

# MAINE STATE LEGISLATURE

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## WASHINGTON COUNTY DEVELOPMENT AUTHORITY

October 27, 2003

Mr. David Boulter  
Executive Director  
Legislative Council  
115 State House Station  
Augusta, ME 04333-0115

Dear Mr. Boulter:

Enclosed please find a copy of the annual report of the Washington County Development Authority (WCDA) pursuant to the requirements of Chapter 383, subchapter 3 of Title 5 of the Maine Revised Statutes Annotated.

Please note that operational funds for the WCDA have been provided by the Maine Department of Economic and Community Development through contracts with the Sunrise County Economic Council. The funds are being used to pay legal and other professional fees, as well as staff and general office expenses incurred by the WCDA. The disposition of those funds and the balance remaining are detailed in Attachment #2.

Please let me know if you have questions or would like additional information about the activities of the WCDA.

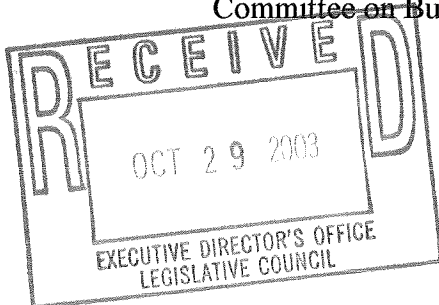
Sincerely,



Dianne Tilton  
Chair, Pro-tem  
Washington County Development Authority

Enc.

Cc: Hon. John E. Baldacci, Governor, State of Maine  
Hon. Lynn Bromley and Hon. Nancy Sullivan, co-chairs, Joint Standing  
Committee on Business, Research and Economic Development



C/o Sunrise County Economic Council  
P.O. Box 679, Machias, ME 04654  
Phone: 207-255-0983; Fax: 207-255-4987

MAY 18 2005

## WASHINGTON COUNTY DEVELOPMENT AUTHORITY ANNUAL REPORT

### Introduction

Pursuant to the provisions of Title 5 of Maine Revised Statutes Annotated, Chapter 383, Subchapter 3, Article 2-A, the Washington County Development Authority is required to submit an annual report to the Governor, the Executive Director of the Legislative Council and the joint standing committee of the Legislature having jurisdiction over business and economic development matters. The report must be submitted no later than 120 days after the close of the authority's fiscal year. The Authority's inaugural fiscal year ended on June 30, 2003. This first annual report must be submitted on or before the statutory deadline of October 28, 2003. The report that follows fulfills that requirement.

Section 13083-F of 5 MRSA requires that the annual report of the Authority include:

- A. A description of the authority's operations and activities;
- B. An accounting of the authority's receipts and expenditures and assets and liabilities at the end of its fiscal year;
- C. A listing of all property transactions pursuant to section 13083-D;
- D. A statement of the authority's proposed and projected activities for the ensuing year; and
- E. Recommendations regarding further actions that may be suitable for achieving the purposes of this article.

### History of the Authority

The Washington County Development Authority was established by the Second Regular Session of the 120<sup>th</sup> Maine Legislature as Chapter 568 of the Laws of Maine 2001. The Authority was established in response to the need to create a state entity that could take title to the former Naval Computer and Telecommunications Station in Cutler, Maine from the United States Navy. This necessity was created by the lack of financial capacity of the Town of Cutler to take direct possession of the base, which is authorized under federal law, and the ineligibility of the Cutler Development Corporation (CDC) to take direct possession of the facility from the Navy. Federal laws do not permit the Navy to transfer the base to a local development corporation such as the CDC, which was formed by Cutler area communities for the specific purposes of ensuring that the NCTS facility is redeveloped. Current member communities of the CDC are Cutler, Machias and East Machias.

The WCDA's board of directors is comprised of nine members, seven of which were appointed by then-Gov. Angus King in October and November of 2002 and two of which were appointed by Gov. John Baldacci in early 2003. Gov. King appointed the

following members: George Finch of Eastport, Janet Toth of Eastport, Cynthia Rowden of Cutler, Wanda Cates of Cutler, Evelyn Preston of East Machias, Dianne Tilton of Harrington, and Shirley Erickson of Machiasport. Gov. Baldacci appointed Elmer Harmon of Dennysville as the eighth public member in April 2003 to replace the appointee nominated from Machias who moved from the area prior to Senate confirmation. At the same time, the Governor designated then-Acting Commissioner Dann Lewis of the Department of Economic and Community Development as the ex officio commissioner-designee member of the Authority. Mr. Lewis remains on the board as of the date of this report although he currently serves as Director of the Office of Tourism within the DECD.

