

Chapter 7: Economic Development

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Chapter 7

Economic Development

The ability to create jobs, support growth with an expanding tax base, and to manage growth effectively is related in part to the balance achieved between commercial/industrial development and other plan elements. The purpose of the Comprehensive Plan with respect to economic development is to provide the land use and development environment that supports the County's economic development goals and objectives and ensures its competitiveness as a business location within the region.

This Chapter discusses the County's economic development as it pertains to land use and development, including industrial and commercial development; business retention, attraction, and expansion; and redevelopment and revitalization. The findings and recommendations contained herein are informed by the County's 5-year economic development strategic plan titled A Proactive Approach to Shaping the Economic Future of Charles County, Maryland ("Strategic Plan"), commissioned by the Economic Development Department (EDD) and completed in May of 2016. The Strategic Plan details the product improvement, marketing, and organizational changes that must be made to ensure that Charles County strengthens its competitive position and is able to attract and retain the types of businesses that will create jobs and opportunities for its population.

Goals and Objectives

Economic development ideally refers to the sustained, concerted actions of communities and policymakers that improve the standard of living and economic health of a specific locality. Overall goals of these efforts include:

- 7.1 Expand the number of jobs in the County paying above average salaries and jobs that pay a living wage;
- 7.2 Strengthen the County's economic base through growth and expansion of existing businesses and industry;
- 7.3 Diversify the County's economic base through the attraction of new businesses and encouraging the development of new start-up businesses;
- 7.4 Retain large employers in the County including the Naval Support Facility Indian Head and the University of Maryland Charles Regional Medical Center;
- 7.5 Enhance the County's infrastructure (water, sewer, transportation) through funding an aggressive, yet affordable Capital Improvement Program (CIP) for those functions which are a government responsibility;
- 7.6 Support tourism development in the County, particularly emphasizing opportunities associated with the County's natural resources, historic and cultural resources, and land- and water-based recreation;

7.7 Promote and support the arts in Charles County as a contributor to County residents' quality of life; and,

7.8 Provide affordable broadband coverage to all of Charles County.

Charles County has many assets to build upon and has the opportunity to set itself apart as a competitive place for several types of industries, beyond its traditional strengths. The Strategic Plan addresses the County's economic development goals, and it culminates in a set of implementable recommendations that will help focus its economic development service delivery to attract identified business targets and position it for the next wave of economic growth. The recommendations reflect items Charles County should undertake to enhance and improve perceptions of the County by site-location advisors and companies looking to invest in the County, as well as tactics the EDD can use to effectively market the County to the recommended business targets.

The Strategic Plan identifies eighteen (18) specific, recommended actions that the county can take to enhance economic development and attract, retain, and expand companies that will create high quality job growth.

Specifically, the strategic recommendations are broken into three categories:

1. Policy changes and investments that should be made to strengthen the County's product;
2. Improved economic development service delivery; and,
3. Tactics to better market the region.

By making a deliberate and organized effort to balance its economy and better highlight its unique advantages, Charles County can shape its economic future and ensure that there are sufficient economic opportunities for its residents. In order to create a context for understanding Charles County's competitive realities, an assessment of economic factors that will impact future business development is contained in the next section.

Economic Structure and Employment Growth

In the past 50 years, the County's economy has changed from an economy dominated by agriculture and seafood industries and has responded to a pattern of suburbanization. An influx of Washington, D.C. area workers into Charles County has contributed to the County becoming the 4th wealthiest county in the state and the 24th in the nation. It boasts a median household income of \$88,481. New residential growth and increasing traffic volumes have drawn substantial retail and commercial services development. However, more than 60% of the workers who live in the County must travel outside the County – often the state – to work in higher paying jobs in their professions.

Charles County's prospects for economic development are interrelated with this workforce and the region's proximity to the Washington metropolitan area, its location on the US 301 corridor, and the military presence in the region. In recognition of this, the County became a full member of the Metropolitan Washington Council of Governments (WashCOG) and also actively engages in the Greater Washington Board of Trade.

