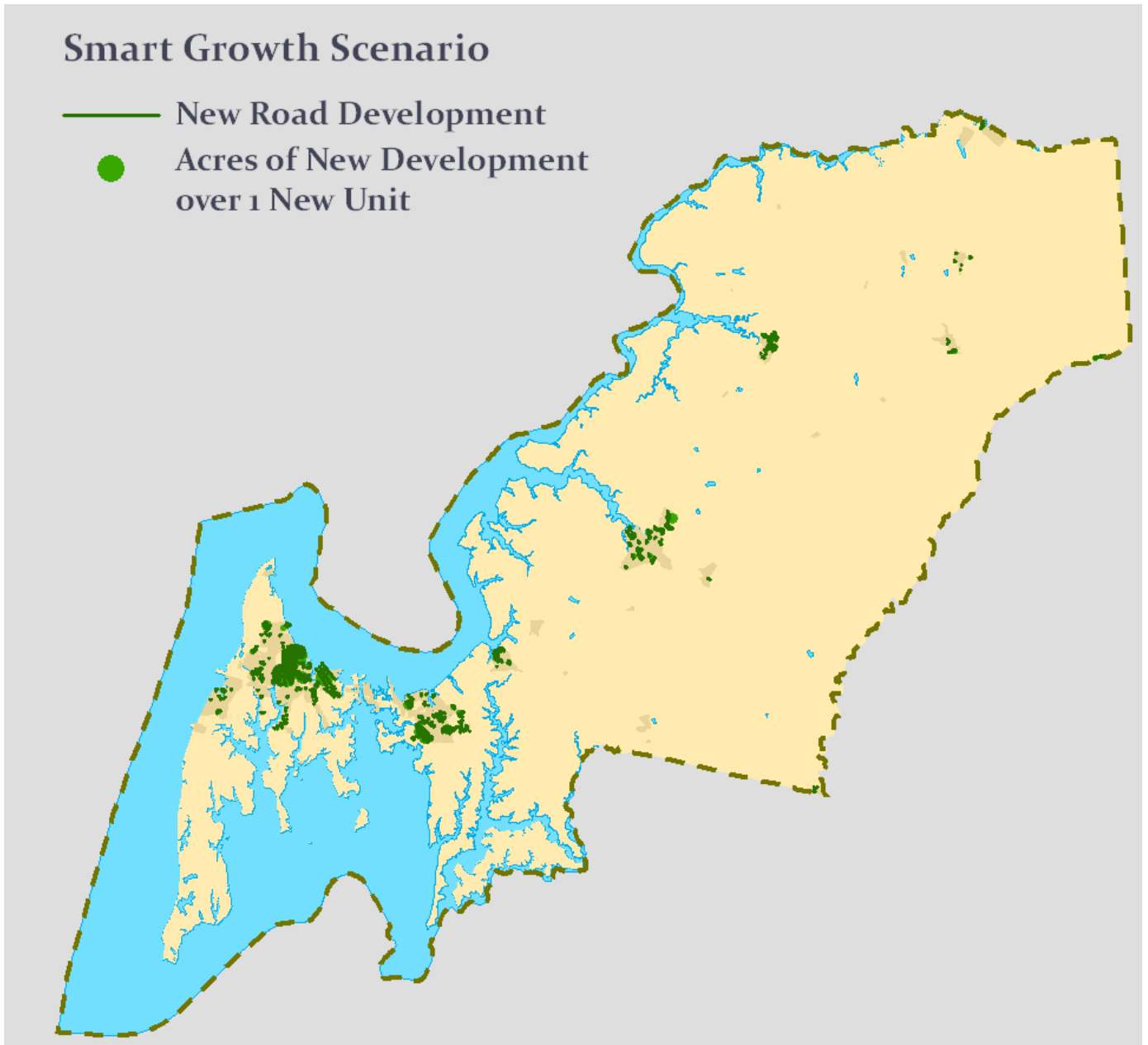
**FIGURE 19a: Road Build-Out for Queen Anne's County, Current Growth Scenario**



Note: See Table 5 for number of projected road miles.

Source: Choi and Fricke, 2010. *Analyzing the Effects of Smart Growth on Projected Road Development in 2030*. Maryland Department of Planning.

**FIGURE 19b: Road Build-Out for Queen Anne's County, Smart Growth Scenario**



Note: See Table 5 for number of projected road miles.

Source: Choi and Fricke, 2010. *Analyzing the Effects of Smart Growth on Projected Road Development in 2030*. Maryland Department of Planning.

In terms of municipal servicing costs, a 1986 study by Robert Smythe<sup>1</sup> found that per household annual service costs increase with sprawl, as shown in **Table 7**. The study was based on a prototypical community of 1,000 units housing 3,260 people, including 1,200 students. As shown in **Table 7**, road and utility costs increase most dramatically as the density of development decreases from “rural cluster” (1 unit per acre) to “rural sprawl” (0.2 units per acre). The incremental cost of “medium density” (2.67 units per acre) development compared to “higher density” (4.5 units per acre) development is relatively small (3 percent), but the increase in costs to move from the “medium” or “higher density” development to either of the “rural” scenarios entails a substantial increase in costs.

Costs	Higher Density	Medium Density	Rural Cluster	Rural Sprawl
Units/Acre	4.5	2.67	1	0.2
Schools	\$3,204	\$3,252	\$4,478	\$4,526
Roads	\$36	\$53	\$77	\$154
Utilities	\$336	\$364	\$497	\$992
Totals	\$3,576	\$3,669	\$5,052	\$5,672
Incremental Cost (compared to Higher Density Scenario)	N/A	3%	41%	59%

**Source:** Robert Smythe, 1986. *Density-Related Public Costs*. American Farmland Trust.

A 2001 study conducted at the University of Kentucky<sup>2</sup> found similar patterns using expenditure data from governments in 10 Kentucky counties. The study identified large variations in service costs depending on the counties’ growth patterns. As shown in **Table 8**, the assessment revealed that the per unit costs for police, fire, highway, schools, sewer, and solid waste services were consistently lowest in counties whose growth was more concentrated in established areas between 1987 and 1997, and highest in the counties with the most dispersed growth. For the “counties with small towns” counties, which are the most comparable to Queen Anne’s County, service costs for more dispersed residential growth were 345 percent higher than service costs for more concentrated growth.