The Trustees of the Authority have been appointed to staggered terms of one, two, three and four years. The Commissioner-designee serves at the pleasure of the Governor.

### **Inaugural Board Meeting**

The WCDA Board of Trustees held its inaugural meeting on March 25, 2003 in Machias. At that meeting the following “pro-tem” officers were elected: Dianne Tilton, chair pro-tem; Evelyn Preston, vice chair pro-tem; Cynthia Rowden, treasurer pro-tem and Janet Toth, Secretary, pro-tem. The officers were elected to serve in their positions on a temporary basis. The Trustees did not schedule a date for permanent election of officers.

By unanimous consent, the board agreed at its inaugural meeting to have Christopher Spruce, Community Development Coordinator at Sunrise County Economic Council, serve as the official board contact with the U.S. Navy during the base transfer process. Spruce is providing staffing services to the board under a professional services agreement with the WCDA board. The board also voted to engage the law firm of Preti, Flaherty Beliveau to provide legal counsel to the board.

At its inaugural meeting, the WCDA trustees reviewed and signed a resolution reaffirming their intent to carry out the legislative intent of Public Law 2001, chapter 568, which established the WCDA. (See attachment #1.) They also authorized the Chair to sign a letter to the Navy formally requesting the Authority’s interest in taking transfer of the Cutler base.

### **Other Meetings and Activities**

Following their initial meeting, the WCDA Trustees met on April 29, 2003 and May 27, 2003 in Machias. Among activities and initiatives addressed by the board were developing a set of bylaws for operation of the Authority, initiating work on a Code of Ethics for the Trustees, developing a Case Statement for the Authority, discussing a redraft of the Authority’s enabling legislation to expand it’s authority to undertake a wide-range of economic development activities in Washington County, and continuing to work with the Cutler Development Corporation to ensure successful redevelopment of the NCTS facility in Cutler.

## **Receipts and Expenditures**

The Maine Department of Economic and Community Development has endeavored to assist the WCDA Board of Trustees in its work by providing a \$8,000 to the Sunrise County Economic Council to pay for the board's legal and professional services expenses. \$5,000 of the funds was deposited in the WCDA checking account to be used for legal expenses. The remaining \$3,000 was retained by SCEC to support board staffing expenses. As of June 30, 2003, the WCDA checking account had a balance of \$1,238.17, reflecting legal expenses totaling \$3,748.44 and checking fees of \$13.39. (See attachment #2.)

## **Property Transactions**

The WCDA was not a party to any property transactions in the 2002-2003 fiscal year.

## **Proposed and Projected Activities**

In the 2003-2004 fiscal year, the WCDA Trustees plan to adopt bylaws governing the operation of the Authority, a Code of Ethics for Trustees, draft and have submitted legislation that will expand the Authority's powers to undertake economic and community development projects throughout Washington County, and support the Cutler Development Corporation and its designated developer, the Sunset Group LLC, in working toward redevelopment of the NCTS facility.

Most importantly, the WCDA anticipates that it will take possession of the Cutler property from the U.S. Navy on or before April 1, 2004, following which it will transfer the property to the designated developer. In advance of that expected event, the WCDA is working with all of the parties to ensure a successful transition of the former base property to the private sector. Among other activities, the WCDA will be working to complete the surveys of the Cutler properties that have been initiated by the Navy and to provide other legal and professional support to the CDC in its efforts to complete an agreement with the designated developer.

The WCDA also expects to be successful in obtaining legislative approval to expand its authority, thus positioning the WCDA to work with Washington County municipalities, businesses and non-profits to undertake projects to enhance the development of the county's economy.

