By Andy Duncan

The secret weapon of the new Cumberland Economic Development Corporation is secrecy.

That was the message delivered by Shawn Hershberger, the city’s economic development coordinator, to the Sept. 10 public meeting of the Allegany County Democratic Central Committee.

The new non-profit corporation to which the city is transferring its economic development operation will do its work in secret, Hershberger told his audience in an upstairs meeting room at Queen City Creamery in downtown Cumberland.

“We are exempt from public meeting and public records laws,” Hershberger said.

He explained that meant the board of the new corporation would have no public meetings, no publicly available minutes, no publicly available correspondence, no public deliberations, no public decision-making, no public votes.

The city administrator, however, will have a seat on the board and will keep City Hall informed, Hershberger said. Also, the corporation’s budget will be mostly taxpayer-funded and will be periodically voted on by the City Council in public meetings, Hershberger said.

Otherwise, Hershberger said, the business of recruiting businesses to town now will be done in secret. In fact, secrecy was the whole point of setting up the corporation in the first place, Hershberger said.

He argued that traditional government is too slow, inefficient, and public to be a good partner for 21st-century corporate America.
“When it comes to economic development, sometimes the public is an impediment,” Hershberger said. Everyone is aware of local projects that fell through because word leaked prematurely, he said.

Though the new corporation will operate largely outside public scrutiny, the planning process that set it up was the most open in the history of any jurisdiction in Allegany County, including multiple public meetings, Hershberger said.

“It has been reported on an almost exhaustive level,” even “to a ridiculous level,” he said, the goal being maximum “community buy-in.”

Most site selection in corporate America today -- the decision of where to put new factories, distribution centers and other facilities – is done not by the corporations themselves, but by third-party sitehunter firms, Hershberger said. Those firms prefer to deal not in public with governments but in private with “implementation entities” such as the city’s new 501(C)3 non-profit corporation, he said. The goal is “to remove politics from the equation.”

No elected officials will sit on the board, Hershberger said, though two appointed public employees will: Cumberland's city administrator, Jeff Rhodes, who will represent City Hall, and Cynthia Bambara, president of Allegany College of Maryland, because of that school’s importance in workplace training.

The other seats will be held by representatives of for-profit, private-sector Cumberland businesses, Hershberger said. Only four businesses initially were offered a seat on the board, Hershberger said, and he noted that all said yes immediately. They are: CBIZ, a tax-preparation and business-consultancy firm, represented by Mike Marchini, president; Exclamation Labs, a website developer, represented by CEO Jonathan Hutcherson; the PharmaCare Network, a chain of seven pharmacies in Allegany County and Fort Ashby, W.Va., represented by John Balch, president; and Western Maryland Health System, which operates Allegany County’s only hospital, represented by President and CEO Barry Ronan.

A fifth business, the clothing store Mixx, since has been added to the board, so that retail has a
New Cumberland Board Must Be Secret, Public is Told

Written by Andy Duncan
Sunday, 13 September 2015 18:10 - Last Updated Monday, 14 September 2015 14:45

place at the table, Hershberger said. Its representative, owner Kelli Allaway, is married to Dr. Matthew Allaway of Urology Associates, a medical practice affiliated with the hospital.

The emphasis on the service sector, especially health care, is no accident, Hershberger said. “We are guided by data that shows us where our target industries are,” he said.

To retain its seat on the board, each company will donate $5,000 annually to the new corporation, Hershberger said. The college will donate no money, only “in-kind services,” he said.

The city of Cumberland will donate $350,000 annually for the corporation’s first three years of operation, after which the city must decide whether to renew its commitment, Hershberger said.

Though the taxpayers will fund the lion’s share of the corporation initially, the long-term goal is to increase private-sector funding and decrease public-sector funding, Hershberger said. “We’d like to lessen the burden of government,” he said.

Ideally, however, the taxpayer’s share of the corporation’s funding never should go below 50 percent, because the city needs to demonstrate its ongoing commitment to the project, Hershberger said.

The corporation’s 501(C)3 status is pending U.S. Internal Revenue Service approval, but the city expects no roadblocks there, Hershberger said.