<sup>1</sup> Robert Smythe, 1986. *Density-Related Public Costs*. American Farmland Trust.

<sup>2</sup> Bollinger, Christopher R., Mark Berger, and Eric Thompson. 2001. *Smart Growth and the Costs of Sprawl in Kentucky: Phase I & II*. University of Kentucky Center for Business and Economic Research.



<b>Table 8</b>		
<b>Dollar Costs of New Services* per 1,000 New Residents for a Family of Four in Kentucky (Bollinger, Berger, and Thompson, 2001)</b>		
<b>Central City Counties</b>	<b>Development Pattern</b>	<b>Cost</b>
Fayette	(more concentrated)	(\$1.08)
Jefferson	(more spread out)	\$36.82
<b>Suburban Counties</b>	<b>Development Pattern</b>	<b>Cost</b>
Shelby	(more concentrated)	\$88.27
Pendleton	(more spread out)	\$1,222.39
<b>Counties with Small Towns</b>	<b>Development Pattern</b>	<b>Cost</b>
Warren	(more concentrated)	\$53.89
Pulaski	(more spread out)	\$239.93
<b>Outer Ring and Rural</b>	<b>Development Pattern</b>	<b>Cost</b>
Gerrard	(more concentrated)	\$454.51
McCracken	(more spread out)	\$618.90
<b>Notes:</b> *Services include police, fire, highway, schools, sewer, and solid waste		
<b>Sources:</b> Bollinger, Christopher R., Mark Berger, and Eric Thompson. 2001. <i>Smart Growth and the Costs of Sprawl in Kentucky: Phase I &amp; II</i> . University of Kentucky Center for Business and Economic Research.		

Abundant academic research confirms that smart growth holds out significant potential savings to governments on one-time infrastructure outlays by comparison with the spending required by low-density sprawl. Repeatedly the research suggests that adopting smart growth could reduce some states' and localities' capital expenditures by 10 to 20 percent at least, and maybe more. While potential savings would differ by region, population size and density, and numerous other factors, it is reasonable to conclude that similar potential savings are feasible for Queen Anne's County if it enacts an effective smart growth strategy. For example, based on the findings of Smythe's 1986 study (see Table 7 above), Queen Anne's County could expect municipal cost savings on new development in excess of 30 percent by moving toward an average density of 2.67 units per acre rather than 1 unit per acre. An effective smart growth policy in Queen Anne's County also could significantly reduce capital expenditures related to road expansion and maintenance. As noted previously, a Maryland Department of Planning study shows that counties like Queen Anne's could reduce construction of future road miles by 274 percent with a smart growth policy that concentrates future development in growth centers.

**APPENDIX A**  
**AKRF QUALIFICATIONS**

# AKRF RESUMES

## PETER A. LIEBOWITZ, AICP

### SENIOR VICE PRESIDENT

Peter Liebowitz joined the firm in 1984 and possesses more than 25 years of experience working on planning, economic development, and environmental analyses. His practice involves a wide range of assignments, including directing and managing environmental impact statements for large-scale development projects, economic and market analyses for public and private investments, and a wide range of development and planning services, including planning and zoning reviews, expert testimony, and economic development initiatives for municipalities and counties throughout the Northeast. Mr. Liebowitz is a full member of the Urban Land Institute and serves in leadership roles on both the national and district council levels.

### Education

M.S., Urban Planning, Columbia University, 1984  
B.A., Urban Studies, Washington University (St. Louis), 1980  
Franklin College, Lugano, Switzerland (all credits transferred)

### Licenses/Certifications

American Institute of Certified Planners (AICP) 1987

### Professional Memberships

American Institute of Certified Planners (AICP)  
American Planning Association (APA)  
Urban Land Institute, Full Member

### Years in Industry

Year started in company: 1984  
Year started in industry: 1983

## RELEVANT EXPERIENCE

### **Woodstone Development Economic Benefits Study, Bethel, NY**

Mr. Liebowitz served as the Project Manager for AKRF's market analysis of a luxury home and conservation subdivision in the Town of Bethel, NY. Mr. Liebowitz oversaw the analysis of historic, current, and future sales of homes within the development and estimated the net economic benefit to the town, county, and school district. Mr. Liebowitz participated in the presentation of the study and its findings to Town Board as part of ongoing site plan and environmental reviews for the projects next phases.

### **Economic and Fiscal Impact Assessment, Quincy, MA**

Mr. Liebowitz serves as the Project Executive for AKRF's work in analyzing the economic and fiscal benefits associated with a public private partnership in the redevelopment of Quincy Center in downtown Quincy, MA. Mr. Liebowitz is overseeing the work of several assessments: an econometric evaluation of the benefits from the construction and operation of the project, a tax increment assessment of future municipal revenues, an assessment of revenues and costs associated with the public investment in the project, and a case study of how such downtown projects effect the overall economic base of the larger municipality.

### **Belleayre Growth Inducement Study, Western Catskill Region, NY**

As part of an Environmental Impact Statement underway for a large-scale resort development in the western Catskill region, Mr. Liebowitz was the Officer-in-Charge for the firm's assignment in analyzing

the secondary effects of the proposed development in the Route 28 Corridor. Critical elements of the study include defining the economic benefits accruing to the regional economy from the direct economic investment and assessing likely changes in employment and secondary economic activity generated by the new development. Detailed estimates of visitor spending patterns were generated based on the four season tourist season with golf courses, hotels, all clustered adjacent to the existing Belleayre Ski Center. The study identified the likely magnitude and location trends associated with secondary development demand created by the proposed Belleayre project.

**Sustainable East End Development Strategies (SEEDS), Long Island, NY**

Mr. Liebowitz served as Project Manager for SEEDS, a New York Metropolitan Transportation Council (NYMTC)-sponsored, consensus-driven initiative that applies a sustainable development approach in response to the East End of Long Island's transportation and land use concerns. For the five towns, nine villages of the East End, as well as the many federal, state, county, and regional agencies participating in the study, Mr. Liebowitz led an extensive public outreach effort involving several years of regular community meetings, direct interaction with a wide variety of involved stakeholders, and, ultimately, a uniquely broad regional summit involve a collaboration of elected officials and other stakeholders from the region. Mr. Liebowitz also directed the technical support studies that feed into the complex land use and transportation modeling effort, and in preparing final reports summarizing the recommendations and outcomes of the study.

