



Update of Cecil County Development
Trends & Fiscal Impacts
2006 – 2015

Prepared for:
Cecil County Office of Economic
Development

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Executive Summary

Introduction

Sage Policy Group, Inc. (Sage) is delighted to present this data update regarding development trends to the Cecil County Office of Economic Development. The original version of this study was generated by Lipman Frizzell & Mitchell, LLC in 1999.

Because Cecil County has historically been a rural jurisdiction and because the public routinely expresses a desire to maintain the county's agrarian/rural heritage, it is important to understand where, how much and what types of development is occurring. It is also important to understand the impact of development on the County's prospects for fiscal health and stability.

Major Findings

- In FY2005, the Cecil County Department of Permits and Inspections issued 2,469 building permits and collected \$1.6 million in fees. Though total permits were down 2.8 percent in FY2005 compared to FY2004, over the past five years, the county has experienced a 30 percent increase in permits.
- Permits for new residential development followed the pattern established for total permits, and were down 1.1 percent in FY2005 compared to FY2004, but are up 30 percent from FY2000 levels.
- New construction permits for the commercial/industrial category were up 37 percent in FY2005 from FY2004, and are up 189 percent since FY2000.
- Cecil County's population has now likely exceeded 100,000. The U.S. Census Bureau estimates that the county's population reached 97,796 persons as of July 1, 2005. This represents a 2.4 percent increase from the Bureau's July 1, 2004 estimate, or an increase of 2,260 persons over the course of a year (188/month).
- Public school enrollment (K-12) in Cecil County is projected to rise from 16,150 in 2006 to 16,970 by 2014, or an increase of 5.1 percent. The increase in enrollment in Cecil County is forecasted to be considerably faster than statewide, where roughly one-half of all jurisdictions are projected to experience declining enrollment.
- Between 1999 and 2004, Cecil County experienced a 44 percent employment increase adding over 8,500 jobs. Among Maryland's 24 jurisdictions, Cecil ranked third in terms of percentage employment growth during this period.
- Despite ongoing job expansion within the county, as of 2000 census, 56.1 percent of Cecil County residents commuted outside of the county for employment. Cecil ranks 19th among the state's jurisdictions in terms of the proportion of workers that work and live in the same county.
- Cecil County's job-to-population ratio is approximately 0.3 compared to 0.45 statewide.
- Between 2001 and 2004, the fastest job-adding sector of Cecil County's economy was professional and business services, which recorded average annual job expansion of 21.3 percent.

- Cecil County ranks 19th in the state in terms of local wealth per student, which is 32.7 percent below Maryland's average.
- According to the Maryland Department of Assessments and Taxation, Cecil County's tax base in FY2006 was \$6,519,071,066, 11 percent higher than FY2005's assessable base.
- Residential uses accounted for nearly 76 percent of Cecil County's assessable tax base in FY2006, up from 75.2 percent in FY2005.
- Commercial/industrial uses accounted for 18.3 percent of Cecil County's assessable tax base in FY2006, down from roughly 19 percent in FY2005. Despite the decline in proportion, the commercial/industrial base grew to \$1.2 billion in FY2006 from \$1.1 billion in FY2005.
- Agricultural uses accounted for 5.9 percent of assessable base in FY2006, down from 6.1 percent in FY2005. The assessed value of agricultural property increased in FY2006 to \$385.8 million from \$355.7 million in FY2006.

Implications

Due primarily to the combination of external economic/demographic forces and land availability, Cecil County has emerged as one of Maryland's rapid growth counties. The benefits of this come in the form of higher property values, tax collections, employment generation and business formation. Associated challenges include increased demand for local government services, higher household property tax burdens, heightened demand for public infrastructure and loss of available and productive farmland.

The astonishing increase in residential property values in recent years makes it unclear whether or not new residential construction is today a net fiscal drain on County finances. However, given the significant out-commute rate for the county's residents, it is still the case that emphasis should continue to be placed on the creation of job opportunities within county boundaries. Recent data indicate substantial job-creation momentum within the county, particular within white-collar sectors.

I. Introduction

The Cecil County Office of Economic Development engaged Sage to update data from a 1999 Lipman Frizzell & Mitchell, LLC report that analyzed economic development, demographic and fiscal trends characterizing the county. Because Cecil County has historically been a rural jurisdiction and because the public routinely expresses a desire to maintain the county's agrarian/rural heritage, it is important to understand where, how much and what types of development is occurring. It is also important to understand the impact of development on the County's prospects for fiscal health and stability.

