



# THE GREATER BETHESDA CHAMBER of COMMERCE

Smart Business, Bright Future

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## Andy Stern Installation Speech The Greater Bethesda Chamber of Commerce June 11, 2019

Good evening everyone.

Let me begin by thanking all of you for the honor and privilege of serving a second time as the Chair of the Greater Bethesda Chamber of Commerce – the oldest – 93 years – the largest AND the most dynamic Chamber in Montgomery County! I am honored, humbled and....maybe a little crazy....to proudly accept this position again.

So a couple of weeks ago when Ginanne and I were speaking about my speech tonight she reminded me that I should keep it short - keep it concise - and that she really wanted to keep the program moving along - but - having known Ginanne now for all these years - I felt that I could really read between the lines here - and what she was really saying was – Andy this is your time to shine – let it all out – so everyone please settle in!

I want to thank Jane for her terrific and thoughtful leadership this past year – I have been fortunate to have been able to spend the year watching her lead this Chamber in such a marvelous and directed manner. Her combination of – let's call it...."bluntness"..... and humor.... have made this a great year for all of us who have worked closely with her. I hope I can assume her mantle of leadership and, in turn, pass it on to my successor Anna Benham.

Thank you to Ginanne Italiano, the president of the Chamber, who makes this the best Chamber in the county – though, Ginanne, I'm not sure I'm looking forward to your 3AM emails again! And thank you to Monica Siss-or-rek and Courtney Delucia our two chamber professionals who do such great work and work so hard for all of us.

I also want to thank Andrew Friedson for installing the board and installing me as Chair. Andrew is THE MAN!!! We are very lucky to have a councilmember who understands the importance of bringing back fiscal sanity to the council and our county!

Also, thanks to David Child, GM of the Conference Center – and a new Chamber board member - and his staff for the great service tonight.

Congratulations to our award winners, Hill Slowinski, Adam Pagnucco and Sargent Brett Trahan – so well deserved.

And, again, thank you Wendy Rieger for participation as this evening's emcee. We love watching you on TV and we were so lucky to have you here with us tonight! I'm a huge fan!

First a little background info on me. I am the President of Andy Stern's Office Furniture which is now a Division of Benjamin Office Supply + Services. This is my 43<sup>rd</sup> year in the business – which I personally find very hard to believe! We are a full service, family owned office products dealership serving the DC Metro area since 1948.

I have lived in Montgomery County my whole life. I grew up in Chevy Chase in the Town of Somerset just a few miles down Wisconsin Avenue – I don't know if this is a quaint little fact about me or a sad statement of how far I have travelled in life. The best thing about growing up in Somerset is that I met my wife Eve in the third grade at

Somerset Elementary School. Eve is here tonight with our two boys Ben & Alex and my daughter in law Kaylie who is expecting our first grandchild at the end of August! YES! I am so proud of my wonderful family - thank you for your support for my various activities over the years! And also thanks to Danny Benjamin - my "partner in crime" at the office - it is a pleasure to work so closely with you each day.

I do love this county - which is why I am so worried about its future - more on that later.

What I love about the Chamber is that our mission is to build an environment that encourages business to grow and prosper within a thriving Greater Bethesda community. Afterall, without a thriving business community this county can't provide the services everyone is so proud of.

This is why we need all of you to be active and involved members of our Chamber. We are moving forward on a lot of fronts and have a lot to do this coming year - here's how you can help:

1. Advocacy. Within the next couple of weeks we will be finalizing our advocacy agenda and I URGE all of you to help us formulate policies that will foster a positive business environment to build the community we love.

We'll be looking at issues such as Economic Development, Land Use & Transportation, Public Health, Education and Safety, and Cultural Enrichment and Environmental Awareness.

One of the issues that I'm most passionate about is reforming the Department of Liquor control. This is a huge economic development issue. THE COUNTY MUST GET OUT OF THE ALCOHOL BUSINESS! Not only is it wrong that the county is in the business of selling alcohol it is clearly one of the major reasons - or maybe THE major reason - we have such a sluggish economy. And you all know what I mean. All you have to do is look at DC and its vibrant restaurant and bar scene and all the great economic development activity that it has created to understand.