## **JOHN NEILL**

### **VICE PRESIDENT**

John Neill is the Director of the Economics Division and has been an Economist and Planner with AKRF for over 10 years. Mr. Neill emphasizes a multi-disciplinary approach to analyses, stressing the need to inform work products with a range of considerations including demographics, land uses, neighborhood character, and market trends. Clients depend on Mr. Neill's critical analysis, his holistic approach, and his ability to anticipate challenges, which saves his clients time and money.

Mr. Neill serves as project manager for major Environmental Impact Statements (EISs) such as the Con Edison/First Avenue Properties Rezoning, and as a technical lead on EIS socioeconomic studies, such as the socioeconomic impact analysis for Columbia University's Manhattanville Rezoning and Mixed-Use Development. He also manages the Economic Division's non-EIS services, which include market and feasibility studies, economic and fiscal impact analyses, hospitality and tourism studies, and real estate advisory services.

In addition, Mr. Neill has particular expertise in developing public survey and outreach strategy. He designs merchant and consumer survey instruments, coordinates outreach efforts, and facilitates public discussions for development projects, policy making and design development. He has worked extensively with community boards and other stakeholder groups, and recognizes the importance of understanding the unique characteristics, challenges, and opportunities presented by a neighborhood. His mediation approach has received compliments from clients and communities, and is an asset for any project involving the public.

### **Expertise**

Impact Analysis/Market Analysis/Business and Workforce Analysis

### **Education**

B.A., *cum laude* in Economics and Public Policy Studies, Duke University, 1993

M.B.A., Yale School of Management, 2000

M.E.S., Yale School of Forestry and Environmental Studies, 2000

### **Years of Experience**

Year started in company: 2000

Year started in industry: 1993

### **RELEVANT EXPERIENCE**

#### **Belleayre Resort at Catskill Park, Middletown and Shandaken, NY**

AKRF assessed the economic impacts of a proposed \$240 million resort development adjacent to the Belleayre Mountain Ski Center in the central Catskills. Mr. Neill researched and provided expert testimony on the potential for demographic change, the likely effects on the labor pool, and the potential for induced growth resulting from the project.

#### **Cost of Services Study, Beacon, NY**

The City of Beacon retained AKRF to estimate the economic and fiscal benefits of six potential development projects. Collectively, the six projects would introduce nearly 1,400 dwelling units, over 130,000 square feet of commercial space, a 166-room hotel and conference center, and over 3,000 parking spaces. AKRF estimated the economic and fiscal benefits of the project, estimated the project-generated populations (including school-aged children), and projected the fiscal costs and revenues to the City of Beacon and the Beacon City School District. Mr. Neill was Principal-in-Charge of the study, and formulated a methodology to provide department-level fiscal impact projections that applied cost factors dependent upon the unique characteristics of each development project. Mr. Neill also presented the findings at stakeholder sessions and a Beacon City Council hearing.

**Downtown Yonkers Redevelopment Review, Yonkers, NY**

On behalf of the City of Yonkers City Council, AKRF reviewed and refined the EIS for the \$1.6-billion mixed-use downtown redevelopment plan proposed by the development team of Stuever Fidelco Cappelli (SFC). The development plan included nearly 1,400 housing units, 1.2 million square feet of commercial uses, nearly 5,000 parking spaces and a minor league ballpark. Mr. Neill facilitated the City Council's review of the potential socioeconomic effects of the project, and provided expert testimony at City Council hearings.

## **JAMES J. CANNELLI**

### **TECHNICAL DIRECTOR**

James J. Cannelli joined AKRF as Director of Planning in the firm's Maryland office. He has more than 30 years of experience in community planning, permitting and development issues, economics, and transportation planning. He offers strong first-hand knowledge of the Baltimore and Washington metropolitan areas, and well-established working relationships with state agencies and contacts in the business community. He is valued for his ability to multi-task and to develop creative solutions to difficult problems. Additionally, Mr. Cannelli has considerable experience planning for and integrating meaningful public outreach in numerous planning projects. Some examples of these projects are comprehensive plans, small area master plans, infrastructure master plans, legislative and regulatory initiatives, and visioning forums. Mr. Cannelli has also served on panels, delivered presentations to Chambers of Commerce, homebuilders groups, community associations, and legislative bodies.

Before joining the firm, Mr. Cannelli served as Assistant Planning and Zoning Officer in the Anne Arundel County Office of Planning and Zoning in Annapolis, Maryland. In addition to developing land use plans, drafting zoning text amendments, directing comprehensive rezoning programs, and other planning-related responsibilities, he managed a \$5.5 million budget and 49 professional and technical employees. He was responsible for project and contract management; program and business development; and capital budgeting. Previously, he held several other planning-related positions for the County, where he served for more than 30 years.

### **BACKGROUND**

#### **Education**

Continuing education in management development, 1973-2005

M.A., Economics, University of Cincinnati, 1971

M.C.P., Community Planning, University of Cincinnati, 1971

B.A., Economics, University of Connecticut, 1968

#### **Years of Experience**

Year started in company: 2006

Year started in industry: 1973

### **RELEVANT EXPERIENCE**

#### **Marlboro Pike Sector Plan, Maryland National Capital Park and Planning Commission Prince George's County, MD**

The Marlboro Pike corridor in Prince George's County, Maryland, has been characterized by disinvestment in recent years. AKRF teamed with engineers from McCormick Taylor & Associates to update the sector plan and sectional map amendment with intention to spur community revitalization and redevelopment. The project's objectives included gaining public input, encouraging infill development and redevelopment that positively contributes to the quality of the corridor, encouraging property upgrades to visually enhance the corridor, and improving multi-modal accessibility including parking, pedestrian, bicycle, and transit opportunities. AKRF analyzed the area's real estate market to determine the corridor's economic development potential and built an economic development strategy for the study area containing recommendations for marketing initiatives, financing alternatives, and regulatory changes. Mr. Cannelli served as Project Manager for the project, performed the office market analysis, and developed the economic development strategies.