The purpose of this update and analysis is to provide policymakers and other key stakeholders with data and analysis that supports strategic decision-making. To provide these data and analysis, Sage analyzed County budget documents, data from the U.S. Census, Maryland Office of Planning and various other sources, reviewed economic and development trends county-wide, reviewed the Cecil County Comprehensive Plan and Zoning Ordinance and reviewed Board of Education of Cecil County budgets.

II. Development and Demographic Trends

A. Development Trends

In FY2005 the Cecil County Department of Permits and Inspections issued 2,469 building permits and collected \$1.6 million in fees. Total permits were down 2.8 percent in FY2005 compared to FY2004. Over the past 5 years, Cecil has experienced a 30 percent increase in total permits.

- Residential New Construction – In FY2005 permits for new residential construction accounted for 29 percent of total permits issued. Cecil has averaged roughly 711 permits annually since FY1996. Residential permits were down 1.1 percent in FY2005 from FY2004 but up 30 percent from FY2000. Single-family permits make up the majority of new residential permits, at 72 percent. Manufactured mobile homes and multifamily units account for 19.1 percent and 8.5 percent of new residential permits, respectively.
- Commercial/Industrial New Construction – Commercial/industrial new construction building permits made up 1.1 percent of total permits in FY2005. Since FY1996 the county has issued an average of 15.7 new commercial/industrial building permits annually. Commercial/industrial permits were up 37 percent from FY2004 and 189 percent from FY2000.

Exhibit 1Cecil County New Construction Building Permits
FY1996 – FY2005

Residential	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
Single Family	459	430	523	614	495	522	591	660	606	522
Mobile Homes	112	78	104	99	74	71	53	68	108	138
Multifamily Units	106	87	71	59	103	72	59	106	62	61
Total Units	677	595	698	772	672	665	703	834	776	721

Average Annual Units	FY1996 – FY2000	FY2001 – FY2005
Single Family	504	580
Mobile Homes	93	88
Multifamily Units	85	72
Total Units	683	740

Commercial	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
Total Commercial/ Industrial	3	14	16	4	9	15	27	24	19	26

Source: Cecil County Department of Permits and Inspections

B. Population Trends

Total Population

The U.S. Census Bureau estimates that there were 97,796 persons living county-wide as of July 1, 2005. This represents a 2.4 percent increase from the Census Bureau's July 1, 2004 estimate, or an increase of 2,260 persons.

Estimates reported by the U.S. Census Bureau are slightly higher than those offered by the Maryland Office of Planning (MOP). According to MOP calculations, Cecil County had a total of 97,300 persons as of 2005. Below are MOP population statistics for Cecil County.

Exhibit 2: Historic and Projected Population Growth in Cecil County

Year	Population	Average Annual Growth
1980	60,430	
1990	71,347	+1.67%
2000	85,951	+1.88%
2005	97,300	+2.51%
2010	109,160	+2.33%
2015	121,700	+2.20%

Source: Maryland Department of Planning

School Age Population

Cecil County reported a total of 16,521 students enrolled in public school for grades K-12 as of September 30, 2005. Actual 2005 enrollment was higher than the Maryland Department of Education (MSDE) projection of 16,070 students. It has generally been the case that those who have estimated the county's population have under-estimated population. Below are MSDE enrollment projections for Cecil County public schools.

Exhibit 3: Projected Cecil County Public School Enrollment

Year	Public School Enrollment	Annual Growth
2005	16,070	
2006	16,150	+0.50%
2007	16,300	+0.93%
2008	16,270	-0.18%
2009	16,320	+0.31%
2010	16,400	+0.50%
2011	16,440	+0.24%
2012	16,600	+0.97%
2013	16,780	+1.08%
2014	16,970	+1.13%

Source: Maryland Department of Education, Maryland Department of Planning

According to MOP and MSDE, public school enrollment is growing faster in Cecil County than much of the state. Roughly half of all Maryland jurisdictions are projected to experience a decline in enrollment over the next ten years.

C. Employment Trends

Over the past four quarters for which data are available (2004:Q3 – 2005:Q3), Cecil County added a total of 813 jobs, or an increase of 2.9 percent. The state experienced a 1.6 percent employment growth over this period. Between 1996 and 2004, Cecil County experienced a 44 percent increase in employment, adding over 8,500 jobs. Among Maryland's 24 jurisdictions, Cecil ranked third in terms of percentage employment growth during this period.

