

## CHAPTER 7: ECONOMIC DEVELOPMENT

Sustaining a healthy economy is basic to the quality of life objectives embodied in the growth management strategies of this Comprehensive Plan. Healthy economic growth supports a higher quality of life for residents by providing a diverse mix of employment opportunities. It also helps provide the means to improve and expand public facilities and community services. A goal of the *Caroline County Comprehensive Plan* is to improve economic development and employment opportunities for Caroline County, while preserving the agricultural economy in the unincorporated areas of the County. Objectives for economic development include:

- Maintain and enhance support of existing and new County businesses;
- Encourage development of new businesses, particularly those that offer better wage opportunities for the local labor force;
- Support development of local and regional workforce training programs that target growing industry sectors, such as healthcare and technology;
- Encouraging economic development that will strengthen and support the agricultural community;
- Support development of local and regional industries, particularly those that produce locally grown products; and
- Ensuring land zoned for industrial, commercial, and institutional land uses are in appropriate locations.

According to the Demographic and Socio-Economic Outlook prepared by MDP in November 2007, the total number of jobs in Caroline County has been consistently lower than the total labor force. MDP projects the gap to increase to 20 percent before 2015 and to reach 33% by 2030. The County should continue to work cooperatively with municipalities to progress on a number of fronts, such as growth management, community facilities development, and community revitalization in order to improve the economic prospects for the region.

The most prevalent economic development constraints facing the County include:

- A lack of adequate infrastructure necessary for serving new businesses;
- Limited commercial and industrial areas;
- Limited labor resources;
- Limited tax base; and
- Lack of basic and affordable housing.

### **Agricultural Industries**

In 1997, Caroline County had 556 farms with an average farm size of 202 acres. That same year Caroline County passed *Right to Farm* legislation that encourages the protection of the

County's agricultural lands. The ordinance is intended to prevent nuisance lawsuits, which may arise from residential growth in agricultural areas and protect the economic viability of farming in Caroline County.

In 2007, according to statistics prepared by the National Agricultural Statistics Service (NASS) and Agricultural Census, Caroline County had 574 farms with an average farm size of 229 acres.

<b>Table 7-1: Agriculture Economic Statistics – Caroline County</b>			
<b>Agricultural Classifications</b>	<b>1997</b>	<b>2002</b>	<b>2007</b>
Number of Farms	556	506	574
Average Farm Size (Acres)	202	227	229
<b>Land in Farms (Acres)</b>	<b>112,545</b>	<b>114,843</b>	<b>131,277</b>
Market Value of Production – Avg. Per Farm	\$189,728	\$206,242	\$324,109
Total Farm Production Expenses	\$95,335,000	\$86,582,000	\$142,006,000
Total Farm Production Expenses - Avg. Per Farm	\$170,545	\$170,437	\$247,398
Government Payments	\$706,000	\$1,870,000	\$3,028,000
Average per Farm Receiving Payment	\$4,059	\$9,398	\$8,318
<b>TOTAL - Market Value of Production</b>	<b>\$105,489,000</b>	<b>\$104,358,000</b>	<b>\$186,039,000</b>
United States Department of Agriculture: National Agricultural Statistics Service			

As shown in Table 7-1, in 2007 the County generated \$186 million from agricultural industries. This is an increase in total production value from 1997 (\$105 million) It is important to note that government payments increased from \$706,000 in 1997 to \$1,870,000 in 2002 to \$3,028,000 in 2007, which assisted in preserving the agricultural industry sector.

### **Mineral Extraction**

Caroline County's sand and gravel is a valuable non-renewable resource that should be extracted and used with careful thought regarding the future. These minerals are important to both the local and national economy. Section 15-802; Title 15; Subtitle 8: Surface Mining of the Annotated Code of Maryland states that "local jurisdictions must protect mineral resources from the encroachment of other land uses that could potentially make these resources unavailable for future use." In addition, surface mining laws require that land uses be balanced to ensure areas for mineral extraction. In 1975, Surface Mining Laws were enacted in Maryland, mainly for implementing environmental controls through State approved mining and reclamation plans and processes. A two-tiered process of State and

local regulations assists in preserving mineral resources, while also allowing flexibility for the mining industry.

Growth and development should be located appropriately to protect our mineral resources. While the County should not prohibit or deter mining operations near municipalities or Transferable Development Rights receiving areas, careful consideration should be given to the impacts of mining operations on residents, roads and aesthetics. Surface mining should continue to be an accepted use in the County approved by “Special Use Exception” through the Caroline County Board of Zoning Appeals. Through this process, “quality of life” issues for nearby residents should be considered during Special Use Exception process. Reclamation issues and site specific conditions should be addressed at that time.