#### **Chesapeake Science and Security Corridor Land Use and Facility Analysis, Harford County MD**

AKRF was a part of a consulting team hired to perform a land use and community facility inventory and level of service analysis for an eight county area that will be impacted by the BRAC 2005 initiated reassignment of high tech military jobs from Fort Monmouth New Jersey to Aberdeen Proving Ground in Aberdeen, Maryland. In addition to the federal positions, there will be an additional high tech jobs associated with private contractors who contract with the US. Army, plus an increment of induced employment generated by demand for goods and services from employees and their families for an estimated total of more than 12,700 new jobs. In addition to inventory public facilities and services that will be impacted by this new growth, AKRF inventoried selected private facilities and services such as day care facilities, assisted living facilities and existing hotel space. AKRF also identified potential sites for future community facilities that are needed to accommodate the new growth. The inventory was provided in both tabular and mapped formats for the client. Mr. Cannelli served as AKRF manager for the project.

### **Development of a Mixed Use Business Zoning District for Loudoun County, VA**

Mr. Cannelli was Project Manager and drafted the ordinance. AKRF recently completed the development of a mixed-use business zoning district for specific application in the U.S. Route 50 Corridor just south of the Dulles International Airport and for the remainder of Loudoun County. AKRF crafted a new incentive-based mixed-use zoning district applicable Countywide, which implemented the recommendations in the Route 50/Arcola Plan and the County's Comprehensive Plan. Among the incentives drafted in the new ordinance was an FAR bonus for buildings that achieved Silver LEED certification. The company also developed necessary text amendments to other sections of the existing zoning code, and recommended a streamlined review process for implementation. In addition to developing new zoning text, AKRF identified opportunities and constraints for mapping the district in the Route 50 corridor. The scope of work included a public participation process, review by the Planning Commission, and successful adoption of the new district by the Board of Supervisors.

### **Route 7 Corridor Retail Market Analysis**

Mr. Cannelli served as Project Manager for this analysis and presented the findings to the Loudoun County Economic Development Department. AKRF was hired by the Loudoun County Economic Development Department to conduct a retail market analysis for the eastern end of Route 7 in Loudoun County, Virginia. The scope of work performed by AKRF included an inventory of all the retail centers whose trade areas impact the corridor, a study area capture rate analysis, a determination of year 2020 demand for additional retail space, and an evaluation of the Loudoun market's ability to support a Lifestyle Center.

### **Downtown Redevelopment Plan, Easton, MD**

AKRF has been retained by Historic Easton, Inc. to create a detailed master plan for Historic Easton's Downtown district to redevelop underused infill areas. Currently, many of the businesses within Easton's Main Street District show marginal profitability, retail uses along the Town's main street are steadily declining, and vacancy rates are on the rise. The plan creates a more livable, vibrant town center; takes a market-based approach to retail development; uses existing infrastructure to create mixed-use urban living units; preserves and adaptively reuses historic buildings; creates a green infrastructure ring around the downtown; and extends the look and feel of Easton's downtown to capture more heritage and cultural tourism market share. Mr. Cannelli served as Project Manager and performed zoning analysis for the project.



## **CHRISTIAN MICHEL**

### **TECHNICAL DIRECTOR**

As a Technical Director at AKRF, Christian Michel focuses on economic feasibility studies, demographic and real estate market analyses, financial and fiscal impact analyses, and highest-and-best use assessments. Mr. Michel joined AKRF in 2004 and always strives to find innovative and new solutions by incorporating different approaches and new tools available to uncover value for his clients. With more than 10 years of experience in urban planning and strategic real estate consulting, Mr. Michel understands the challenges and opportunities involved in real estate development. Mr. Michel is proficient in the use of a wide range of software applications for analysis, including Geographic Information Systems (ArcGis & MapInfo), MS Excel, and MS Access.

### **Education**

Masters in Economic Geography, University of Heidelberg, Germany, 1999  
CCIM, Real Estate Finance, New York University 2007 – 2008

### **Professional Memberships**

Commercial Investment Real Estate Institute (CCIM)

### **Years of Experience**

Year started in company: 2004

Year started in industry: 1998

## **RELEVANT EXPERIENCE**

### **North Avenue Revitalization Plan, New Rochelle, NY**

The City of New Rochelle is in the process of implementing a plan that will encourage economic growth along its North Avenue corridor. AKRF was tasked to develop a zoning recommendation that would help to attract new commercial and residential development to the corridor. As part of this task, Mr. Michel developed an excel-based pro forma model to identify potential profitability ranges for buildings built with various FAR restrictions. The goal was to recommend a zoning designation that would satisfy the desire of the local residential population for limited building heights but at the same time provide a zoning context that would allow developers to built profitable projects.

### **Quincy Economic Study, Quincy, MA**

AKRF has analyzed the economic and fiscal benefits associated with a public private partnership in the redevelopment of Quincy Center in downtown Quincy, MA. The firm performed several assessments, including an econometric evaluation of the benefits from the construction and operation of the project, a tax increment assessment of future municipal revenues, an assessment of revenues and costs associated with the public investment in the project, and a case study analysis of how downtown projects can effect the overall economic base of the larger municipality. Mr. Michel projected future property tax increases and modeled potential effects of the TIF area on neighboring communities.

### **Baltimore Avenue Corridor Revitalization Plan, Delaware and Philadelphia Counties, PA**

AKRF was retained by the Delaware Valley Regional Planning Commission to prepare a market study for the revitalization of the Baltimore Avenue Corridor, which stretches from 52nd Street in West Philadelphia to Bishop Avenue in Upper Darby. The 5-mile corridor runs through five townships, and includes the communities of Clifton Heights, Lansdowne, East Lansdowne, Upper Darby and Yeadon in Delaware County, and the Cobbs Creek and Kingsessing neighborhoods of Philadelphia. As part of this effort, Mr. Michel prepared a study that analyzed the feasibility of several development options within

the Baltimore Avenue Corridor, i.e., additional retail development, the introduction of condominium units into the residential mix, and potential office development along the corridor.

## **Connor B. Lacefield**

### **Planner/Economist**

Connor Lacefield recently joined AKRF as a Planner/Economist in the firm's New York City office. At AKRF, he has worked on market feasibility studies, demographic studies, Environmental Impact Statements (EISs), and environmental assessment statements (EASs). His technical skills include: Geographic Information Systems (GIS), Excel, Powerpoint, and Census Public Use Microdata Sampling.

Prior to joining AKRF, Mr. Lacefield earned a Master's degree in City Planning at the University of Pennsylvania. Following graduate school, he worked for the New York City Department of Parks & Recreation and Corcoran Sunshine Marketing Group, a real estate marketing company. While at the Department of Parks & Recreation, he worked with an inter-agency team to develop plans and initiatives for Mayor Bloomberg's PlaNYC 2030 Sustainability Initiative. At Corcoran Sunshine Marketing Group, he analyzed residential market trends, prepared market studies, and developed pricing recommendations for new properties.