Charles County has historically accounted for a relatively small share of the Washington region’s household growth and an even smaller share of its job growth. Nevertheless, Charles County is projected to share in an accelerated pattern of employment growth for the entire Southern Maryland region and is projected to grow faster than the state as a whole (see Table 7-1).

Table 7-1
Projected Employment Growth

	2020	2040	Change 2020 to 2040	
			Number	Percent
Southern MD	173,900	204,400	30,500	18%
Charles County	66,700	79,500	12,800	19%
Calvert	36,800	43,100	6,300	17%
St. Mary's County	70,400	81,800	11,400	16%
Maryland	3,755,200	4,161,000	405,800	11%

Source: Maryland Department of Planning (MDP) Planning Data Services, 2016

According to these projections, however, the imbalance between Charles County's residential growth and the local employment base will continue unless an effective public intervention and a concerted effort focused on business development are brought to bear. The projected level of employment growth (a total employment of 79,500 or 12,800 new local jobs by the year 2040) is less than the projected growth of the County's labor force (approximately 16,790 additional people) over this time period.¹ In 2014, the ratio of employment to households in the County was 1 job to every 1.38 households, which actually declined from the 2010 ratio of 1 job to 1.43 households.²

Industry forecasts rely heavily on historical trends and do not necessarily reflect the impact that deliberate and effective public policy may have on actual outcomes. Nonetheless, it is useful to acknowledge industry forecasts to inform ongoing economic development policy measures.

The largest increase in jobs between 2020 and 2040 in Charles County is projected to be in the *Health Care and Social Assistance* industry sector, which is forecast to add 2,000 jobs. *Construction* is projected to add 1,700 jobs in the same period, but is one of the industry sectors most vulnerable to economic downturns.

The *Accommodation and Food Services* sector is projected to constitute the third largest growth sector at 1,400 new jobs, followed by *Other Services* (e.g., general repair and maintenance, personal services, etc.) at 1,300 jobs, *Retail* at 1,200 jobs, and both *Professional and Technical Services* (e.g., architects, engineers, legal, etc.) and *Administration* at 1,000 jobs. Job forecasts by industry sector are shown in Table 7-2.

¹ Maryland Department of Planning, 2014

² U.S. Census Longitudinal Employer-Household Dynamics, 2016

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Table 7-2
Forecasts of Jobs by Industry 2020-2040, Charles County, MD

Industry Sector	2020	2030	2040	Change 2020-2040	
				Number	Percent
Agriculture	400	400	400	0	0%
Forestry, fishing, related activities, and other	200	200	200	0	0%
Mining	0	0	0	0	0%
Utilities	600	600	700	100	17%
Construction	5,900	6,800	7,600	1,700	29%
Manufacturing	800	800	800	0	0%
Wholesale trade	1,000	1,000	1,100	100	10%
Retail trade	10,700	11,400	11,900	1,200	11%
Transportation and warehousing	2,000	2,100	2,300	300	15%
Information	600	700	700	100	17%
Finance and insurance	2,000	2,100	2,300	300	15%
Real estate and rental and leasing	4,000	4,300	4,600	600	15%
Professional and technical services	4,000	4,500	5,000	1,000	25%
Management of companies and enterprises	300	400	500	200	67%
Administrative and waste services	3,000	3,500	4,000	1,000	33%
Educational services	900	1,100	1,300	400	44%
Health care and social assistance	6,800	7,900	8,800	2,000	29%
Arts, entertainment, and recreation	1,500	1,800	2,100	600	40%
Accommodation and food services	6,100	6,800	7,500	1,400	23%
Other services, except public administration	5,000	5,700	6,300	1,300	26%
Government and government enterprises	10,900	11,200	11,400	500	5%
Total Employment	66,700	73,300	79,500	12,800	19%