As of September 2008, Caroline Count had 23 active surface mining operations. Of the active operations, 6 are for the purpose of creating an irrigation pond for farming operations.

### Surface Mining Performance and Site Mitigation Standards

The development of detailed “Surface Mining Performance and Site Mitigation Standards” (Performance Standards) is needed for Caroline County. Performance Standards should apply to both small and large-scale surface mining operations to mitigate potential conflicts. Performance Standards should include detailed plans for each phase of the surface mine with particular emphasis on pre-planning (buffering, landscaping etc.) and end use (site mitigation/reclamation). Due to the County’s flat topography, surface mining operations in rural areas are highly visible. Therefore, Performance Standards should preserve scenic rural quality and visual aesthetics, in addition to quality of life. Buffers are essential to alleviate public concerns and landscaping should include indigenous vegetation suitable to existing climate and soil conditions. Tall story and under-story vegetation is required and buffering should be initiated before mineral extraction commences to provide suitable time for vegetation to grow.

### Mineral Extraction Tax

Surface mining industries place burdens on local infrastructure, particularly large-scale operations located on County roads, creating an undue burden for local taxpayers. Truck traffic generated by the industry negatively impact County and town roads requiring additional repair and maintenance. In addition, inappropriately located mineral extraction enterprises can detract from County visual aesthetics and scenic resources, adversely impacting tourism initiatives and the local economy.

The development of a Mineral Extraction Tax will compensate the public for the loss of resources that leave the County for other areas of the State and nation and will compensate the County for additional road repairs and upgrades. Caroline County should coordinate with

regional counties to assist in the enactment of a Mineral Extraction Tax. Past and current efforts to enact a Mineral Extraction Tax have met with State resistance therefore a regional multi-jurisdictional effort is required to facilitate efforts. Organizations like the Maryland Association of Counties (MACO) and local State legislators can greatly assist efforts for the development of a Mineral Extraction Tax.

### **Other Industries**

According to the earnings by industry prepared by Maryland Department of Planning, earnings by private industry are increasing overall. The industries that saw notable increases during the period between 2001 and 2007 were construction, transportation and warehousing, finance and insurance, and accommodation and food services. The retail trade industry is showing a decline.

<b>Table 7-2: Earnings by Industry (in thousands of dollars)</b>							
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Farm earnings	8,054	747	9,505	18,396	17,543	11,134	17,549
Nonfarm earnings	304,926	335,136	362,001	386,563	415,427	420,008	433,726
<b>Total</b>	<b>312,980</b>	<b>335,883</b>	<b>371,506</b>	<b>404,959</b>	<b>432,970</b>	<b>431,142</b>	<b>451,275</b>
<b>Private earnings</b>	<b>245,032</b>	<b>269,771</b>	<b>293,639</b>	<b>314,768</b>	<b>342,768</b>	<b>340,977</b>	<b>347,993</b>
Construction	33,539	36,265	40,241	47,042	50,077	54,620	53,965
Manufacturing	60,705	57,283	61,962	61,988	75,057	68,369	61,293
Retail Trade	47,719	45,417	46,748	43,816	41,940	40,556	40,074
Transportation and warehousing	16,374	21,986	23,665	31,644	41,613	39,762	45,338
Finance and insurance	5,525	7,359	8,496	9,806	9,968	9,986	11,063
Real estate and rental and leasing	5,615	6,265	7,467	8,060	8,671	8,003	7,714
Administrative and waste services	5,421	6,268	7,718	9,152	9,400	7,352	7,795
Arts, entertainment, and recreation	1,258	1,538	1,625	1,646	(D)	(D)	2,368
Accommodation and food services	2,806	3,709	(D)	5,871	5,638	(D)	6,247
Other	67,948	66,112	77,867	90,191	90,202	90,165	103,282
<b>Government and government enterprises</b>	<b>59,894</b>	<b>65,365</b>	<b>68,362</b>	<b>71,795</b>	<b>72,659</b>	<b>79,031</b>	<b>85,733</b>
Prepared by the Maryland Department of Planning from U.S. BEA Table CA05N, April 2009.							
(D) = Not shown to avoid disclosure of confidential information but included in totals							

### **Commuting & Employment Characteristics**

As shown in Table 7-3, the County has exceptional access to regional markets. Transportation improvements, such as the dualization of MD Route 404, will greatly increase access for commuters. Close proximity to major U.S. cities and highways can create

tremendous economic potential for the County in years to come. The closest cities are Annapolis and Baltimore, Maryland, and Dover, Delaware. In Table 6-4 you can see that a majority of workers (55%) commuted less than 30 minutes to work. Most workers commuted to a job site (71%) with 7% indicating a home occupation (worked in place of residence). Forty-four percent (44%) worked in Caroline County and fifty-six percent (56%) worked outside Caroline in another County or State.