### **Education**

Master of City Planning, University of Pennsylvania, 2005

B.A., Urban Design and Architecture Studies, New York University, 2003

### **Years of Experience**

Year started at company: 2007

Year started in industry: 2004

### **Relevant Experience**

#### **Cost of Services Study, Beacon, NY**

The City of Beacon retained AKRF to estimate the fiscal costs and benefits of six potential development projects. Collectively, the six projects would introduce nearly 1,400 dwelling units, over 130,000 square feet of commercial space, a 166-room hotel and conference center, and over 3,000 parking spaces. Mr. Lacefield coordinated with City officials and developer groups and analyzed the City of Beacon's budget.

#### **Alexander Street Urban Renewal Area, Yonkers, NY**

AKRF prepared a Master Plan, Urban Renewal Plan, and GEIS for the 104-acre Alexander Street Urban Renewal Area (URA) just north of downtown Yonkers. As part of this effort, Mr. Lacefield prepared a demographic overview, analyzed the for-sale and rental housing markets in Yonkers, evaluated the retail potential of the area, and gathered information on the strength of the office market in Yonkers and Westchester County.

#### **Port Morris Brownfield Opportunity, Bronx, NY**

As requested by the South Bronx Overall Economic Development Corporation, AKRF is performed a use suitability study in order to assess the feasibility of residential and commercial use within an industrial area of the South Bronx. Mr. Lacefield prepared site profiles for five locations in the South Bronx. These profiles analyzed the suitability of each site for a variety of uses based on its site characteristics, location, and environmental constraints.

#### **Kiryas Joel Pipeline, Kiryas Joel, NY**

AKRF analyzed the long-term effects of a proposed water supply project on the population growth rates of the Hasidic community of Kiryas Joel, in Orange County, NY. AKRF prepared new 30-year population projections to reflect the unique characteristics of this Hasidic population, and reviewed the effects of water supply on the long-term projections. Mr. Lacefield gathered and analyzed census data and Public Use Microdata to support demographic assumptions about population growth in Hasidic communities.

#### **Domino Sugar Rezoning, Brooklyn, NY**

A private developer is seeking to redevelop the former Domino Sugar site located along the Williamsburg waterfront in Brooklyn with residential and mixed-use buildings and public open space. Mr. Lacefield is serving as the Project Manager, helping to guide the project through the environmental review process and coordinating with the project's developers and City agencies. In addition, he prepared analyses of the effects of the project on open spaces, community facilities, and neighborhood character. He also prepared an assessment of alternatives to the project.

## REPRESENTATIVE PROJECTS

**Loudoun County Route 7 Retail Study, Loudoun County, VA:** AKRF was hired by Loudoun County to conduct a retail market analysis for the eastern end of Route 7. The analysis included a study area capture rate analysis, a determination of year 2020 demand for additional retail space, and an evaluation of the Loudoun market's ability to support a lifestyle center.

**Manassas Housing Strategy, Manassas, VA:** AKRF teamed with a local certified public accounting and consulting firm to create a comprehensive housing needs assessment for the City of Manassas.

**Downtown Easton Infill Development Plan, Easton, MD:** AKRF was retained by Historic Easton, Inc. to create a market-based master plan for infill redevelopment opportunities within Easton's historic downtown area. The objective of the plan is to create a more livable, vibrant town center that emphasizes its historic heritage, strengthens its existing retail base, and creates new, contextually appropriate development and investment opportunities in the downtown area. The plan was adopted and incorporated into the Town's master plan.

**The Carlyle Project/Potomac Yards, U.S. Patent and Trademark Office, Alexandria, VA:** AKRF prepared a detailed fiscal impact analysis of this development comparing the project's potential benefits, specifically tax revenues and public improvements, to the project's potential costs, including jobs lost, increased police and fire protection, higher school costs and additional facilities and services required, such as infrastructure improvements not provided with the project.

**Bayshore Regional Strategic Development and Redevelopment Plan, Monmouth County, NJ:** AKRF prepared a regional planning study of the Bayshore Region of Monmouth County, New Jersey. The study developed a series of recommendations that encourage economic development and, at the same time, address the impacts future growth will have on infrastructure, the natural environment, and the overall quality of life. The planning process involved considerable public outreach and stakeholder engagement. The plan was adopted by Monmouth County in 2006.

**Fiscal Impact Analysis, Beacon, NY:** The City of Beacon retained AKRF to estimate the economic and fiscal impacts of six potential development projects on the City of Beacon and the Beacon City School District (CSD). For each of the six projects, AKRF estimated the economic and fiscal benefits of construction, estimated the user populations that would be generated by the projects (including school-aged children), and projected the fiscal costs and revenues to the City of Beacon and the Beacon CSD.

**North Avenue Redevelopment Study, New Rochelle, NY:** AKRF prepared an economic, land use, zoning, and traffic study for potential redevelopment options for this corridor that leads out of the downtown core into residential neighborhoods. AKRF developed a proprietary economic analysis tool to evaluate feasibility of redevelopment options given different zoning parameters and assumptions on construction costs and costs of financing.

**Fifth Avenue Redevelopment Study, New Rochelle, NY:** AKRF prepared an alternative reuse plan for an area that was previously slated for an IKEA store. AKRF collaborated with local businesses, the real estate development community and the City of New Rochelle to create a planning approach that retains a light industrial/flex business base, but also introduces a new mix of uses for the best opportunity to improve the urban neighborhood and enhance the major asset of City Park itself, located across Fifth Avenue from the project site.

**Woodstone Development Economic Benefits Study, Bethel, NY:** AKRF prepared a market analysis of the Preserve at Chapin Estate, a luxury home and conservation subdivision in the Town of Bethel, NY. The analysis consisted of historic, current, and future sales of homes within the development and estimated the net economic benefit to the town, county, and school district. The firm presented the study and its findings to Town Board as part of ongoing site plan and environmental reviews for the projects next phases.