And one other really important factor in driving economic development - **transportation**. The Chamber's advocacy agenda includes support for the widening of I-270 and 495 and re-design of the American Legion bridge. Let's not let the concerns of an EXTREMELY vocal minority opposing plans for traffic relief outweigh the greater good.

The Chamber supports the Governor's studies and transit improvements that will take cars off the road in strengthening comprehensive traffic relief in our County and throughout the region, which can only happen with a mix of both transit and road improvements.

Perhaps the Governor's plan is not perfect but it is time for Montgomery County to work together with the State, within the scope and timeline of the Governor's proposal, for the most effective improvements possible, balanced against the monetary, environmental and operational costs to achieve the transportation efficiency that is so grossly needed in order for our County to prosper.

Please join us as we formulate our policies. There are lots of other opportunities to get involved in YOUR Chamber. We need you on our membership committee. Our goal is to increase our membership to over 650 members next year. Great way to grow your business. Or you can get involved in our Real Estate Committee, a great way to find out the latest on fast growing developments in our community. There are networking breakfasts, networking lunches, Off the Clock events, the annual golf classic (thank you Revere Bank for your continued sponsorship of that great event every year), incredibly useful seminars (learned everything I know about social media - hashtag story), senior market committee meetings, industry roundtables for members in the hospitality, healthcare and nonprofit industries, and the next execs committee for those under a certain age!

2. Within a few weeks we'll be rolling out an all new website – keep an eye out for it.
3. Strategic planning. This year, through the leadership of Mary Robinson, we'll be developing a new strategic plan with actionable items that focus on branding, revenue enhancement and our value proposition.

There is so much going on at the Chamber and so much opportunity to grow your business and give back to your community that it really is your responsibility to get involved! Get involved. It pays off!

So....seven years ago – almost to the day – I stood on this stage and spoke about the difficulties so many of our small businesses were having coping with the lingering effects of the recession and the market disruptions – ie: the internet and changing distribution channels – that were eroding margins and increasingly affecting sales volume.

I also spoke about how difficult it can be to do business in Montgomery County and the fact that many of our elected officials seem to think of business as the bad guys. I also spoke about how our County was losing the economic development battle to our neighboring jurisdictions.

So what's happened in the past seven years? Are we better off now? Have things changed? Are we on an upward trajectory? Sadly, I think the answer is mostly no. Consider the following from the Sage Policy Groups recently updated report on Montgomery County's economic situation:

1. Between 2011-2017, the county added just 88 net new business establishments or 0.3%. During this same period, the number of businesses established in Maryland increased by more than 7,500 or 4.6%. And over that same period of time the District of Columbia added 8,113 net new establishments.
2. Over the past 11 years Montgomery County's employment grew 3.1% putting it 19th among the 24 local jurisdictions around us.
3. Between 2007 and 2015, Montgomery County's per capita income dropped 1.65% placing the County 14<sup>th</sup> out of 19 local jurisdictions as measured by the federal government.
4. And Montgomery County's private employment grew a mere 1.1% between 2001 and 2016 putting it 19<sup>th</sup> among the 24 local jurisdictions around us.

The Sage Report also points out that relative tax burdens go a long way toward explaining Montgomery County's sluggish economic performance (particularly outside of the Bethesda CBD). Sage notes that when you layer on State and local income taxes to all of the business taxes "Fairfax County emerges as a far superior proposition from the prospective of cost minimization. As every student of economics knows, profit maximizers are also cost minimizers". Drive across the American Legion bridge and you see it.

As a result of all of this, the County's tax revenues have fallen short of budget projections in recent years. Even though – and get this – over the past 16 years we have been levied five property tax hikes, two energy tax hikes, an income tax hike (the infamous "thousandairs tax") and a recordation tax hike!

And you can see it in the budgets. For the past several years there have had to be mid-year budget corrections because of shortfalls in revenue.