Commuting

The majority of Cecil County residents commute outside the county for work every day according to the U.S. Census Bureau. As of the 2000 Census, 56.1 percent of Cecil County residents 16 years and over who work commute outside of the county. Roughly 15 percent commute to other jurisdictions in Maryland while 41 percent drive beyond state lines to work. The balance (approximately 44 percent) of Cecil County residents works within the county. This is lower than Cecil's 1990 proportion of 48.8 percent. Cecil ranks 19th out of Maryland's 24 jurisdictions in terms of the proportion of workers who work and live in the same county.

Although the majority of Cecil residents who work commute outside the county for work, they experience a relatively short commute compared to other jurisdictions in Maryland. According to the 2000 Census, Cecil residents had a mean travel time to work of 28.2 minutes. This ranked Cecil County 14th among the state's jurisdictions in terms of longest commute times. The county's average commute time is also lower than Maryland's 31.2 minute average.

Jobs-to-Population Ratio

With the 29,164 jobs reported in Cecil County in 2005Q3 and the 97,300 residents that are estimated to live in the county, Cecil's job-to-population ratio is approximately 0.3. This indicates that there are roughly 0.3 jobs per Cecil County resident, lower than the state's corresponding 0.45 ratio. Among all Maryland jurisdictions, Cecil ranks 19th in terms of jobs per resident.

Exhibit 4Average Annual Employment by Sector
Cecil County, 2001-2005

	2001	2002	2003	2004	2005Q3	Avg. Ann. Growth (%) 2001 – 2004
Cecil County Total Employment	25,582	26,873	27,090	28,291	29,164	+4.6%
Government/Public Sector	6,659	6,978	7,031	7,067	6,130	+2.0%
Private Sector						
Total-All Industries	18,923	19,895	20,059	21,224	23,034	+3.9%
Natural Resource and Mining	514	525	600	604	641	+5.5%
Construction	1,368	1,583	1,623	1,543	1,648	+4.1%
Manufacturing	3,736	3,683	3,765	4,197	4,395	+3.9%
Trade, Transportation and Utilities	5,488	5,582	5,161	14,876	5,878	-0.6%
Information	273	258	253	254	257	-2.4%
Financial Activities	711	724	751	828	841	+5.2%
Professional and Business Services	993	1,233	1,453	1,772	1,787	+21.3%
Education and Health Services	2,342	2,450	2,514	2,747	2,805	+5.5%
Leisure and Hospitality	2,771	2,991	3,050	2,979	3,505	+2.4%
Other Services	727	866	887	916	1,109	+8.0%
State Total Employment	2,423,138	2,427,396	2,434,480	2,461,074	2,503,290	+0.53%

Source: Maryland Department of Labor, Licensing and Regulation

Exhibit 5
 Commuting Patterns
 Maryland and Jurisdictions, 2000

	Rank	Worked in County of Residence		Worked outside of County of Residence*		Worked outside of State of Residence		Total
Allegany	1	25,155	85.1%	1,712	5.8%	2,704	9.1%	29,571
Wicomico	2	32,576	78.3%	5,987	14.4%	3,058	7.3%	41,621
Talbot	3	12,194	76.1%	3,304	20.6%	532	3.3%	16,030
St. Mary's	4	32,134	74.3%	7,935	18.3%	3,195	7.4%	43,264
Worcester	5	15,463	73.0%	3,876	18.3%	1,838	8.7%	21,177
Washington	6	44,219	73.0%	10,874	17.9%	5,504	9.1%	60,597
Garrett	7	9,427	72.8%	2,027	15.7%	1,489	11.5%	12,943
Kent	8	6,528	72.0%	1,451	16.0%	1,083	12.0%	9,062
Dorchester	9	9,391	67.2%	3,980	28.5%	613	4.4%	13,984
Baltimore City	10	154,463	61.9%	89,183	35.8%	5,727	2.3%	249,373
Frederick	11	60,272	58.9%	32,812	32.1%	9,234	9.0%	102,318
Montgomery	12	267,128	58.7%	45,705	10.0%	142,498	31.3%	455,331
Somerset	13	5,263	57.8%	3,467	38.1%	370	4.1%	9,100
Anne Arundel	14	144,033	56.3%	87,544	34.2%	24,281	9.5%	255,858
Maryland		1,387,505	53.5%	753,611	29.1%	450,554	17.4%	2,591,670
Baltimore	15	196,917	52.7%	167,647	44.9%	8,932	2.4%	373,496
Harford	16	57,973	51.9%	49,941	44.7%	3,790	3.4%	111,704
Carroll	17	34,804	44.9%	39,915	51.4%	2,873	3.7%	77,592
Caroline	18	6,219	44.1%	6,296	44.7%	1,578	11.2%	14,093
Cecil	19	18,446	43.9%	6,499	15.5%	17,110	40.7%	42,055
Charles	20	24,800	40.2%	19,021	30.8%	17,877	29.0%	61,698
Queen Anne's	21	8,379	40.2%	10,595	50.8%	1,878	9.0%	20,852
Calvert	22	14,795	39.4%	16,394	43.7%	6,367	17.0%	37,556
Prince George's	23	155,671	39.2%	67,523	17.0%	174,209	43.8%	397,403
Howard	24	51,255	38.0%	69,923	51.8%	13,814	10.2%	134,992