**Belleayre Resort at Catskill Park, Ulster and Delaware Counties, NY:** The firm was retained by Crossroads Ventures, LLC to prepare an economic and fiscal analysis of impacts of a proposed resort development adjacent to the Belleayre Ski Center in the towns of Shandaken (Ulster County) and Middletown (Delaware County), New York. The proposed 400-acre development would sit on 1,900 acres of land and would include two golf courses, two hotels with a total of approximately 350 units of lodging, approximately 350 timeshare units, restaurants and snack bars, a convention center/ballroom, a 1,500-seat amphitheater, and associated outdoor education and recreation facilities such as tennis courts and cross-country ski trails. The analysis developed likely economic activity projections for the proposed resort and examined community costs and potential secondary residential and commercial development impacts within a 15-square-mile study area defined by Route 28 and the Catskill Park.

**Quincy Center Economic Study, Quincy, MA:** AKRF analyzed the economic and fiscal benefits associated with a public private partnership in the redevelopment of Quincy Center in downtown Quincy, MA. The firm performed several assessments including: an econometric evaluation of the benefits from the construction and operation of the project; a tax increment assessment of future municipal revenues; an assessment of revenues and costs associated with the public investment in the project; and a case study of how such downtown projects effect the overall economic base of the larger municipality.

**Sustainable East End Development Strategies (SEEDS), Suffolk County, NY:** AKRF served as the lead consultant for Sustainable East End Development Strategies (SEEDS), a New York Metropolitan Transportation Council-sponsored, consensus-driven initiative that applied a sustainable development approach to the East End of Long Island's transportation and land use concerns. The East End is experiencing increasing traffic problems; public transportation options are limited; and in many areas, open space and farmland are succumbing to residential and commercial development. AKRF evaluated existing conditions within the region, modeled future transportation and development scenarios, and coordinated an extensive public outreach effort for the project. AKRF's efforts were instrumental in helping the involved towns and villages build consensus and develop sustainable strategies to support growth both regionally and locally while preserving the East End's character.

**APPENDIX B**  
**SUPPLEMENTAL INFORMATION**

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QUEEN ANNE'S COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND  
 LAST TEN FISCAL YEARS  
 Source: 2000 - 2009 CAFRs

