

Chapter III: Economy

Objectives

- Work with the private sector to provide employment opportunities for Calvert County residents, increase the commercial tax base, and increase the number of visitors to the County. In generating new business opportunities, continue to remain sensitive to the environment and responsive to community interests.
- Broaden Calvert County's economy by strengthening the existing business base and attracting businesses that utilize the County's well-educated labor force.
- Improve opportunities for visitors and tourism, retirement, leisure, and agriculture and aquaculture industries.
- Foster an economy based upon technology, administrative services, nonpolluting manufacturing, heritage/recreational/nature tourism, retirement, leisure, farming, and aquaculture.
- Ensure the provision of high-quality public facilities and services throughout the County, with an emphasis on those areas intended for business development.

Sustainability Issues

Sustainable economic development is necessary in order to ensure the long-term viability of the community. A sustainable community meets the needs of Calvert County residents in the following ways:

- *Residential and commercial growth are balanced.*
- *A reasonable rate of diversified economic growth is encouraged and sustained to provide jobs for residents, increase incomes, and expand the tax base.*
- *The economy is diversified to ensure a wide variety of job choices for County residents as well as to insulate against cyclical swings in various sectors of the economy.*
- *Economic development is supported by coordinating land development policies and the provision of public services.*
- *New growth is accommodated in a manner respecting the environmental, fiscal, and social resources and needs of the County.*

History

Calvert County's economy has changed significantly in recent decades. For over 300 years, the County's economy relied on the natural resources associated with agriculture and aquaculture. The Patuxent River and Chesapeake Bay yielded abundant seafood supplies and agriculture relied heavily on tobacco, the primary crop and source of revenue. Early in the 20th century, tourism and recreation began to play an important role in the County's economy when the towns of North Beach and Chesapeake Beach were developed. Solomons and areas along the Patuxent River emerged as places for fishing, marinas, overnight accommodations, shops, visitor attractions, and restaurants.

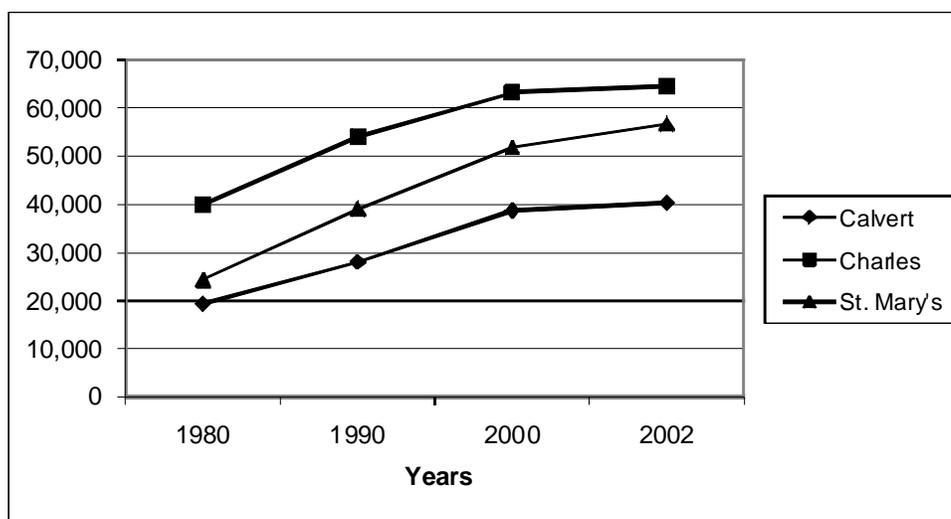
During the late 1960s, the County's population growth began to accelerate as people moved out of the Washington, D.C. metropolitan area. The County's economy began to shift to an economy

geared toward commuters. Trade and services expanded, as did the government and the construction sectors.

During the early 1970s, the County's labor force numbered 5,800 workers and was not highly skilled. A substantial amount of retail trade and industrial activity was seasonal. Out-migration of younger workers and commuting to jobs outside the County, especially from the northern portion, were common. Unemployment had been considerably higher than the State or national rates. However, during this same time period new, major facilities were constructed that added significantly to the fiscal well-being of the County: Calvert Cliffs Nuclear Power Plant, Liquid Natural Gas Plant at Cove Point, Calvert Memorial Hospital, and Thomas Johnson Bridge. These additions began to help change the face of Calvert's economy and work force.

During the 1980s and 1990s Calvert's economy continued to expand. The County saw an increase in its population from 21,000 in 1970 to 78,800 in 2002. The types of businesses that located within Calvert's borders begin to evolve into larger, more technical-oriented companies. The expansion of the business base at the Calvert County Industrial Park and the continued growth of the business base Countywide are significant indicators of strength as a viable business community.