*Worked outside county of residence but inside Maryland; Source: U.S. Census Bureau, 2000 Census

Exhibit 6

Jobs and Population

Maryland and Jurisdictions, July 2005

	Rank	July 2005 Population Est.	July 2005 Employment	Proportion: Jobs/Population
Worcester County	1	48,750	31,304	64.2%
Talbot County	2	35,683	19,757	55.4%
Baltimore city	3	635,815	346,765	54.5%
Howard County	4	269,457	140,779	52.2%
Montgomery County	5	927,583	457,394	49.3%
Wicomico County	6	90,402	44,194	48.9%
Baltimore County	7	786,113	373,327	47.5%
Washington County	8	141,895	65,366	46.1%
Maryland		5,600,388	2,495,868	44.6%
Anne Arundel County	9	510,878	222,419	43.5%
Kent County	10	19,899	8,361	42.0%
Frederick County	11	220,701	89,369	40.5%
Allegany County	12	73,639	29,396	39.9%
Garrett County	13	29,909	11,800	39.5%
St. Mary's County	14	96,518	37,740	39.1%
Dorchester County	15	31,401	12,147	38.7%
Prince George's County	16	846,123	309,171	36.5%
Harford County	17	239,259	78,186	32.7%
Carroll County	18	168,541	54,227	32.2%
Charles County	19	138,822	40,860	29.4%
Cecil County	20	97,796	28,698	29.3%
Queen Anne's County	21	45,612	13,133	28.8%
Caroline County	22	31,822	8,850	27.8%
Somerset County	23	25,845	6,893	26.7%
Calvert County	24	87,925	20,999	23.9%

Source: U.S. Census Bureau, July 2005 Population Estimates; Maryland Department of Labor, Licensing and Regulation, July 2005 Employment Data

III. Fiscal and Economic Trends

A. Cecil County Annual Budget

The Cecil County approved operating budget for FY2006 is \$135,200,938. This represents a \$12.1 million increase from Cecil's actual FY2005 budget. In FY2005, the County experienced a surplus of \$6.77 million.

Revenues

The County budget incorporates the following revenue sources: property taxes, income taxes, state shared taxes, licenses/permitting, fines/forfeitures, interest earnings, and other miscellaneous revenues. Property taxes and piggyback income taxes generate the highest proportion of revenues, making up 52.6 percent and 33.5 percent of total revenues, respectively.

Expenses

The Cecil County budget incorporates the following expenditures: public safety, highways/streets, health/welfare, recreation/culture, education, public libraries, economic development, agriculture, municipalities, operating transfers and general government expenses. Education represents the largest expenditure category in Cecil, accounting for 51 percent of total expenses. Public safety ranks second at 17.8 percent of total County expenditures.

B. Board of Education Budget

In FY2006 Cecil County's Board of Education operating budget is \$68,921,716. As of 2004, Cecil County reported an average of \$217,695 available per pupil. This ranked Cecil 19th in terms of its local wealth per student, a level 32.7 percent lower than Maryland's average (please see exhibit below). The Maryland Department of Education defines local wealth available for supporting education as including "adjusted real property assessment, public utility operating property and net taxable income".

