

Economic Development Commission

Meeting Minutes

Thursday, September 5, 2024

8 a.m.

University of Maryland Shore Health Center at Easton, Main Board Room

I. Welcome and Call to Order

Ms. Vanhooser called the meeting to order in the absence of Debbie Walsworth who was traveling on business and Dr. Cliff Coppersmith, whose arrival was delayed. She began by introducing John Horner, the new president and CEO of Easton Utilities Commission, who was appointed to a three-year term on the EDC by the Talbot County Council. EDC members introduced themselves and welcomed Mr. Horner, who said he was looking forward to serving on the commission.

Members Present: Ted Bautz, Chuck Callahan, Dr. Cliff Coppersmith, Reza Jafari, Ken Kozel, Amy Kreiner, Micah Risher, Clay Stamp, Terenda Thomas, Cassandra Vanhooser, Jackie Wilson

Members Absent: Al Bond, Walter Chase, Shannon Potter Dill, Chris Kleppinger, David Montgomery, Rob Straebel, Deborah Walsworth

Guests: Holly DeKarske, Kurt Fuchs, Amy Keller, Deena Kilmon, Sarah Kilmon, Nancy LaJoice, Jessica Mumbulo, Sammie Mooney, Cristy Morrell, Dana Newman, Ryan Snow, Scott Warner

Staff: Kristen Goller

II. Guest Speaker – Ken Kozel

Ken Kozel, president and CEO of UM Shore Regional Health, reported on the regional medical center project. Mr. Kozel stated that the future is bright at Shore Regional Health, but there are serious challenges in the industry. Rural healthcare across the country is struggling. There are about 2,500 rural hospitals across the U.S., and about 200 of those have closed in the last couple of decades. In many cases the hospital is the anchor institution within those communities. In addition, more than 600 of the remaining hospitals have dropped critical services. Without access, patients are either not getting the services they need or traveling an enormous distance to get them. Another 600 hospitals are expected to close soon.

There are two primary reasons driving this trend. It's very hard for rural hospitals to generate enough revenue to sustain them and to reinvest back in their communities. The second challenge is today's workforce. It's incredibly challenging to hire doctors, nurses, and techs, and the technology just isn't there yet to be able to help get those resources from other places. That leaves rural hospitals struggling.

The Maryland model for healthcare tries to sustain hospitals and prevent them from closing. Mr. Kozel noted that UM Shore Regional Health started a process several years ago to lay the groundwork for a new model for rural healthcare on the Eastern Shore.

Leaders looked at what each county needs to serve their population centers so that citizens would have immediate access to about 90 to 95% of the health care they need including primary care, access to specialists, and diagnostic testing. UM Shore Regional Health spent \$150 million over the last several years on these projects alone, making important investments in the demographics of the communities they serve. He gave a summary of the projects in each county over the past decade.

- In Queen Anne's, the emergency center sees about 20,000 ER visits a year, and they're starting to add services there like urgent care and rehab services.
- In Caroline County, the University of Maryland Shore Medical Pavilion at Denton was officially opened in 2019. The 50,000-square foot, two-story building at the corner of state Route 404 and Deep Shore Road brings together existing outpatient services that were scattered throughout Denton and new ones previously unavailable in Caroline County.
- In Kent County, UMSRH worked with the state to right size that hospital as Maryland's first critical access hospital, and they're adding an aging and wellness center to serve a population that's about 25% over 65.
- In Dorchester, the hospital on the Choptank River was closed in 2021 and UMSRH built a freestanding medical facility on Route 50.
- All of this was planned with the idea that when patients need in-hospital care, they're going to come to Talbot County, and ultimately to the new regional medical center when that's built and open.

UMSRH owns about 236 acres of land off Route 50 near the Talbot County Community Center. With restrictions and other conditions, there's about 135 acres of usable land for the medical center and for future development. The new medical center will have 147 beds. "In 2024, we were licensed at the state for 118 beds. We pushed hard with the State of Maryland on getting more beds in this facility. But we can't just build the number of beds we want here. It's a regulated process. The state determines how big your hospital is. We were able to push the state hard to get some additional beds in this new facility because of our geography, because we're rural, because there is no other hospital within five miles of us like there is on the Western Shore. We pushed hard for that, and at the end of the day, we're at 147 beds."