Figure III-A: Civilian Labor Force 1980-2002

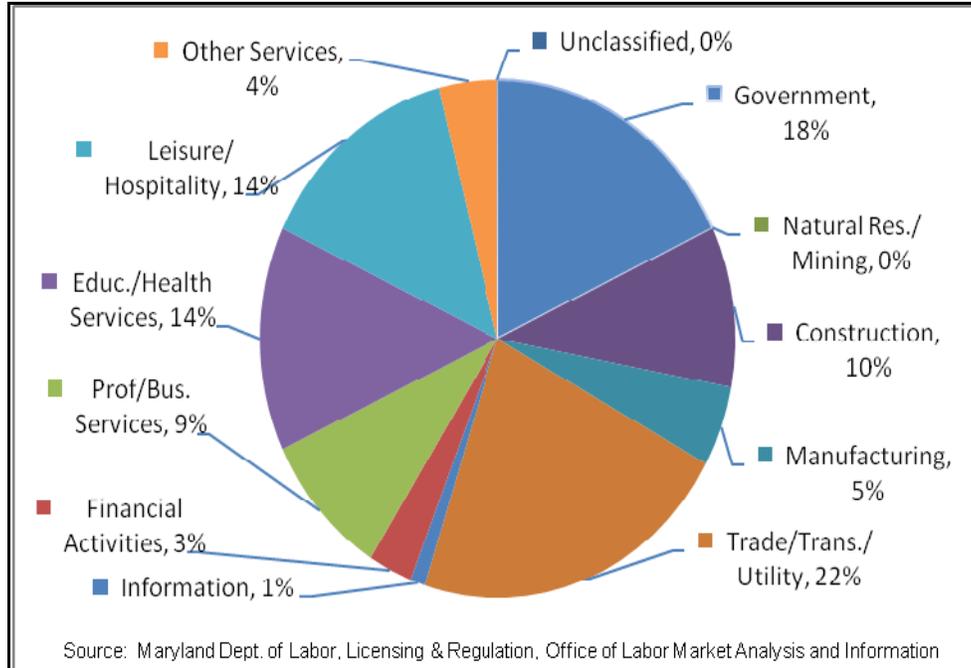


Labor Force and Employment

Calvert County continues to expand its labor force and continues to have the smallest labor force in Southern Maryland. In December 1992, the civilian labor force in Calvert County was 30,991 with an unemployment rate of 5.5 percent. By December of 2002, the labor force had grown by 30+ percent to 40,358, yet the unemployment rate declined to 2.3 percent. In comparison for the same time period, St. Mary's County civilian labor force increased 46 percent and Charles County increased 13 percent. The strong demand for workers in the County, as well in as the Washington Region, has more than accommodated the increase in the labor force.

Between 1992 and 2002 “At Place Wage and Salary Employment” in Calvert County grew by 6,900 jobs or almost 57 percent. During this same time period, overall Maryland employment rose almost 19 percent and Southern Maryland increased almost 44 percent.

Figure III-B: Employment Base 2002



Please note that, in 2001, the Maryland Department of Labor, Licensing and Regulation changed their private industry sector categories from SIC to NAICS categories. Due to this change, data prior to 2001 is incomparable. Therefore, for the remainder of this analysis, comparisons will be between 2001 and 2002

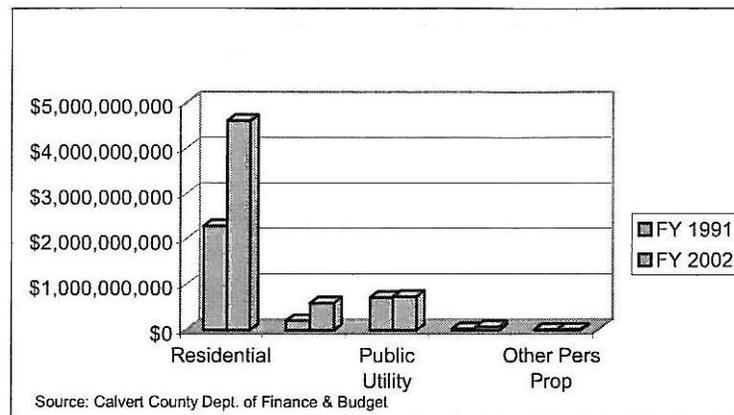
NAICS categories are broken down into three major categories of private sector jobs: goods-producing, service-providing, and unclassified. The goods-producing sector, which includes natural resources and mining, construction, and manufacturing, saw an increase in jobs of more than 5 percent between 2001 and 2002. The service-providing sector includes trade, transportation, and utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality; and other services. This sector showed the largest increase in jobs - 6 percent between 2001 and 2002. The unclassified sector saw a decrease of 36 jobs or almost minus (-54) percent in the same period.