“I’m still a city employee, but I’m a city employee leased to this private corporation,” Hershberger said, adding that he now reports “to some pretty successful businessmen who expect results.”

The business executives on the board have been named to initial one-year, two-year and three-year terms, to ensure turnover, though all will be free to run for re-election, Hershberger
said. Only board members will vote in board elections, thus giving the board sole responsibility for replacing itself, Hershberger said. Moreover, he said, there will be no term limits.

Democratic Central Committee member Robin Summerfield asked what would prevent private-sector board members from “self-dealing,” or making decisions that would benefit their own companies. Hershberger replied that board members would sign a conflict-of-interest pledge, affirming that they never would profit directly from board decisions.

Asked who could act if a board member violated that pledge, Hershberger replied that the board could act, could vote any member off the board. In short, he said, the board would police itself.

Hershberger added, however, that board members would be free to do business long term with businesses they had recruited to town, and even to recruit businesses with such long-term relationships in mind. “They don’t have to crawl into a shell and not do business as normal, just because they’re on this board,” Hershberger said.

Pressed on the point of self-interest by various questioners, Hershberger said no arrangement could eliminate any possibility of corruption. “Corruption has no shape or form,” he said. “Corruption has no party.”

He said he prefers to think the best of everyone and to assume that all board members are people of goodwill who wouldn’t misuse their positions – because without trust, society can’t function, Hershberger said.

Kathy Powell, another Democratic Central Committee member, said that elected officials’ angry public responses to critics of the new corporation are “disturbing to me as a citizen.” The implication is that no criticism of the city’s actions will be tolerated, Powell said.

What annoyed Mayor Brian Grim and City Council member David Kauffman wasn’t criticism, but accusations of dishonesty, Hershberger said. “The issue was with the almost automatic assumption that there would be rampant corruption,” Hershberger said. “The discourse shuts down with those types of comments.”
(Kauffman had been present at the meeting, but left early, before Hershberger’s presentation began. Another councilman, Seth Bernard, was present in the audience throughout, but was mostly silent, and did not speak on the civility issue.)

One audience member, Thomas F. Conlon Jr. – who was Cumberland’s mayor from 1966 to 1974 – questioned just how public the corporation’s planning process really was.

“I grant you, you had meetings,” Conlon said. “But that doesn’t mean everyone knew enough to not be surprised.”

“We went above and beyond what was legally required,” Hershberger replied.

That may be, Conlon continued, but clearly many questions remain, even among the civic-minded citizens in this very room. The meetings leading up to the final announcement, and indeed the final announcement itself, “did not give the whole picture very clearly,” Conlon said.

Moreover, Conlon said, as an avid daily newspaper reader and political junkie, he if anyone should have known all about this – but he didn’t. “I was not on the receiving end of a lot of this,” Conlon said.

“We had a 15-month-long dialogue with the public,” Hershberger said in response.

Conlon also pointed out that economic development in Cumberland, good or bad, has effects far beyond the city limits. Since neighboring towns and Allegany County itself have a stake in the new corporation’s success, he suggested they should help fund the operation or even sit on the board. “I’d like to see them have some cards on the table,” Conlon said.

Other questions were raised by Conlon’s daughter, Mary Conlon, herself a member of the
Democratic Central Committee. If the private sector was now ready to spring into action to help the city, Conlon asked, then where had it been up to now? Why was it just waiting for the creation of this new entity to act?

She went on to say that for generations, the driver of economic development in Cumberland was the concentration of wealth and decision-making power in very few hands, most of which were not elected. The new corporation seems to be a throwback to those days, Conlon said. She asked whether the new entity was flexible enough to “expand its base of players.”

After 90-plus minutes of discussion of the new corporation, the members of the Central Committee thanked Hershberger for his presentation and for responding to questions. Hershberger in turn thanked the Central Committee for playing host, thanked everyone for coming, and encouraged anyone with further questions to contact him at 57 N. Liberty St., Cumberland MD 21502, phone (301) 722-4156, email shawn dot hershberger at cumberlandmd dot gov.

Andy Duncan is coordinator of the journalism minor at Frostburg State University. He is a member of the Allegany County Democratic Central Committee and a founder of Open Allegany (openallegany.blogspot.com).