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes										
Local Property Taxes	\$ 26,879,315	\$ 31,470,442	\$ 33,760,455	\$ 36,217,412	\$ 39,750,734	\$ 42,170,029	\$ 44,630,519	\$ 46,180,114	\$ 49,975,236	\$ 55,337,698
Local Income Taxes	\$ 19,373,084	\$ 21,498,495	\$ 23,217,162	\$ 23,517,175	\$ 26,104,991	\$ 28,237,534	\$ 31,633,987	\$ 34,980,663	\$ 34,767,725	\$ 35,988,334
Other Local Taxes	\$ 3,000,709	\$ 2,961,474	\$ 3,987,371	\$ 4,689,834	\$ 5,395,907	\$ 6,116,675	\$ 7,508,545	\$ 6,765,435	\$ 4,496,798	\$ 3,535,886
Admission and Amusement Taxes	\$ 266,238	\$ 228,227	\$ 245,292	\$ 218,494	\$ 147,548	\$ 97,224	\$ 182,467	\$ 214,326	\$ 167,425	\$ 176,691
Recordation Taxes	\$ 2,549,911	\$ 2,539,229	\$ 3,554,580	\$ 4,282,757	\$ 5,052,104	\$ 5,841,060	\$ 6,845,259	\$ 6,039,956	\$ 3,825,394	\$ 2,930,197
Hotel Taxes	\$ 184,560	\$ 194,018	\$ 187,499	\$ 188,583	\$ 196,255	\$ 178,391	\$ 480,819	\$ 511,153	\$ 503,979	\$ 428,998
County Transfer Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Shared Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	\$ 569,553	\$ 639,363	\$ 709,137	\$ 617,676	\$ 647,633	\$ 829,784	\$ 824,917	\$ 895,931	\$ 890,821	\$ 874,639
Intergovernmental	\$ 1,249,775	\$ 1,214,307	\$ 1,327,337	\$ 1,600,832	\$ 1,633,386	\$ 2,210,034	\$ 2,027,158	\$ 1,755,166	\$ 2,002,097	\$ 1,991,356
Charges for Current Services	\$ 992,283	\$ 1,099,645	\$ 1,160,317	\$ 909,933	\$ 1,349,767	\$ 1,272,392	\$ 1,572,708	\$ 1,658,331	\$ 1,764,197	\$ 1,777,167
Fines and Forfeitures	\$ 20,285	\$ 17,299	\$ 15,861	\$ 21,168	\$ 25,309	\$ 28,327	\$ 45,037	\$ 47,964	\$ 1,678,138	\$ 30,874
Investment Income	\$ 591,824	\$ 757,051	\$ 460,114	\$ 249,617	\$ 249,965	\$ 681,628	\$ 1,297,511	\$ 1,815,654	\$ 1,174,877	\$ 397,616
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,239	\$ 9,706	\$ 126,329	\$ 10,344
Miscellaneous	\$ 350,924	\$ 359,539	\$ 695,017	\$ 526,193	\$ 688,896	\$ 1,063,336	\$ 876,057	\$ 1,450,908	\$ 494,387	\$ 1,771,223
<b>Total Revenues Before Other Financing Sources</b>	<b>\$ 53,027,752</b>	<b>\$ 60,017,615</b>	<b>\$ 65,332,771</b>	<b>\$ 68,349,840</b>	<b>\$ 75,846,588</b>	<b>\$ 82,609,739</b>	<b>\$ 90,431,678</b>	<b>\$ 95,559,872</b>	<b>\$ 97,370,605</b>	<b>\$ 101,715,137</b>
Other Financing Sources										
Issuance of Debt (also Proceeds of Debt)	\$ -	\$ -	\$ 6,310,000	\$ -	\$ -	\$ 30,026,336	\$ -	\$ 248,460	\$ -	\$ 122,780
Bond Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,069,864	\$ -	\$ -	\$ -	\$ -
Proceeds of Capital Asset Disposals	\$ -	\$ -	\$ -	\$ -	\$ 18,700	\$ 12,199	\$ 17,275	\$ 20,755	\$ 3,731	\$ 9,554
Insurance Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,910	\$ 651	\$ 56,375	\$ 17,913	\$ 19,404
Transfers In	\$ 882,504	\$ 850,738	\$ 832,205	\$ 876,352	\$ 1,476,800	\$ 1,533,007	\$ 4,149,701	\$ 1,486,286	\$ 2,060,097	\$ 2,020,214
Special Item	\$ -	\$ -	\$ -	\$ -	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total General Fund Revenues and Other Financing Sources</b>	<b>\$ 53,910,256</b>	<b>\$ 60,868,353</b>	<b>\$ 72,474,976</b>	<b>\$ 69,226,192</b>	<b>\$ 77,557,088</b>	<b>\$ 115,307,055</b>	<b>\$ 94,599,305</b>	<b>\$ 97,371,748</b>	<b>\$ 99,452,346</b>	<b>\$ 103,887,089</b>
<b>Expenditures</b>										
Current										
General Government	\$ 4,050,552	\$ 4,828,257	\$ 5,369,141	\$ 6,162,547	\$ 6,441,597	\$ 7,403,955	\$ 7,688,267	\$ 8,291,750	\$ 9,419,224	\$ 9,871,927
Public Safety	\$ 7,169,209	\$ 8,190,088	\$ 8,726,365	\$ 9,614,497	\$ 11,715,285	\$ 12,970,683	\$ 14,086,737	\$ 15,778,978	\$ 18,438,978	\$ 20,083,251
Public Works	\$ 2,009,993	\$ 2,304,929	\$ 2,490,404	\$ 2,667,741	\$ 3,120,992	\$ 3,052,365	\$ 3,410,687	\$ 3,626,304	\$ 3,421,818	\$ 3,319,967
Health	\$ 879,277	\$ 931,775	\$ 1,208,954	\$ 807,489	\$ 1,101,713	\$ 1,261,488	\$ 1,355,057	\$ 1,428,395	\$ 1,430,670	\$ 1,572,848
Social Services	\$ 101,198	\$ 102,373	\$ 94,903	\$ 130,184	\$ 99,678	\$ 188,203	\$ 206,524	\$ 192,615	\$ 227,631	\$ 243,535
Education	\$ 28,266,523	\$ 30,510,439	\$ 32,255,941	\$ 34,019,135	\$ 36,370,498	\$ 37,887,681	\$ 39,496,299	\$ 41,506,099	\$ 45,610,824	\$ 48,856,359
Parks and Recreation	\$ 1,448,363	\$ 1,605,717	\$ 1,727,072	\$ 1,886,786	\$ 2,023,828	\$ 2,106,042	\$ 2,409,167	\$ 2,581,156	\$ 2,702,610	\$ 2,885,148
Library	\$ 852,183	\$ 904,151	\$ 935,439	\$ 951,939	\$ 997,043	\$ 1,049,612	\$ 1,144,622	\$ 1,242,573	\$ 1,247,108	\$ 1,390,398
Conservation of Natural Resources	\$ 273,245	\$ 331,020	\$ 336,317	\$ 344,977	\$ 378,584	\$ 416,912	\$ 430,965	\$ 474,452	\$ 529,490	\$ 540,541
Economic/Community Development	\$ 786,311	\$ 770,558	\$ 863,593	\$ 970,147	\$ 845,652	\$ 934,890	\$ 839,386	\$ 1,064,849	\$ 1,257,851	\$ 1,148,312
Miscellaneous	\$ 727,178	\$ 665,551	\$ 770,849	\$ 1,078,349	\$ 1,789,493	\$ 763,575	\$ 765,188	\$ 812,206	\$ 731,771	\$ 702,558
Capital Outlay	\$ 809,427	\$ 1,061,802	\$ 876,612	\$ 750,934	\$ 816,500	\$ 1,041,907	\$ 837,490	\$ 1,046,834	\$ 911,961	\$ 750,431
Debt Service										
Principal	\$ 1,410,690	\$ 2,967,724	\$ 2,534,803	\$ 2,666,928	\$ 3,445,204	\$ 3,290,228	\$ 3,653,307	\$ 3,771,769	\$ 4,864,405	\$ 5,065,347
Debt Issuance Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Fiscal Charges	\$ 1,777,074	\$ 2,297,671	\$ 2,678,715	\$ 2,695,664	\$ 2,768,943	\$ 2,548,940	\$ 2,566,768	\$ 2,257,928	\$ 3,147,529	\$ 2,778,490
<b>Total Expenditures Before Other Financing Uses</b>	<b>\$ 50,561,223</b>	<b>\$ 57,472,055</b>	<b>\$ 60,869,108</b>	<b>\$ 64,747,317</b>	<b>\$ 71,915,010</b>	<b>\$ 74,916,481</b>	<b>\$ 78,890,464</b>	<b>\$ 84,075,908</b>	<b>\$ 93,941,870</b>	<b>\$ 99,209,112</b>
Other Financing Uses										
Defeasance of Debt	\$ -	\$ -	\$ 6,290,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to Bond Refunding Agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,722,375	\$ -	\$ -	\$ -	\$ -
Bond Issuance Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,647	\$ -	\$ -	\$ -	\$ -
Transfers Out	\$ 3,315,636	\$ 3,650,155	\$ 4,608,235	\$ 3,137,564	\$ 3,053,982	\$ 11,134,410	\$ 4,405,429	\$ 11,966,364	\$ 15,032,528	\$ 2,573,612
<b>Total General Fund Expenditures and Other Financing Uses</b>	<b>\$ 53,876,859</b>	<b>\$ 61,122,210</b>	<b>\$ 71,768,138</b>	<b>\$ 67,884,881</b>	<b>\$ 74,968,992</b>	<b>\$ 116,932,913</b>	<b>\$ 83,295,893</b>	<b>\$ 96,042,272</b>	<b>\$ 108,974,398</b>	<b>\$ 101,782,724</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 33,397</b>	<b>\$ (253,857)</b>	<b>\$ 706,838</b>	<b>\$ 1,341,311</b>	<b>\$ 2,588,096</b>	<b>\$ (1,625,858)</b>	<b>\$ 11,303,412</b>	<b>\$ 1,329,476</b>	<b>\$ (9,522,052)</b>	<b>\$ 2,104,365</b>
Fund Balance Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625,858	\$ -	\$ -	\$ -	\$ -
<b>Net Increase (Decrease) in Fund Balance</b>	<b>\$ 33,397</b>	<b>\$ (253,857)</b>	<b>\$ 706,838</b>	<b>\$ 1,341,311</b>	<b>\$ 2,588,096</b>	<b>\$ (1,625,858)</b>	<b>\$ 11,303,412</b>	<b>\$ 1,329,476</b>	<b>\$ (9,522,052)</b>	<b>\$ 2,104,365</b>
Fund Balances, July 1	\$ 7,033,543	\$ 7,066,937	\$ 6,813,080	\$ 7,506,693	\$ 8,848,004	\$ 11,436,100	\$ 9,810,242	\$ 21,113,654	\$ 22,443,130	\$ 12,921,078
Fund Balances, June 30	\$ 7,066,940	\$ 6,813,080	\$ 7,519,918	\$ 8,848,004	\$ 11,436,100	\$ 9,810,242	\$ 21,113,654	\$ 22,443,130	\$ 12,921,078	\$ 15,025,443

Notes:

In 2000, 2001, and 2002, operating transfers out to component units are distributed to the education, library, and economic development (housing authority) line items, consistent with reporting in later CAFRs.