There is also a continuing concern that the number of jobs available in the County continually falls short of the number of people in the workforce. In 2009, according to data marked December 28, 2009 by the Department of Labor, Licensing and Regulations, Office of Workforce Information and Performance, Caroline County's annual workforce average was 16,202, which exceeds the job projections provided in Table 7-5 through 2020.

<b>Metropolitan Area</b>	<b>Distance</b>	<b>Approximate Travel Time</b>
<b>Annapolis, MD</b>	<b>45 Miles</b>	<b>50 Minutes</b>
<b>Baltimore, MD</b>	<b>61 Miles</b>	<b>1 Hour</b>
Washington, D.C.	75 Miles	1.5 Hours
Wilmington, DE	85 Miles	2 Hours
<b>Dover, DE</b>	<b>30 Miles</b>	<b>35 Minutes</b>
New York, NY	202 Miles	4 Hours
Philadelphia, PA	102 Miles	2.5 Hours
Richmond, VA	181 Miles	3.5 Hours
Statistics prepared by the Caroline County Department of Planning & Codes Administration		

<b>Travel Time to Work</b>	<b>Total</b>	<b>Percent</b>
Total "Out of Home" Workers	13,386	100%
Less than 30 minutes	7,345	55%
30 – 44 minutes	3,184	24%
45 – 59 minutes	1,245	9%
60 minutes or more	1,612	12%
<b>Place of Work – State/County Level</b>	<b>Total</b>	<b>Percent</b>
Total Workers	14,093	100%
Worked in State of Residence	12,515	88%
Worked Outside State of Residence	1,578	11%
Worked in County of Residence	6,219	44%
Worked Outside County of Residence	6,292	45%
<b>Mean Travel Time to Work</b>	<b>30 Minutes (Commute)</b>	<b>59 Minutes (Public Transportation)</b>
U.S. Census Bureau – Census 2000 Commuting & Workforce Characteristics – Caroline County, Maryland		

<b>County</b>	<b>U.S. BEA</b>							
	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2020</u>	<u>2030</u>
Caroline	8,125	8,497	11,211	13,014	14,196	14,400	15,600	16,600
Cecil	20,979	19,139	26,096	31,988	38,654	40,600	55,700	60,300
Kent	7,303	8,077	10,347	11,731	12,864	13,000	14,400	15,300
Queen Anne's	6,710	8,415	12,911	17,240	21,316	23,000	28,100	29,700
Talbot	12,583	15,974	21,818	25,374	28,147	29,100	31,300	32,200
Dorchester	13,941	14,367	16,695	16,292	17,423	16,600	18,100	19,400
Somerset	6,748	7,194	9,079	10,638	11,078	11,400	13,100	14,000
Wicomico	29,972	33,641	45,272	51,927	58,405	60,000	66,100	69,300
Worcester	14,205	19,174	27,398	31,585	34,120	34,300	37,500	39,200
Historical data from the U.S. Bureau of Economic Analysis, Tables CA25 and CA25N								
Projections from 2010 to 2030 prepared by the Maryland Department of Planning, Planning Data Services, October 2009.								

## Income Characteristics

According to data prepared by MDP in November 2007, the per capita income in Caroline County has been significantly lower than any other County in Maryland since 1980. It should be noted that during the 2000 U.S. Census, 9% of Caroline County's population were below the poverty line and the unemployment rate ranked 5<sup>th</sup> among nine counties of the Eastern Shore. Caroline County had an unemployment rate of 3.2%, the same as the State average and the same as the Eastern Shore regional average.

