

## Chapter Four: **Economy**

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### **Introduction**

The resort industry, construction/real estate/finance, the public sector and agriculture are the county's largest employers. These sectors employ 80 percent of the workforce. Each of these industries relies on the county's natural resources and its rural and coastal character for their success. For this reason, growth and economic development must be done so it does not compromise these characteristics. Simply put--we must not kill the goose laying the golden eggs.

Year-round and seasonal population growth has provided a growing market for the county's businesses. For the future, it is expected that the service industries will continue to lead the economy. Economic development efforts should focus on nurturing existing local industries and encouraging higher wage industries to locate in the county.

This chapter provides a goal, objectives and a series of recommendations for the county's economy.

### **Goal, Objectives and Recommendations**

#### Goal

Expand Worcester County's economy so that it will realize its full potential for employment, business, tourism, light industry, agriculture, forestry, and commercial services without compromising the county's rural and coastal character and its sustainability.

#### Objectives

To implement the above goal, the objectives below are adopted:

#### *General*

1. Raise the county's median income to the state's level by increasing higher paying year-round employment; low-wage jobs<sup>43</sup> are not considered appropriate economic development.
2. Diversify the economic base by extending the tourist season and by encouraging growth of existing and new employers
3. Increase employment opportunities to stem the export of talented young workers
4. Match vocational education with anticipated skilled employment demand
5. Review vocational education's centralized approach to determine if decentralizing facilities would improve the system
6. Help existing employers to expand the economy and employment base
7. Reduce unemployment
8. Work with the towns to support their economic development efforts
9. Provide for and support development of facilities to accommodate the county's aging population

#### *Tourism*

1. Support the traditional resort industry while diversifying this offering with a broader range of high caliber recreational/cultural facilities
2. Encourage the development of sports, cultural or other large attractions to reinforce the county's traditional attractions

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<sup>43</sup> County economic development efforts seek jobs paying \$12 or more per hour as an acceptable wage.

3. Continue to support the beach replenishment project
4. Work with the towns to support their tourism efforts
5. Expand eco-tourism opportunities through environmental, heritage and cultural attractions
6. Accommodate the location of year-round recreational and resort oriented land-uses
7. Develop facilities and attractions that continue full operation in the non-peak seasons
8. Recognize and provide for the needs of the hunting, fishing, and boating sectors

#### *Construction and Real Estate*

1. Provide through the land use plan sufficient land for planned growth to meet expected demand for housing, commercial and support services.
2. Continue to provide vo-tech training to provide skilled labor for the construction industry
3. Provide “in-service” training to keep construction and real estate professionals informed of relevant county policies and programs



#### *Industrial Development*

1. Continue the industrial development program to retain existing industries and emphasize light industry to expand the county’s

research/product-development, manufacturing, health and high-tech sectors

2. Maintain an inventory of suitable locations for appropriate industries to locate within the county
3. Locate industrial uses primarily in industrial parks
4. Address industrial infrastructure needs, including electrical supply, natural gas, and bandwidth improvements
5. Inventory and develop policies for rehabilitating and using “brown fields” sites

#### *Health Care*

1. Anticipate growth in health care needs and facilitate the industry’s expansion to address these needs.

#### *Agriculture and Forestry*

1. Work to preserve farming and increase its economic viability. Explore the utility of agricultural tourism<sup>44</sup>, alternative crops (flowers, organic farming, vegetables, cotton, hemp, wine grapes, greenhouse crops), “value-added” products (wine, soy products, bio-fuels), and co-op marketing
2. Provide for sufficient agricultural support services
3. Reduce farm area fragmentation through agricultural zoning permitting only minor subdivisions (five or less lots), the state’s agricultural preservation program, the Rural Legacy program and explore the use of a transfer of development rights and other preservation mechanisms

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<sup>44</sup> Worcester County Tourism and the Agricultural Extension Service began in the fall of 2004 to organize local farmers to develop agricultural tourism.