Exhibit 7

Local Wealth per Pupil, Maryland and Jurisdictions, 2003-2004

Rank	Jurisdiction	Wealth per Pupil	Proportion of State
1	Worcester	\$565,596	1.96
2	Talbot	\$541,603	1.90
3	Montgomery	\$441,465	1.53
4	Kent	\$353,367	1.22
5	Anne Arundel	\$352,560	1.22
6	Howard	\$340,122	1.18
7	Baltimore	\$318,791	1.10
8	Queen Anne's	\$314,257	1.09
	Maryland	\$288,984	1.00
9	Frederick	\$256,351	0.89
10	Garrett	\$250,212	0.87
11	Calvert	\$249,792	0.86
12	Carroll	\$249,229	0.86
13	Harford	\$245,282	0.85
14	Washington	\$240,263	0.83
15	St. Mary's	\$235,373	0.81
16	Charles	\$234,972	0.81
17	Dorchester	\$222,182	0.77
18	Prince George's	\$219,982	0.76
19	Cecil	\$217,695	0.75
20	Wicomico	\$199,878	0.69
21	Allegany	\$177,566	0.61
22	Somerset	\$176,242	0.61
23	Caroline	\$169,629	0.59
24	Baltimore City	\$154,118	0.53

Source: "Fact Book: 2003-2004," Maryland State Department of Education

C. Assessable Tax Base

According to the Maryland Department of Assessments and Taxation, Cecil County has a \$6,519,071,066 total tax base in FY2006. This is an 11 percent increase from Cecil's assessable tax base reported in FY2005. The County's residential tax base grew the fastest over the past fiscal year, increasing 12.5 percent from FY2005 to FY2006. Cecil's commercial base and agricultural base grew 9.7 percent and 8.5 percent, respectively. Below is a more detailed explanation of Cecil's FY2006 assessable tax base by category:

- Residential – residential uses (including townhomes, condominiums and apartments) accounted for 75.8 percent, or \$4.9 billion of Cecil's assessable tax base in FY2006. One year ago (FY2005), residential properties accounted for 75.2 percent (\$4.4 billion) of the County's base.
- Commercial – commercial uses (e.g., retail, office) accounted for 18.3 percent, or \$1.2 billion of the County's assessable tax base in FY2006. In FY2005, commercial properties made up roughly 19 percent (\$1.1 billion) of Cecil's base.
- Agricultural – agricultural uses (e.g., farms) accounted for 5.9 percent, or \$385.8 million of Cecil's assessable tax base in FY2006. In FY2005, agricultural properties accounted for 6.1 percent (\$355.7 million) of the County's total base.

Compared to Maryland, Cecil reports a lower proportion of residential and commercial uses, but a much larger percentage of agricultural uses.

Exhibit 6

Cecil County Assessable Tax Base, FY2006

Use	Cecil County	% of Cecil	Maryland	% of Maryland
		Total		Total
Residential	\$4,938,988,819	75.8%	\$349,979,332,487	77.5%
Commercial	\$1,194,274,925	18.3%	\$93,208,470,611	20.6%
Agricultural	\$385,797,432	5.9%	\$8,348,576,387	1.8%
Use Value	\$9,890	0.0%	\$241,737,413	0.1%
Total Base	\$6,519,071,066	100.0%	\$451,778,116,898	100.0%

Land Use	Improved	Vacant
Agriculture	\$373,506,347	\$12,291,085
Marsh Land	\$0	\$9,890
Residential	\$4,484,430,399	\$195,720,002
Condominiums	\$78,972,290	\$203,540
Residential Commercial	\$829,426	\$0
Commercial	\$681,944,668	\$52,371,640
Industrial	\$299,574,979	\$14,939,314
Commercial Condominiums	\$10,954,474	\$0
Apartments	\$120,822,104	\$668,033
Commercial Residential	\$12,795,583	\$204,130
Townhouses	\$178,814,496	\$18,666
Totals	\$6,242,644,766	\$276,426,300

Source: Maryland Department of Assessments and Taxation

IV. Conclusion

Due primarily to the combination of external economic/demographic forces and land availability, Cecil County has emerged as one of Maryland's rapid growth counties. The benefits of this come in the form of higher property values, tax collections, employment generation and business formation. Associated challenges include increased demand for local government services, higher household property tax burdens, heightened demand for public infrastructure and loss of available and productive farmland.

The astonishing increase in residential property values in recent years makes it unclear whether or not new residential construction is today a net fiscal drain on County finances. However, given the significant out-commute rate for the county's residents, it is still the case that emphasis should continue to be placed on the creation of job opportunities within county boundaries. Recent data indicate substantial job-creation momentum within the county, particular within white-collar sectors.