Source: Maryland Department of Planning (MDP) Planning Data Services, 2016

The County's economy is dependent on government employment in several ways. The County's workforce includes many federal government employees who commute into the District of Columbia and its inner suburbs. Locally, the Naval Support Facility at Indian Head is the largest single employer in the County with approximately 3,427 jobs. Overall, active duty military employment consists of just over 1,000 jobs based in Charles County, 64 percent above the national average. The consolidation of bases at the Patuxent Naval Air Station in St. Mary's County during the 1990s drove new residential growth into Charles County as employees were relocated from other parts of the country. In recent years, federal actions such as sequestration and talk of future Base Realignment and Closure (BRAC) initiatives have resulted in a renewed focus on the need for economic diversification. While the businesses of federal and defense spending create opportunities for the Charles County economy, it's imperative that other industry sectors be included in long term strategy.

Currently, other large employers in the County are Charles County Public Schools, Charles County Government, the College of Southern Maryland, University of Maryland Charles Regional Medical Center (health care), Wal-Mart (retail), and the Facchina Corporation (construction).³

³ Source: Charles County Budget Book, FY 2012 adopted.

Charles County has an opportunity to leverage its educated and talented workforce to expand, create, and attract more companies among a diverse array of industry sectors. The proactive policies presented in this document, along with the recommended actions contained in the 5-Year Strategic Plan, should be implemented in order to foster economic development. Successful business development activities will improve the tax base, increase retail opportunities, stem the outflow of commuter traffic, and move the jobs-to-households ratio in a more positive and balanced direction. Of course, an adequate inventory of the appropriate land and buildings is necessary to support employment, as discussed in the next section.

Employment Supporting Land Needs

The ability to expand the County employment base depends on a number of factors, but a key factor is the availability of an inventory of well-sited buildings and parcels zoned for commercial and industrial uses and served by public utilities. As part of the Comprehensive Plan a *Land Use Market Supply and Demand Analysis* was conducted to research the demand for and supply of land in Charles County to satisfy projected population, housing, and employment growth.⁴ In summary, the Analysis found that:

- Total existing employment acreage in Charles County is approximately 13,000 acres located in many locations including Waldorf, White Plains, La Plata, Bryans Road, Indian Head, and Hughesville;
- Based on the jobs forecasts by type (see Table 7-2) there will be a demand for approximately 2,773 additional acres for future employment development through 2040; and,
- There are approximately 6,807 acres of undeveloped land in Charles County that are designated for commercial/employment uses.

Comparing supply of 6,807 acres to demand for 2,773 acres of commercial/employment demand through 2040 leaves 4,034 acres of commercial/employment land available to meet demands beyond 2040 (6,807 acres - 2,773 acres of demand = 4,034 acres).

Based on this analysis the Comprehensive Plan's Land Use Plan (Chapter 3) does not designate large additional areas of land for employment or commercial use. During the Comprehensive Plan process several participants questioned some of the assumptions in the analysis suggesting that demand for employment and commercial land will be higher than stated. A few participants also questioned whether the undeveloped employment and commercial land supply is well located in relation to demand and truly available for development. A future study to assess the County's inventory of employment and commercial land is recommended. The findings of the study should delineate the total amount of undeveloped land that is zoned for employment supporting uses and the inventory of development ready sites that can support business development in the near term.

⁴ Land Use Market Supply and Demand Analysis, Technical Memorandum, July 2011. Note, this Memorandum is provided in the Comprehensive Plan Appendix.

A development ready site is defined as a parcel of property for sale or lease with a published price and with the entire necessary infrastructure in place, and with the size and capacities that would attract the appropriate investment. In Charles County, there is considerable acreage that is merely zoned for employment supporting uses but is not served by necessary infrastructure such as water and sewer. In some industrial zones areas where water is available, the capacity is inadequate to serve many industrial applications (e.g., craft breweries). Most companies today would require being connected to a municipal water and wastewater system with sufficient capacity to support a broad range of operations.