## Queen Anne's County Public Schools Enrollment Projections vs. Capacity (2010-2020)

	State-Rated Capacity	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Elementary Schools</b>	<b>4,120</b>	<b>3,312</b>	<b>3,406</b>	<b>3,498</b>	<b>3,624</b>	<b>3,661</b>	<b>3,757</b>	<b>3,835</b>	<b>3,913</b>	<b>3,991</b>	<b>4,069</b>	<b>4,147</b>
Bayside	695	245	254	270	256	248	275	275	275	275	275	275
Centreville	550	459	466	489	504	519	534	549	564	579	594	609
Church Hill	419	335	344	361	376	386	385	397	409	421	433	445
Grasonville	500	405	423	432	453	470	487	499	511	523	535	547
Kennard	450	472	486	499	526	533	556	571	586	601	616	631
Kent Island	445	512	525	517	544	544	544	544	544	544	544	544
Matapeake	600	519	519	526	538	523	520	526	532	538	544	550
Sudlersville	461	365	389	404	427	438	456	474	492	510	528	546
<b>Middle Schools</b>	<b>2,611</b>	<b>1,738</b>	<b>1,720</b>	<b>1,728</b>	<b>1,810</b>	<b>1,847</b>	<b>1,927</b>	<b>1,961</b>	<b>2,006</b>	<b>2,040</b>	<b>2,079</b>	<b>2,118</b>
Centreville	695	497	491	505	525	539	552	579	586	609	624	639
Matapeake	800	408	392	381	389	397	410	389	389	392	395	398
Stevensville	757	504	509	498	528	516	541	546	577	583	589	595
Sudlersville	359	329	329	344	368	395	425	448	454	456	471	486
<b>High Schools</b>	<b>2,314</b>	<b>2,462</b>	<b>2,477</b>	<b>2,451</b>	<b>2,383</b>	<b>2,412</b>	<b>2,375</b>	<b>2,436</b>	<b>2,521</b>	<b>2,581</b>	<b>2,669</b>	<b>2,716</b>
Kent Island	1,135	1,251	1,257	1,254	1,235	1,250	1,223	1,257	1,251	1,272	1,312	1,299
Queen Anne	1,179	1,211	1,220	1,197	1,148	1,162	1,152	1,179	1,270	1,309	1,357	1,417
<b>County Totals</b>	<b>9,045</b>	<b>7,512</b>	<b>7,603</b>	<b>7,677</b>	<b>7,817</b>	<b>7,920</b>	<b>8,059</b>	<b>8,233</b>	<b>8,440</b>	<b>8,612</b>	<b>8,816</b>	<b>8,980</b>



## Queen Anne's County Public Schools Enrollment vs. Capacity (2010-2020)

	State-Rated Capacity (seats)	Projected Enrollment as a Percentage of State-Rated Capacity										
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Elementary Schools</b>	<b>4,120</b>	<b>80%</b>	<b>83%</b>	<b>85%</b>	<b>88%</b>	<b>89%</b>	<b>91%</b>	<b>93%</b>	<b>95%</b>	<b>97%</b>	<b>99%</b>	<b>101%</b>
Bayside	695	35%	37%	39%	37%	36%	40%	40%	40%	40%	40%	40%
Centreville	550	83%	85%	89%	92%	94%	97%	100%	103%	105%	108%	111%
Church Hill	419	80%	82%	86%	90%	92%	92%	95%	98%	100%	103%	106%
Grasonville	500	81%	85%	86%	91%	94%	97%	100%	102%	105%	107%	109%
Kennard	450	105%	108%	111%	117%	118%	124%	127%	130%	134%	137%	140%
Kent Island	445	115%	118%	116%	122%	122%	122%	122%	122%	122%	122%	122%
Matapeake	600	87%	87%	88%	90%	87%	87%	88%	89%	90%	91%	92%
Sudlersville	461	79%	84%	88%	93%	95%	99%	103%	107%	111%	115%	118%
<b>Middle Schools</b>	<b>2,611</b>	<b>67%</b>	<b>66%</b>	<b>66%</b>	<b>69%</b>	<b>71%</b>	<b>74%</b>	<b>75%</b>	<b>77%</b>	<b>78%</b>	<b>80%</b>	<b>81%</b>
Centreville	695	72%	71%	73%	76%	78%	79%	83%	84%	88%	90%	92%
Matapeake	800	51%	49%	48%	49%	50%	51%	49%	49%	49%	49%	50%
Stevensville	757	67%	67%	66%	70%	68%	71%	72%	76%	77%	78%	79%
Sudlersville	359	92%	92%	96%	103%	110%	118%	125%	126%	127%	131%	135%
<b>High Schools</b>	<b>2,314</b>	<b>106%</b>	<b>107%</b>	<b>106%</b>	<b>103%</b>	<b>104%</b>	<b>103%</b>	<b>105%</b>	<b>109%</b>	<b>112%</b>	<b>115%</b>	<b>117%</b>
Kent Island	1,135	110%	111%	110%	109%	110%	108%	111%	110%	112%	116%	114%
Queen Anne	1,179	103%	103%	102%	97%	99%	98%	100%	108%	111%	115%	120%
<b>County Totals</b>	<b>9,045</b>	<b>83%</b>	<b>84%</b>	<b>85%</b>	<b>86%</b>	<b>88%</b>	<b>89%</b>	<b>91%</b>	<b>93%</b>	<b>95%</b>	<b>97%</b>	<b>99%</b>

**90 to 100% Capacity**

**Over 100% Capacity**