Not reflected in the totals are the County’s traditional industries of farming, forestry, and fishing. According to 2001 Maryland Department of Planning data, the most recent available, farm employment totaled 426, including 355 proprietors. “Forestry, fishing, related activities, and other” added 123 jobs for a total of 549 jobs in the traditional industries. These job totals have shown annual declines in recent history.

Tax Base

Calvert County continues to have an assessable tax base heavily dependent on residential real property and public utilities. Between FY 1991 and FY 2002, the Total Assessable Base increased by 85 percent. In both percentage terms and in real dollars, Constellation Energy's Calvert Cliffs Nuclear Power Plant remains the single largest taxpayer. The residential real property assessable base has grown from almost \$2.3 billion in FY 1991 to \$4.6 billion in FY 2002, increasing from 70 percent of the total tax base to 76+ percent. The commercial real property assessable base has grown from \$210.7 million in FY 1991 to more than \$595 million in FY 2002, increasing from 6.5 percent of the total tax base to almost 10 percent. During the same time frame, the Public Utilities assessable base share dropped from 22 percent to slightly more than 12 percent while the Other Personal Property base decreased from 0.3 percent to 0.2 percent.

Figure III-C: Assessable Tax Base



The trend would appear to be that the major share of future costs for services will be borne by the residential taxpayer because the commercial tax base has not grown enough to offset the growth of the residential base. The effects of the Public Utility tax reform, due to electric deregulation, could further compound this trend. During this same period, the cost of operating the County government also increased significantly. While some of the percentage increases seem large, the County has budgeted conservatively and provides modest levels of governmental services when compared to other Maryland jurisdictions.

Tourism

Tourism continues to be one of the leading components of Calvert County's economy. The increasing amount of leisure time available to the workforce, enhanced tourism efforts by the State and County, and the wide variety of accommodations and visitor attractions lend to Calvert's quality of life. The Board of County Commissioners encourages tourism as a serious component of its economic program.

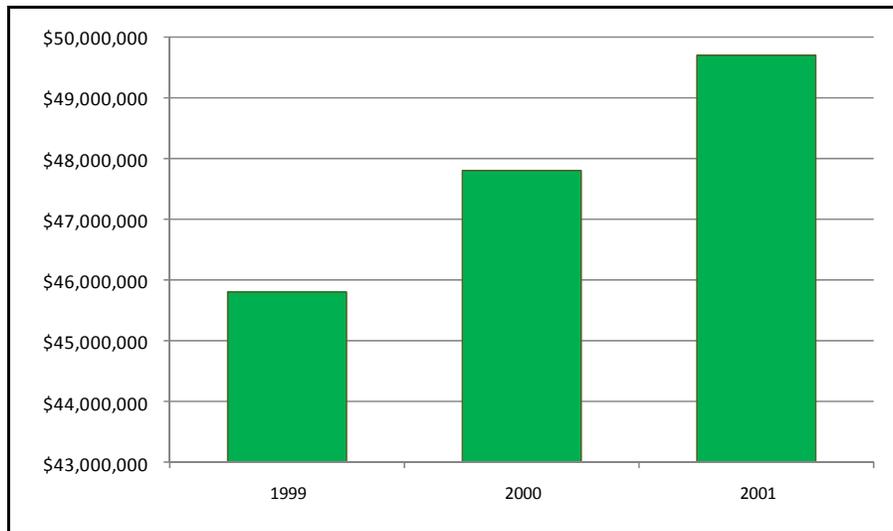


Figure III-D: Tourism Expenditures

Visitors: Fairview and Solomons Visitor Centers reported having 26,738 visitors in FY 2003. These were part of the 402,527 visitors logged at fourteen key visitor sites throughout the County. The counts at the Visitor Centers are up 12 percent from FY 1994. The number of overall visitors to the key visitor sites was up more than 152 percent for the same period.

There is no absolutely accurate method of counting visitors to the County because many visit more than one site and some locations do not count their visitors. Some of the additional methods of determining the visitor industry's impact on the economy follow:

1. State Sales Taxes are levied on hotels, motels, bed & breakfast inns, cottages, apartments, restaurants, nightclubs, lunchrooms, delis, general merchandise, recreation and amusement places, gasoline service stations, and automobile/bus/truck rentals. Although this money is not returned to the counties, these figures do indicate activity in the visitor industry. Between 2001 and 2002, state sales tax collected in Calvert County from hotels increased almost 11 percent, restaurants increased 6+ percent, shopping and amusements increased almost 13 percent and transportation increased almost 7 percent.
2. Tourism jobs are on the rise in Calvert County. The Calvert County Department of Economic Development commissioned a study from the Regional Economic Studies Institute at Towson State University. These figures include only private sector jobs based on eight designated SIC industries. This survey did not include marinas, retail, or government agencies. This study shows an increase in tourism jobs of almost 4 percent from 1999 to 2001 in Calvert County.
3. Tourism expenditure figures are estimates of the impact of the domestic traveler spending in Calvert County. U.S. residents traveling in Calvert County include both in-state and out-of-state visitors traveling away from home overnight and staying in paid accommodations, or on trips 100 miles or more away from home. Tourism expenditures increased 8 percent from 1999 to 2001. Consequently, the estimates understate the impact of all visitors to Calvert