Development ready sites are of most interest to site selection consultants and potential tenants, and an adequate inventory must be maintained to support the County's economic development mission. An example of a development ready site is the 64-acre Waldorf Center (formerly Waldorf Technology Park) in the northeast quadrant of Berry Road and Western Parkway. In contrast, the undeveloped area to the east of Maryland Airport south of Bryans Road is zoned for employment supporting uses but is not development ready and would not be considered a viable location for a new business in its current state.

The aforementioned Maryland Airport is a privately owned airport that has public usage. It is not rated by the FAA in its most recent classification of public use airports, which gives it limited marketability. With one runway at 3,740 ft., no instrument landing system (ILS), and a general aviation terminal that does not show well, it has limited assets in the attraction of any business that needs air service. Nonetheless, the airport should be preserved as a future economic development asset

Charles County should support business development through assigning priority to the provision of adequate infrastructure, especially transportation and water and sewer facilities, to locations set aside for business use. Infrastructure with sufficient capacity must be in place if the County is to remain competitive in attracting new business and industrial investment.

In summary, the following land use and development policies should be adopted in furtherance of the County Commissioners economic objectives and the recommendations set forth in the 5-Year Strategic Plan:

1. Leverage County-owned land, infrastructure, and other assets, as appropriate, for private economic development investment;
2. Enhance the water and wastewater capacity and availability in the County and develop a plan to extend water and sewer infrastructure to sites identified by the EDD as having the greatest potential to serve the target business sectors. Infrastructure must be in place if the County is to remain competitive in attracting new business and industrial investment;
3. Support ongoing planning efforts for U.S. 301 in relation to mixed use, commercial, and industrial land, with an emphasis on the Waldorf Urban Redevelopment Corridor and the Transit Corridor from White Plains to the County line;
4. Encourage redevelopment and/or adaptive reuse of functionally obsolete commercial structures, where practical;

5. Continue to develop incentives for commercial corridor revitalization that promote infilling of business uses;
6. Create a plan to improve gateways into the County—including new signage and landscaping, with a continued focus on Waldorf;
7. Streamline and accelerate the plan approval and permitting process for priority economic development projects;
8. Support continued operations at Maryland Airport through the enhancements of its assets and marketability. Continue to evaluate the competitive posture of the County's regulatory environment and recommend, as needed, efficiencies and changes in the permitting and development processes.

Redevelopment and Revitalization

The Waldorf Urban Redevelopment Corridor (WURC) area of Downtown Waldorf covers approximately 300 acres along the Old Washington Road corridor (MD Route 925), south of Acton Lane to north of Leonardtown Road (MD Business 5), and between U.S. 301 and the CSX railroad tracks. The area has been subject to intensive planning which calls for phased redevelopment to transit-oriented, mixed-use development.

In 2010, the Maryland Transit Administration defined a high-capacity, fixed-route transit alignment corridor between Waldorf and Washington, D.C., proposing a future light rail station adjacent to the selected “Phase One” development site, providing a potential future catalyst for private sector investment in transit-oriented development (TOD) at this location. An implementation strategy contains a conceptual plan for a “Phase One” project with the potential to begin the transformation of the WURC into TOD.

The market analysis for the “Phase One” project at this location indicated support for a development program consisting of 659,000 square feet of mixed-use development—residential, commercial office, and retail—including a specialty grocer, a new 80-100 room hotel, Class A office space, and a fitness center, enhanced by community assets and public amenities such as a public square, parks and open space, a civic center, and a public market. A key initiative spearheaded by EDD in 2016 was to introduce legislation at the state level to allow special taxing districts that include residential mixed-use land uses, which was successfully passed. This will allow the County to create Tax Increment Financing districts as a mechanism to fund public improvements.