Mr. Kozel continued his explanation of the number of beds. "For me, it's not just about the number of beds. It's about the flexibility that I've got within those beds to move patients around much more efficiently. The federal government now requires that patients are observed for 24 hours before being admitted. We don't have an observation unit here now, so that patient is taking a bed that would normally have gone to somebody who's been admitted in this new facility. In the new hospital, there will be 25 beds designated right off the ER. We can not only use them for observation patients and get them out quickly without disturbing the beds upstairs. Or we can also use that as expanded ER space when the ER gets crowded. It's that kind of efficiency that's built into this new facility that is going to help us in the long term. Also, they're all private rooms."

The new building will feature about 365,000 sq. ft. of hospital space, plus another 60,000 sq. ft. of office space—things you can pull out of the hospital, but that you need on the campus. It's incredibly expensive to build a hospital so you don't need a laboratory in the middle of the hospital. You can move that to a medical services building next door. That way you spend about half of what it would cost to build it in the hospital, but you still have it accessible. Those kinds of decisions allow us to be a little bit more efficient.

Total Estimated Project Cost: \$540 million

Sources of funding:

- Bonds. We're planning to borrow money through bonds for a majority, and this is where the University of Maryland comes in and helps support us to get great rates for our bonds so we don't have to pay as much for that borrowing. We're just south of \$400 million that we're going to borrow for this project.
- Philanthropy. You probably know we're going to be raising \$50 million for this project.
- Gov. Wes Moore: As you probably have heard by now, the governor of the state of Maryland has committed \$100 million to this project. This is huge because that's the governor and the state saying we believe in the vision for rural healthcare in Maryland and what shore is trying to do, and we want to support it with funding. We've already received two tranches of funds from that \$100 million. There's three more years of that funding.
- Other sources, including federal grants: We're also we're looking at every we're leaving no stone unturned as far as how we can get revenue into this facility so that it helps us offset the cost of this new building.

Fiscal '24 accomplishments. We've got all the approvals that we need to proceed in fiscal 24 several from the State, the Maryland Health Care Commission, and the Health Services Cost Review Commission have all approved this project. The governor has given us 100 million. The boards at Shore Regional Health and the University of Maryland Medical System have unanimously approved, and we've started to raise money.

For FY '25, Route 662 will be closed and relocated. The team will begin the building pad, getting it ready for the foundation and for construction this December 2024. The foundations will start to be constructed in 2025. The target is to open the new regional medical center in the summer of 2028.

Mr. Kozel also discussed the workforce issues plaguing the industry as a whole and Shore Regional Health specifically. He noted that Whiting Turner Mahogany is the construction manager for the project, and that they have been instructed to hire as many local subcontractors as possible. He thanks the many partners who are working with Um Shore Regional Health to bring the project to fruition.

III. Approval of Agenda and Meeting Minutes

Dr. Coppersmith noted that the minutes were sent prior to the meeting and asked if anyone had comments or corrections. Mr. Risher made a motion to approve the minutes as written. Mr. Bautz seconded the motion, which passed unanimously.

IV. County Council Report – Chuck Callahan

Mr. Coppersmith congratulated Mr. Callahan on his recent nuptials and asked him to give an overview of the work of the County Council. Mr. Callahan thanked Mr. Kozel for his work to make the new regional medical center a reality, noting that a number of county

departments are actively involved in the project. He also briefly reported on other county projects including sewer extension to Bozman-Neavitt, the airfield modernization project (reported by Micah Risher), and the new Chapel District school building in Cordova. Mr. Callahan said he was proud of the economic impact of these projects, as well as the other great things going on in Talbot County. It's easy to be negative, he noted, but there are some exceptionally positive things happening here.

V. **Director's Report – Cassandra M. Vanhooser**

Ms. Vanhooser thanked the EDC members and guests for attending the meeting. She added her thanks to Mr. Kozel and his assistant Cathy Wright for hosting the meeting at the University of Maryland Shore Medical Center at Easton today. It is a reminder of the great things that are coming our way, she said.

Summer Work Sessions: Ms. Vanhooser said that in her June report, she shared a slide that outlined some initiatives that were on the horizon. Staff have made progress on all three, including bike trails, accommodations tax, and the departmental strategic plan.

Bike and Pedestrian Trails: On July 9, Ms. Vanhooser hosted a work session on bike trails for the Talbot County Council. The purpose of this session was threefold: 1) To ask the County Council to appoint an advisory committee to oversee work on trails and safety initiatives around the county; 2) To seek permission to apply for a Safe Streets for All grant for developing a bike and pedestrian master plan for the county; and 3) To seek permission to work with MDOT and DNR on a plan for the Frederick Douglass Rail Trail.