And you can see it in the recently passed budget where recommendations were originally made to shift \$90 million from the County's retiree health benefits to pay for other increases in the new budget. The health retirement fund is only 21% funded. A few of the Councilmembers who understand that you can't rob Peter to pay Paul, voiced their concerns that the county won't be able to meet long-term obligations for funding the health-benefits trust that was promised to its retirees. They understand that we can't keep kicking these types of problems down the road where it will become increasingly expensive to fix and contribute to future fiscal sustainability problems.

If you speak to any business owner, they would also vehemently disagree on another concept – providing a major increase to current employees to make up for increases they missed during the recession ... almost 10 years later!

How many of you business owners out there made up for all the revenues you lost in the recession – or your employees? Again, the council stepped in to fix the problem but the question remains as to how we pay for these increases in the future.

Sadly, this reminds me of a poorly run company where revenues are declining and expenses are increasing and management can't agree on how to fix it. And all of us out there running businesses and meeting payrolls know that is NEVER EVER a formula for success.

Our county has a fiscal sustainability problem and we can't turn around the local economy until we fix it!

However - having said all that - I will say this: Mr. Elrich has been saying some good things lately. He is focusing on reorganizing the County's procurement process – something that desperately needs to be done to help all of our local businesses. He wants to focus on helping small, local companies sell to the county. I was speaking with Judy Stephenson – the county's small business navigator and she said they have already set aside over \$100M dollars of purchases to be directed to small vendors.

He's talking about regulatory reform something else that desperately needs improvement to help create a thriving business environment. Things like expediting the permitting processes to get projects out of the ground much more quickly. And he keeps emphasizing that his goal is to help small businesses grow in the county.

And I want to be optimistic – in that we have a few of the new members of the County Council who understand that we can't have the county we want without a strong vibrant economy.

Seven years ago, I spoke about the city of Vallejo, CA - as described in Michael Lewis's book Boomerang - who's structural deficit caused them to declare bankruptcy in 2008. At the time of the bankruptcy, 80% of the city's budget - and the lion's share of the claims that had thrown it into bankruptcy – were wrapped up in the pay and benefits of public employees. Issues that were kicked down the road for years. That's why we must take action now – and make the hard decisions now - to prevent that from ever happening here.

As Chair-elect I have spent the past year speaking to literally hundreds of our members..... and let me tell you for many of our members things are not that easy. I get it. I owned my own business for 42 years. Competition, changing markets, technology, spiraling health insurance costs, shrinking margins – all things that make it hard to earn a living and make a profit when you own or work for a private business. So here's what I say to those I speak with - please remember you are not alone – the Chamber is here to help you.

We thank Andrew Friedson for introducing a bill that I testified in favor of this afternoon, that now has the co-sponsorship of ALL of his colleagues. This bill would require an independent economist to determine the fiscal impact of legislation on businesses in the County. We have been advocating for that for years. This is great news for all of us in the business community.

So I end tonight by saying this.....I want to be cautiously optimistic. I really do. But it's still very, very early in the new term. I think we have a new group of elected officials that understand that there are serious long-term problems that we must solve now. Only time will tell if that is correct.

I want to be cautiously optimistic because we have a new County Executive who has been saying good things and knows that a large percentage of voters voted for pro-economic development candidates in the last election.

And I want to be cautiously optimistic because we have a new county council that seems to be really listening to the business community and open to our ideas.

So that brings me back to where we started - Our Chamber. Our goal next year is to continue to advocate for - and continue to be the voice for our business community and for responsible public fiscal management so that our

future here in Montgomery County and Maryland is as great as our past! And, of course, our biggest goal is to continue to make sure we help our member companies grow and thrive and provide good jobs to the hard-working citizens of Montgomery County.

Again, I thank you for this honor and privilege. The future of our Chamber is bright. We have a great board of directors – as you heard – and I am really looking forward to working with them and our new executive committee: Jane Fairweather, Anna Benham, Richard Hill, Julie Schumacher, Andy Shulman, Samir Garcia, Connie Rhind Robey, Matt Gordon, Susanna Parker, Greg Smith, Mary Robinson, Marc Engel and – of course – Ginanne Italiano.

We have our issues here in Montgomery County but we're all in this together and we CAN build our businesses, help our families, and continue to make Greater Bethesda the economic engine that keeps Montgomery County....and Maryland....moving!

Thank you and good night.