Similar efforts are underway in the towns of La Plata, Indian Head, Hughesville, and Benedict. The La Plata Town Center Corporation (LPTCC) was formed to guide the redevelopment of a roughly six block area in downtown La Plata to make it more welcoming and vibrant place. The Urban Land Institute (ULI) was engaged in 2016 to conduct a Technical Assistance Panel (TAP) to help in identifying the best strategy to shape and focus development of this 15-acre area to a mix of uses that are more conducive to a mixed use, pedestrian-friendly environment. The Town of Indian Head will be conducting its own ULI TAP in the summer of 2016 with the aim of revitalization.

These ongoing efforts punctuate the need to continuously evaluate the County's aging urban centers for the potential of redeveloping and revitalizing vacant and underutilized properties to more productive use. Urban redevelopment and revitalization can have many positive effects, including better quality housing, reduced sprawl, increased economic competitiveness, improved cultural and social amenities, and improved safety.

Charles County should support ongoing planning efforts for the Waldorf Urban Redevelopment Corridor and the Transit Corridor from White Plains to the County line, as well as the redevelopment and revitalization efforts elsewhere in the county. In furtherance of this policy, the County should develop incentives for commercial corridor revitalization that promote infilling of business uses. Non-monetary incentives should include flexible mixed-use, high density zoning and expedited permitting in designated redevelopment areas.

Quality of Place, Tourism, and the Arts

Business location decisions are influenced by a community's quality of place, as well as by the recreational, shopping, and entertainment opportunities afforded its residents. The County shall continue to support activities that encourage the continued advancement of placemaking in various nodes throughout the county. Retail, food & beverage, and entertainment development – particularly in mixed use environments - will contribute to the advancement of the County's overall quality of life.

Charles County has opportunities to further develop its tourism attractions. This ranges from waterfront recreational areas along its extensive shoreline to promotion and enhancement of existing historic sites. Tourism activity has the potential to increase employment in the hotel/motel, restaurant, and other service industries and is a proven job generator.

In 2015 the County, with the assistance of the Maryland Stadium Authority, commissioned a market and economic feasibility study for the proposed multi-purpose civic center component of the new "Phase One" transit oriented development plan for downtown Waldorf with the goals of benefitting area residents and drawing out-of-town visitors. In addition, the new civic center would enhance existing investments and catalyze new investments by attracting a critical mass of new event activity to the area.

The arts have risen to prominence as an important quality of life issue affecting growth and economic development in Charles County. Successful competitiveness for economic growth requires the ability to attract well-educated, talented, innovative, and creative people. Attracting such people requires an environment rich in educational, cultural, and recreational opportunities.

Telecommunications and Broadband

According to a recent 2014 study, Charles County has significantly higher median download speeds for Small Businesses than Washington MSA, Maryland and the United States. The availability, quality, and competitiveness of broadband service have become and will continue to be a key issue for Charles County's attraction of new investment and commercial growth. Various economic analyses have demonstrated a positive correlation between broadband and economic growth, and its importance in the site selection process will not

diminish. Utility service has always been among the most heavily scrutinized factors in the site selection process. Locations are routinely eliminated due to issues pertaining to inadequate, or lack of, electric, gas, water, wastewater, or telecommunications infrastructure. Advances in technology have elevated the importance of the internet in economic development and site selection criteria.

Businesses want to operate and expand where there is broadband service. It improves the manner in which the County's target industries i.e. health services, retail, R&D, federal contractors etc. deliver services in the 21st century. Moreover, it has become an essential to running a business, growing the commercial tax base and attracting new capital investment to the County.

A company is likely to require a direct fiber connection and redundancy. As with electric service, the reliability of the service is heavily scrutinized to ensure the operation will not be placed offline (especially for information-intensive projects like data centers) or that the risk of being offline is minimal. The competitiveness of the service is also important. Locations with numerous providers have an advantage because competitiveness will drive up speeds and drive down cost. (See Appendix "F" for technical data on Telecommunications and Broadband Services in Charles County).