<b>Caroline County</b>	<b>1989</b>	<b>1999</b>	<b>Percent Change</b>
Median Household Income	\$27,758	\$38,832	+40%
Median Family Income	\$32,093	\$44,825	+40%
Avg. Per Capita Income	\$11,926	\$17,275	+45%
<b>Caroline County</b>	<b>Caroline County</b>	<b>Maryland</b>	<b>United States</b>
Median Household Income	\$38,832	\$52,868	\$40,816
Per Capita Income	\$17,275	\$25,614	\$21,587
Source: U.S. Dept. of Commerce, Bureau of the Census, Tabulated by the Maryland Department of Planning			

As shown in Table 7-6, in 2000 Caroline County Median Household Income was \$38,832

and Per Capita Income was \$17,275. Caroline County income levels were significantly lower than both Maryland and national averages. County Median Household income was 26% less than the State average and 5% less than the national average. County Per Capita Income was 33% less than the State average and 20% less than the national average.

These income projections are economic indicators of the amount of available capital for individuals and families to purchase goods and services, when compared with cost of living data. On the Eastern Shore, Caroline County’s cost of living index for 2005 compares most closely with the Lower Eastern Shore counties of Dorchester and Wicomico, both of which also have a large agricultural community. However Dorchester and Wicomico both have a lower cost of living index than Caroline and have a greater per capita income (see Table 7-7). This can be attributed to both counties having an urban center located on Maryland Route 50. The metro core (Salisbury and the surrounding area) and Cambridge are very developed and defined growth areas and serve as major employment centers.

<b>County</b>	<b>Cost of Living Index</b>	<b>Per Capita Personal Income</b>
Caroline	99.6	23,667
Cecil	103.6	29,765
Kent	101.2	35,298
Queen Anne’s	112.7	36,081
Talbot	112.9	45,589
Dorchester	95.8	26,187
Somerset	85.3	20,723
Wicomico	96.3	26,967
Worcester	108.6	31,380

Source: Cost of Living Index, Maryland Department of Business and Economic Development, December 2006; Per Capital Income, Maryland Department of Planning, Planning Data Services, November 2007

## **Economic Development Initiatives**

Major economic development initiatives in Caroline County are the improvement of regional infrastructure and services, achieving economies of scale, expanding tourism opportunities and creating new industry opportunities. These initiatives should improve the economic outlook for Caroline County.

Infrastructure includes roads, bridges, water and sewer, as well as technological infrastructure such as fiber optics and broadband. Adequate infrastructure assists in attracting new businesses to Caroline County. Public and private services also are critical for attracting business. This includes government services as well as a host of private services

such as health care and medical.

Regional “economies of scale” can foster interjurisdictional connections. Coordination occurs between counties at the regional level; towns and counties; and local government and State and Federal government. “Economies of scale” provide financial incentives to maximize investments and decrease long-term costs. New economic development councils assist to facilitate regionalism. In Caroline, Dorchester, and Talbot Counties the regional economic development entity is the Mid-Shore Regional Council. The County helped the Council develop the *Midshore Comprehensive Economic Development Strategy*. Among the projects in the action plan were the North County Water and Sewer project and the Mid-Shore Regional Business and Technology Park located in Ridgely. The Maryland Broadband Cooperative is proposing to install fiber optical cable from Centreville, Queen Anne’s County to Ridgely, from Ridgely to Denton, and from Denton to Easton, Talbot County. Caroline County should plan for the potential industrial growth that may occur in areas where broadband will be available.

Tourism is an industry that helps sustain small local businesses and there have been recent efforts to improve tourism in Caroline County by marketing County history through the reopening of the Linchester Mill as a historical destination and developing scenic byways. Additionally, the Chesapeake Culinary Center, initiated by the Friends of the Grape, Inc., is partnering with the Denton Development Corporation, Town of Denton, Caroline County, and Caroline County Board of Education to provide training opportunities for high school students and adults in the food service/tourism industry.

The County should plan unincorporated growth near municipalities and improve infrastructure and public services. Municipal growth brings in new employers, encourages the growth of local shops in Downtown areas, and creates a greater demand for the service industry. It may also improve the agricultural economy through an increased demand in locally grown produce and locally made goods. Improving the economy may also bring in a younger population that will provide a tax base for the public services our growing elderly population will require.

## **Economic Development Implementation**

- Set aside adequate land in appropriate locations for new commercial, industrial, and institutional uses.
- Support the revitalization of rural villages.
- Revise Caroline County regulations for Home Based Businesses to encourage economic development, especially that development related to agribusiness, while minimizing the impacts of home businesses on neighboring property owners.
- Support municipal Smart Growth efforts.

- Support historical tourism efforts.
- Support development of local and regional workforce training programs that target growing industry sectors.
- Support development of local and regional industries, particularly those that produce locally grown products.
- Develop detailed surface mining performance and site mitigation standards.