## **Recommendations**

Pursuant to its enabling legislation, the WCDA Board of Trustees proposes the following actions that will assist it in achieving its designated purposes:

- Passage by the 121<sup>st</sup> Legislature of a bill to expand the Authority's powers and duties to enhance economic and community development capacity in Washington County
- Continued financial support from the Maine Department of Economic and Community Development for the activities of the WCDA Trustees as it attempts to complete the transfer of the former Cutler Naval base to a private developer
- Approval by the 121<sup>st</sup> Legislature of a \$5 million bond issue to capitalize the WCDA to be considered by voters in the fall elections of 2004

*Public Laws of 2001 as Passed at 2nd Regular Session of 120th Legislature*  
**PUBLIC LAWS OF MAINE**  
*Second Regular Session of the 120th*

**CHAPTER 568**

**S.P. 541 - L.D. 1672**

**An Act to Create the Washington County Development Authority**  
**Be it enacted by the People of the State of Maine as follows:**

Sec. 1. 5 MRSA c. 379, sub-c. III, art. 2-A is enacted to read:

**ARTICLE 2-A**

**WASHINGTON COUNTY DEVELOPMENT AUTHORITY**

**§13083-A. Washington County Development Authority established**

The Washington County Development Authority is established as a body corporate and politic and a public instrumentality of the State to carry out the provisions of this article. The authority is authorized to take title, acquire and manage in the name of the State and by agreement with the Federal Government the property located within the geographical boundaries of any decommissioned federal military facility located within Washington County.

**§13083-B. Definitions**

As used in this article, unless the context otherwise indicates, the following terms have the following meanings.

1. Authority. "Authority" means the Washington County Development Authority.
2. Base area. "Base area" means the area within the geographical boundaries of any decommissioned federal military facility located within Washington County to which the authority has taken title.
3. Primary impact community. "Primary impact community" means the municipalities of Cutler, Machias, East Machias, Eastport, Lubec, Whiting and Dennysville.
4. Readjustment or reuse. "Readjustment" or "reuse" means an alternative use of the base area from its use as a military installation.
5. Real or personal property. "Real or personal property" means any property or assets transferred by the Federal Government or the United States Department of Defense pursuant to the closure of a federal military installation located in Washington County.

**§13083-C. Washington County Development Authority; powers; membership; obligations**

1. Powers. The authority is a public municipal corporation and may:
  - A. Sue and be sued;
  - B. Adopt bylaws or regulations consistent with this article for the governance of its affairs;
  - C. Exercise all of the general powers of corporations under Title 13-A, section 202;
  - D. Accept from the Federal Government and dispose of by lease, sale or

transfer the real or personal property located within the geographical boundaries of a decommissioned federal military facility located within Washington County;

E. Apply for and accept grants from private and public entities to provide necessary funding for the activities of the authority and to carry out the purposes of this article;

F. Contract with the Federal Government or its instrumentalities or agencies; this State or its agencies, instrumentalities or municipalities; public bodies; and private corporations, partnerships, associations and individuals to carry out the purposes of this article;

G. Adopt rules pursuant to the Maine Administrative Procedure Act. Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter II-A; and

H. Take all other lawful action necessary and incidental to the powers under this subsection.

2. Membership; appointment. The authority is governed by a board of trustees composed of 9 voting members appointed or designated by the Governor.

A. The Governor shall make 8 appointments to the board of trustees, 6 of which must be from a pool of candidates who are residents of Washington County and are nominated by the primary impact communities. The Governor shall appoint members who reflect the diversity of interests represented by these communities.

B. The Governor shall designate a commissioner of a department of State Government to be a voting, ex officio member of the board of trustees.

The 8 appointed members are subject to review by the joint standing committee of the Legislature having jurisdiction over business and economic development matters and to confirmation by the Senate.

3. Terms. Trustees are appointed for 4-year terms, except that, for initial appointments, one trustee is appointed to a one-year term, 2 trustees to 2-year terms, 2 trustees to 3-year terms and 3 trustees to 4-year terms. The commissioner designated pursuant to subsection 2, paragraph B serves at the pleasure of the Governor. A trustee continues to hold office until a successor is appointed and qualified, but the term of the successor is not altered from the original expiration date of that term.