Ms. Vanhooser noted that trails are important to economic development because they contribute to the quality of life that we value so much and provide low-cost health benefits. Trails typically increase property values and provide transportation alternatives for residents. And in the long run, they attract visitors, who contribute to the local economy.

She reported that the Talbot County Council plans to introduce an administrative resolution at their next meeting to create the Bike and Pedestrian Advisory Committee that will look at these issues comprehensively across the county. MDOT will be in Easton the second week in September for a Statewide Transportation Trails Plan Kick Off Walk. Both of these things are a step in the right direction. Look for more to come on this issue.

Proposed Public Accommodations Tax Rate Increase: On August 25, the Talbot County Department of Economic Development and Tourism hosted another work session with the Talbot County Council. Ms. Vanhooser along with Harold Klinger, former owner of Harbortowne Resort, and Martha Sparks discussed a proposal from the Tourism Board that we raise the Accommodations Tax from 4%, the lowest in the state, to 6%.

The Council has asked that the Tourism Board seek input from each of the towns. Ms. Vanhooser gave a presentation to the Easton Town Council on Tuesday, Sept. 3, and they voted 5-0 to support the proposal. She presents in Oxford next Tuesday, Sept. 9, and in St. Michaels on Wednesday, Sept. 10. Ms. Vanhooser note that public Accommodations Tax collections help fund this department's operational budget to help pay for tourism marketing and economic development activities.

Strategic Plan. Ms. Vanhooser reported that the Request for Proposals was released in the first week in August. She hosted a Q&A session on August 19 and is now anxiously awaiting the bids, which are due on September 10. This strategic plan will set the course for the next 5 to 10 years for this department. She then asked each person attending the meeting to jot down the ONE Thing you'd like to get out of this plan before they left the meeting. She also asked anyone who wants to be on the steering committee to email her. Ms. Vanhooser also notes that there will be plenty of opportunities to engage along the way.

Frederick Douglass Park on the Tuckahoe: The department is still working through the Maryland Rural Economic Development Fund projects. Ms. Vanhooser appeared before the Planning Commission and the Critical Areas Commission pre-app meeting on Sept. 4 with her consultants for site plan approval for the Frederick Douglass Park on the Tuckahoe. She reported that the group received conditional approval for the site plan and comments from the Critical Area that need to be addressed. Overall, it was a very positive meeting, and the group is well on the way to finishing our predevelopment engineering and design for Phase II.

Talbot Works Business Academy: Cohort #2 of the Talbot Works Business Academy with Will Holmes begins on Sept. 10 and runs through Oct. 26. The class size is a bit smaller as people are exceptionally busy in the fall and were reluctant to commit, but we have a solid class. We've invited 10 people to be in the class. Ms. Vanhooser asked EDC members to be prepared to serve as judges for the final presentations on Oct. 26. Despite the cuts in the Rural Maryland Council, Scott Warner is making funding available for this program to all three counties in the Mid-Shore. We have the money for a Cohort #3 in the winter of 2025.

Money Maryland Expo: Hard on the heels of the Cohort #2 launch, the department is hosting the Money Maryland Expo featuring Will Holmes on Sept. 14 at the Building African American Minds Athletic Center in Easton. This is an all-day event, and she invited EDC members to attend. Will Holmes is offering this event for free for us as an added benefit for doing business with him on the Talbot Works Business Academy. James Bell and the crew at BAAM will provide volunteers.

Bylaws Update: Finally, Debbie Walsworth and I are working on an update to our bylaws. This is something that the County Manager's Office has asked us to work on. I will send out the proposed changes to you before the next meeting, and we will discuss changes and vote in December. Then we will present the proposed changes to the Talbot County Council for a vote.

IEDC Annual Conference: Ms. Vanhooser note that she will attend the International Economic Development Council meeting in Denver on Sept.15-19, and that she will be leaving on a long-awaited trip to Portugal on Sept. 28 returning on Oct. 12.

VI. Town Reports

Town representatives reported on news from their jurisdictions

VII. Comments from Board Members and Guests

No comments from board members or guests.

VIII. Final Remarks and Announcement of Upcoming Meetings

- September 10 – Talbot Works Business Accelerator Program, Cohort Two
- September 14 – Money Maryland and Business Resource Fair
- November 8 – Coffee and Conservation, Waterfowl Art Pavilion
- December 5 – EDC Meeting
- 2025 EDC Meeting Dates – March 6, June 5, September 4, December 4

IX. Adjournment

The meeting adjourned at 9:45 a.m.