4. Continue the “right-to-farm” law
5. Encourage development of an educational/recreational agricultural park
6. Review permitted land uses in agricultural zone to ensure compatibility with agriculture as a quasi-industrial use. Adjust requirements to prevent inappropriate uses from developing in agricultural areas
7. Work to preserve forestry by preventing fragmentation and providing for support facilities

#### *Fisheries*

1. Seafood landing and processing facilities should be retained through land use controls and incentives
2. Protect the seafood and recreational fisheries through fisheries management and the use of suitable local, state, and federal regulations to protect water quality, fish stocks, nursery areas, and local access to fisheries
3. Encourage aquaculture of fish, clams and oysters
4. Maintain the West Ocean City Harbor as a working commercial harbor



Compatible signage helps commercial uses fit into a neighborhood

5. Work to bring dormant oyster leases back to production

#### *Commercial Services*

1. Locate commercial and service centers in major communities; existing towns should serve as commercial and service centers.
2. Provide for suitable locations for commercial centers able to meet the retailing and service needs of population centers.
3. Encourage mixed-use commercial, office and residential development.
4. Bring into balance the amount of zoned commercial locations, with the anticipated need with sufficient surplus to prevent undue land price escalation.
5. Locate commercial uses so they have arterial roadway access and are designed to be visually and functionally integrated into the community.
6. Explore the use of transfer of development rights to reduce the over supply of commercially zoned land.
7. Provide design guidance for commercial development to ensure it is a community asset. Commercial development by its nature locates on highly visible sites, therefore increased landscaping, signage, lighting, screening, architectural and other standards are necessary to maintain neighborhood character.
8. Develop appropriate site, design and location standards for larger-scale and “big-box” commercial developments.
9. Discourage “franchise architecture” and standard flat roofed strip-type commercial facilities.

#### Recommendations

##### *Employment*

Agricultural employment will largely remain stable or may increase somewhat

should value-added products and agricultural tourism take hold. Manufacturing has trended toward a three percent growth rate. Retailing, and

**Table 4-1 Employment**

<u>Sector</u>	<u>Number</u>	<u>Percent</u>
Agriculture <sup>1</sup>	463	2.2
Construction	1,958	9.1
Manufacturing	1,458	6.8
Wholesale trade	735	3.4
Retail trade	2,885	13.4
Trans., utility <sup>1</sup>	641	3.0
Information	532	2.5
Finance, banking	1,702	7.9
real estate		
Prof., Mgt <sup>1</sup>	1,279	5.9
Educ., health	3,704	17.2
Hotel, food <sup>1</sup>	3,817	17.7
Other services	984	4.6
Public admin.	1,352	6.3

Source: Table DP-3, Census 2000

other categories will track with public service employment, health care, and population growth. Tourism is expected to grow at a moderate pace.

Industrial Strategies

Industrial attraction and location are a challenge. Identifying and recruiting compatible industry requires a coordinated strategy to provide appropriate utility, transportation, and other infrastructure. The number of industries relocating is very limited while the competition among jurisdictions is great. Large tax abatements, below market land sales, and other incentives are nearly a prerequisite. For this reason, economic development efforts should focus on existing industries and provide the basic infrastructure for these businesses.

Heavy industry and the hospitality sector can be incompatible. For this reason, both the type and location of industrial development must be carefully planned. In addition, site and architectural design standards are critical. Public services, sufficient electrical, natural gas, and other utilities are required. Given this, industrial development should focus on light and heavier industry in the Pocomoke area and light industry in the existing industrial areas near Berlin and near the Village of Showell. The county’s economic development efforts should continue to target higher wage jobs and industry compatible with their location.

Resort Industry

For the last century, the tourism industry based on sun, sand, and surf flourished in Worcester County. Today, these original attractions remain and have been added to by golf, antiquing, bird watching, hiking, kayaking, marine mammal tours, and Assateague Island’s interpretative offerings. These additions have broadened the county’s allure. Efforts to expand recreational activities should continue, as our visitors will become even more discriminating.

Peak visitation approaches 400,000 and averages over 300,000 persons during the summer. This, along with more potential activities noted earlier, has maintained a strong peak season and a growing “shoulder” seasons.

Recent statistics show a stabilizing trend in visitation, retail sales, rounds of golf, and other indices.<sup>45</sup> Poor weather in 2003 may account for some of this, but the trend for the near future is for

<sup>45</sup> Lippman, Frizzel and Mitchell, LLC, *Ocean City Revisited 2004, Summary of Economic Indicators*, www.lfmvalue.com.

comparatively modest growth. Development in Ocean City is constrained by land availability. Housing demand and the subsequent demand for commercial and other services are migrating to the mainland. This trend will continue to stimulate demand for housing and services through at least the early stages of the planning period.

Maintenance of the county's rural and coastal character will be increasingly important as competing resorts continue to develop and experience homogenizing sprawl. Worcester's distinctive rural and coastal setting will become an increasingly scarce commodity stimulating demand and spurring the county's economy. The need for continued natural resource stewardship will grow over time.