4. Quorum. Five members constitute a quorum. Five affirmative votes are required for the board of trustees to take action.

5. Liability. The liability of the authority is governed by the Maine Tort Claims Act, Title 14, chapter 741. Trustees are not subject to any personal liability for having acted in the service of their duty as board members of the authority.

6. Expenses. A trustee is not entitled to receive compensation for services to the authority but is entitled to receive reimbursement for necessary expenditures, including travel expenses, incurred in carrying out those services if the authority has available funds to reimburse such expenses.

7. Officers; temporary agents. The trustees shall elect a chair and vice-chair from among their members. The authority may contract with technical



experts and other temporary agents that it requires if the authority has available funds to reimburse such experts and agents for their services. For required legal services, the authority may retain its own legal counsel.

**§13083-D. Property of authority**

The authority may lease, sell or transfer property or interests in property to a local development corporation or other entity determined by the trustees to be eligible to take ownership and possession of the property or interests in property to accomplish the readjustment or reuse of the facilities.

**§13083-E. Termination of authority**

The authority is not dissolved until it is terminated by the Legislature.

**§13083-F. Annual report**

1. Annual report. The authority shall submit to the Governor, the Executive Director of the Legislative Council and the joint standing committee of the Legislature having jurisdiction over business and economic development matters, not later than 120 days after the close of the authority's fiscal year, a complete report on the activities of the authority. The report may also be provided to any other member of the Legislature and to any other person. The report must include for the previous year:

- A. A description of the authority's operations and activities;
- B. An accounting of the authority's receipts and expenditures and assets and liabilities at the end of its fiscal year;
- C. A listing of all property transactions pursuant to section 13083-D;
- D. A statement of the authority's proposed and projected activities for the ensuing year; and
- E. Recommendations regarding further actions that may be suitable for achieving the purposes of this article.

Sunrise County Economic Council

Profit & Loss

ATTACHMENT 2

March 1 through October 27, 2003

	<u>Mar 1 - Oct 27, 03</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
500 Revenue	
4110 · 530 Grants & Contracts (Grants)	8,000.00
<b>Total 500 Revenue</b>	<u>8,000.00</u>
<b>Total Income</b>	8,000.00
<b>Expense</b>	
6140 · 1000 Contributions (Contributions)	5,000.00
6560 · 2100 Payroll Salaries & Wages	
2110 Executive Director	3,710.60
6790 · 3020 Office (Office Supplies)	70.25
6340 · 3100 Telephone (Telephone)	24.57
1900 Meeting Expense (Cost of room, refreshments,)	56.90
6110 · 3300 mileage	54.91
	<u>8,917.23</u>
<b>Total Expense</b>	<u>8,917.23</u>
<b>Net Ordinary Income</b>	-917.23
<b>Other Income/Expense</b>	
<b>Other Income</b>	
7110 · 4010 Transfers between classes	917.23
<b>Total Other Income</b>	<u>917.23</u>
<b>Net Other Income</b>	<u>917.23</u>
<b>Net Income</b>	<u><u>0.00</u></u>

Sunrise County Economic Council  
Revenue & Expense  
June 1 through October 27, 2003

	<u>Jun 1 - Oct 27, 03</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>500 Revenue</b>	
4110 · 530 Grants & Contracts (Grants)	25,000.00
<b>Total 500 Revenue</b>	<u>25,000.00</u>
<b>Total Income</b>	25,000.00
<b>Expense</b>	
6140 · 1000 Contributions (Contributions)	3,000.00
2115 Community Develop. Coord.	2,513.01
6260 · 2400 Printing and Reproduction (Printing and Reproduction)	392.44
1900 Meeting Expense (Cost of room, refreshments,)	29.33
6350 · 3400 Travel & Ent (Travel and Entertainment)	
6110 · 3300 mileage	54.87
	<u>5,989.65</u>
<b>Total Expense</b>	<u>5,989.65</u>
<b>Net Ordinary Income</b>	19,010.35
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
7220 · 5020 Transfers between classes	917.23
<b>Total Other Expense</b>	<u>917.23</u>
<b>Net Other Income</b>	<u>-917.23</u>
<b>Net Income</b>	<u><u>18,093.12</u></u>