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Bainbridge Development Corp.

A sign leans up against a new building Tuesday being used as the offices for the Bainbridge Development Corporation.

By Cheryl Mattix cmattix@cecilwhig.com | Posted: Wednesday, October 12, 2011 2:45 am

The Bainbridge Development Corp.'s board of directors spent the past year juggling a lot of critical issues, including its own financial viability, while trying to get the U.S. Navy to pay for environmental cleanup required for redevelopment to move ahead.

"We got devastating news last October that the former naval training site was contaminated above Maryland Department of the Environment's residential and commercial soil cleanup standards," Donna Tapley, executive director of the BDC, said Monday night during the BDC's annual meeting.

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"The Navy has admitted its liability and responsibility for the contaminants left on the Bainbridge property when they gave the deed to the BDC in 2000," Tapley said. "But they've also said they don't know how quickly they can remediate the property because of their own funding limitations."

So far, the Navy has hired a third-party contractor to do a test study to confirm the data citing contaminants in the soil. The Navy wants to do this before they start spending money on remediation, Tapley said. The study is slated to begin in November and be completed in February, with a report due in March.

Development Unclear

Meanwhile, MTPM, the development team still under contract with the BDC to redevelop the 1,150-acre Bainbridge site, has not yet fixed its breach of contract with the BDC to provide water and sewer to the site.

However, MTPM has indicated it will go along with changes the BDC wants to put into a new contract if the Navy commits to cleaning up the site, Tapley said.

The deadline to fix the contract is January of 2012.

"The board will have to make a decision at that time if MTPM hasn't offered any alternatives to providing water and sewer to the site," Tapley said.

The board is also working to find a new developer for the 50-acre Tome School site that adjoins the 1,150-acre Bainbridge site.

The board terminated the previous Tome School agreement it had with Paul Risk Associates in 2010. The board is now paying Risk back the \$1 million he put into stabilizing the Tome School several years ago, in accordance with a negotiated settlement agreement.

"We're paying that back in installments," Tapley said. So far, the BDC has paid two payments of \$100,000 each, she said.

"This time we'll be opening up the Tome School project to all ideas and expand the search," she said.

Financial Concerns

Meanwhile, the lack of redevelopment at Bainbridge has directly impacted the financial status of the BDC, which never had a reliable source of funding since being created by the General Assembly in 1999 as an "instrument of the state."

The first year of its existence, the BDC operated on a \$50,000 grant from the Maryland Department of Business & Economic Development through Cecil College, \$50,000 from the Cecil County Commissioners and in-kind contributions from the town of Port Deposit, which did a water and wastewater study for the town and the site.

The BDC got a second grant the second year, then entered into a memorandum of understanding with Lowe Enterprises, the first developer the BDC looked at prior to contracting with MTPM.

Both Lowe and MTPM committed to making specified payments to the BDC during the development process to keep them viable as the oversight entity until the entire project was redeveloped.

MTPM was obligated to make payments to the BDC as development took place, but with no development so far, there are also no payments due except for a \$1 million development fee assessed on MTPM when it signed the contract.

Tapley said the developers have been paying that off gradually since 2004.

The final payment of \$50,000 is due July 1, 2013.

"That's been helping us a lot," Tapley said.

However, it is still not enough to pay the BDC's annual bills, which Tapley said was \$392,195 for the year ending June 30. BDC ended fiscal year 2011 with a \$15,597 deficit, despite creative efforts to sell trees, rail lines and scrap metal from the Bainbridge property to create revenue.

Tapley admits those resources have nearly dried up.

"We are unclear how long the BDC can stay afloat," said Tapley. "There's no assurance that we will have enough money to continue," she said Monday night.

"We've been up front about our financial situation," said BDC board member Carl Roberts. "And we will continue to be creative."

Tapley said the four major expenses BDC must pay each year are for professional services estimated at \$130,000, payments to Risk at \$100,000, salaries at \$60,000 and property maintenance at \$42,000.

Despite an abundance of setbacks, including a bad economy and continuing environmental issues, the BDC board is determined to meet its mission to redevelop the Bainbridge site, putting nearly 1,200 acres back on the tax rolls for Cecil County and the town of Port Deposit.

"We've had so many challenges, but we always seem to work them out," said Nelson Bolender, chairman of the board.

He attributes a lot of the "working out" to the hard work from all of the board members, who he says are creative and diligent.

"We can't stop," said Bolender. "We have to keep pursuing the goal. There might be a pot of gold at the end of the rainbow."