Natural resources and the inherent charm of the county's towns will stimulate tourism. The county should continue to work with the towns to implement the *Management Plan for the Lower Eastern Shore Heritage Area*. This plan provides a regional guide to tourism and cultural resource development. It designates Pocomoke City as one of three "Regional Interpretive Centers" and identifies it as a new destination for the region. Along with Ocean City's obvious allure, Berlin and Snow Hill also provide opportunities for tourism growth. The county and the towns should continue to expand their cooperative tourism efforts.

#### Commercial Facilities

Retailing is one of the largest employers in the county<sup>46</sup> and is a significant contributor to the economy. Currently, designated commercial lands far outstrip the potential demand for such lands.

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<sup>46</sup> Census 2000, Table DP-3 Profile of Selected Economic Characteristics: 2000, p. 3.

When half of these lands are assumed to be undevelopable (wetlands and other constraints), the potential commercial uses can serve an additional population of over two million persons. The supply of commercial land should be brought more in line with potential demand. Otherwise, underutilized sites/facilities and unnecessary traffic congestion will result.

With the plan's emphasis on community rather than standard subdivision-type residential development, local commercial services should be built into new and expanded community plans. In addition, "big-box" scale commercial development will need special siting and design standards. The business community has a strong tradition of community participation and leadership. This tradition should now be extended to meeting a higher design standard for such uses. Existing commercial areas are recognized and accommodated by the plan's land use policies.

#### Health Care

With the opening of the Atlantic General Hospital, health care in Worcester County took a major step forward. The county's demographics are trending toward an older population, health care will therefore, play a larger role in the economy.

#### Agriculture

In recent years commodity prices, which fluctuate with the world market have been putting pressure on farmers' margins. Two chicken processing plants have closed in the last two years due to consolidation in the chicken industry.

For the future, agriculture will remain an important component of the economy. The value of products sold in 2002 was \$123.5 million, an increase of one

percent over 1987 (2002 was a severe drought year).<sup>47</sup> Average sales per farm were \$306,330.<sup>48</sup> Field crop production (corn and soybeans) is used locally as poultry feed. The county is a net importer of grains for feed.

Locally, the concentration of processors has resulted in a reduction in competition for grain. This has added to the downward price pressure. Local support for agricultural infrastructure and encouragement of “value added” and alternative crops, along with development of agricultural tourism could help improve farming’s economics.

Preservation of farming is a key to the county’s rural character. Therefore, it is important to continue the “right to farm” policies and work to develop alternative income sources for farmers.

### Construction

The construction industry employs nearly ten percent of the workforce. Inherently cyclical, this industry is sensitive to interest rates, the economic cycle, and demographics. These factors are outside the county’s control.

The plan provides for growth and development for planned population levels. This growth is anticipated to progress in the long run and therefore the construction industry will continue to be viable.

### Fisheries and Seafood Processing

Local fisheries and the recreational and commercial seafood industry are at the mercy of fish stocks, which are regulated by international, national, regional, and



The West Ocean City Harbor is a working commercial harbor

state bodies. On a global scale, individual fish species vary in their availability and degree of management. Generally, fish stocks must continue to be managed.

Sport fishing continues to grow as an industry, while commercial fishing is not seeing many new entries into the business. Maintenance of the commercial fishing fleet is critical, as this is the required justification for federal maintenance of the Ocean City Inlet.

On the processing side, the clam processing plants have closed. The catch at this point is either trucked out or sold to the local markets and restaurants.

Worcester County can affect the fisheries from two perspectives: water quality/habitat management and land use controls to encourage aquaculture and retain the harbor in commercial fishing. Water quality and habitat are being addressed through watershed planning and its recommendations for water quality improvement, habitat improvement, and retention of tidal wetlands.

Commercial marine zoning preserves the West Ocean City working harbor. Rezoning changes have been requested

<sup>47</sup> US Census Bureau, Census of Agriculture 2002.

<sup>48</sup> Ibid.

due to the strong demand for waterfront housing. These requests have been denied. This policy should continue the harbor in commercial marine use. Compatible commercial development to stimulate tourism near the harbor would be an appropriate addition. However, tourism uses in the Harbor area should remain secondary to commercial marine activities.

### **Conclusion**

The county's economy grows yearly and broadens its offerings and employment opportunities. Developing more living-wage employment joined with creating affordable housing will provide opportunities for residents and their children to stay in the area.

The economy relies on the rural and coastal character of the county and its natural resource base. This character and resources must be protected otherwise our key industries will be jeopardized. Selective economic development efforts, good land use, and site planning will keep the county's economy growing and maintain its resource based foundation.



The Pocomoke Discovery Center