Charles County Economic Development Department

In 2005 the Charles County Economic Development Commission (EDC) became a department of County Government and was named the Economic Development Department (EDD). The EDD was subsequently abolished in 2010; however an interim office was re-created in 2011. It became an official Department of the Charles County Government, once again funded and staffed, effective July 2012. It is charged with both implementing Commissioner developed goals and objectives as well as developing strategic and tactical approaches that the County should take in conducting economic development.

The 5-Year Strategic Plan includes an in-depth analysis of the county's competitive position relative to business attraction, retention, and expansion in the Washington, D.C. region. The plan provides a roadmap that details the product improvement, marketing, and organizational changes the County must make to ensure that Charles County strengthens its competitive position and is able to attract and retain the types of businesses that will create jobs and opportunities for its population.

POLICIES

The specific recommended actions contained in the 5-Year Strategic fall under three overarching polices:

7.1 Enhance the Product: Further develop assets and initiatives in key areas that support the area's desire to attract and grow more high-quality economic activities and to support the current and future residents of Charles County.

7.2 Execute Effectively: Build a focused economic development service delivery mechanism for existing and potential businesses in the County and collaborate with other municipal

economic development entities to work more seamlessly and present a unified brand to external clients.

7.3 *Tell the Story*: Share Charles County’s business opportunity story with targeted internal and external audiences.

The plan also includes a Target Business Sector Analysis that identifies four (4) target business sectors for the County that will diversify Charles County’s economic base, as well as build on current areas of strengths. These targets are “best fits” for the County based on the current economic and business climate conditions and are recommended given its attributes and assets. The four target business sectors are:

1. Federal contracting & high-value professional/business services;
2. Health services;
3. Entrepreneurial & retail development; and,
4. R&D, engineering & computing.

An area’s economic competitiveness depends on several factors. On a macro level it includes not only the regulatory environment and infrastructure an area provides but also its talent base, available sites, and economic development service delivery. A favorable tax environment and the willingness to offer creative and unique incentive packages are important, as are low operating costs and reliable, affordable sites. Similarly, companies look for areas that offer relevant and scalable skilled labor along with low labor costs as much as they look for quality sites that are flexible and allow for future expansion with minimal development time. Finally, the ability of an area to provide economic development services—for example, clear, succinct, and focused marketing messages; organized and coordinated outreach; and high levels of client service—sets leading areas apart.

In order to succeed in an extremely competitive environment, Charles County must build a business climate with the attributes that companies seek when making investment decisions on where they should locate, grow, or expand. Unnecessary barriers to economic development must be removed and the overall business climate improved to make way for companies looking to invest in the County. The following actions are recommended to support and augment the County’s ability to attract high-quality jobs and talent:

ACTIONS

1. Develop sustainable funding sources to improve the County’s economic development infrastructure and identify catalytic programs to use the monies effectively;
2. Ensure that the locations and zoning of commercial and industrial land continue to support business growth and attraction;
3. Maintain flexibility in land use and location decision-making to accommodate any significant economic development opportunity that may arise;

4. Utilize an array of incentives, as appropriate, to attract targeted industries and maintain competitiveness throughout the region;
5. Prepare the workforce for jobs of the future by providing educational opportunities targeted to improved occupational preparation;
6. Continue to foster a positive working relationship between the County and the Navy in order to capitalize on the role of the naval facilities as a major employer, and as a source of new commercial technology and local spending;
7. Protect the interests of the Naval Support Facility-Indian Head Division, including the Center for Energetics and other tenant commands on the Naval Support Facility-Indian Head, and promote on and off base expansion and the related public and private development;
8. Ensure the County remains positioned to accommodate desired economic growth by monitoring market conditions and industry trends;
9. Support the extension of a high capacity transit service to connect to the regional metro system; and,
10. Continue to participate in broadened regional economic planning efforts, such as the Metropolitan Washington Council of Governments Board of Directors and various committees and studies, as well as the Tri-County Council for Southern Maryland's programs.