County because they do not include the daytripper to the County. The figures include travel spending for public transportation, auto transportation, lodging, food service, entertainment and recreation, and general retail trade. This study was prepared for the Maryland Office of Tourism Development by the Research Department of the Travel Industry America.

Boating: Calvert County has the largest charter boat fleet on the Chesapeake Bay. With 143 miles of shoreline, Calvert County is a favorite destination for boaters. The County has 2,281 boat slips in 16 commercial marinas and additional private slips in community marinas and individual residences throughout the County. It is difficult to quantify the economic impact of boating in Calvert County.

The University of Maryland, College Park and the Sea Grant Extension Program periodically conduct an economic impact analysis on the boating industry. This economic impact model of the Maryland recreational boating industry was designed to update information to determine the impact recreational boater expenditures have on Maryland's economy in terms of employment, income, and economic output. Calvert County is on the list of top counties in Maryland for Recreational Boating Expenditures with a total of \$34 million.

Southern Maryland Heritage Area Tourism Management Plan

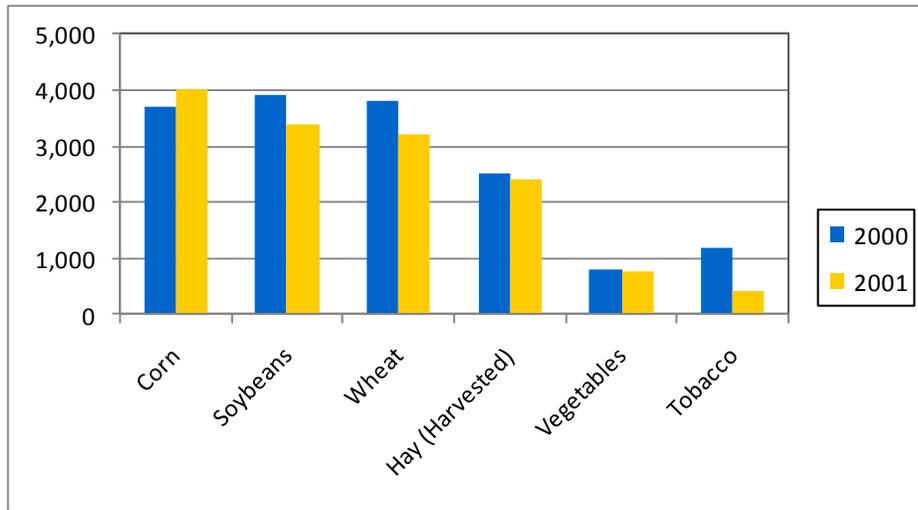
The Southern Maryland Travel & Tourism Committee has taken the lead with the Southern Maryland Heritage Area Partnership to develop the Southern Maryland Heritage Area Tourism Management Plan (SMHATMP). The Maryland Heritage Areas Authority (MHAA) authorized the "recognition" of the Southern Maryland Heritage Area Plan and provided a matching grant for the development of the SMHATMP that has led to Southern Maryland being "certified" as a State of Maryland Heritage Area. The BOCC issued a resolution that approved and authorized the submittal of a management plan for the certification of the Southern Maryland Heritage Area as a Certified Maryland Heritage Area.

Agriculture

The total land area of Calvert County is 137,725 acres, and farms comprise 32,500 acres, or 24 percent of the total. The major crops for Calvert County are corn, soybeans, wheat, hay, vegetables, and tobacco. Calvert County remains the second largest tobacco producer in Maryland, trailing only St. Mary's County. Initial interest in the "Tobacco Buyout Program" by Calvert tobacco producers has been high and will certainly affect future tobacco production figures. The "Program" has a 10-year lifecycle, and finding viable and economically sustainable substitutes for the tobacco crop will be a particular challenge facing agriculture interests in Calvert and throughout Southern Maryland.

2001 showed decreases in the acreage planted or harvested for all crops except corn, which increased 8 percent. This was a big change from 2000 when increases were seen in all crops but vegetables and tobacco. Tobacco saw a marked decrease of almost 67 percent while notable decreases were seen in soybeans with almost 13 percent and wheat decreasing by almost 16 percent.

Figure III-E: Crops



Calvert County recently created the Calvert Country Market to provide an avenue for the farming and aquaculture community to sell products. In addition, this market provides a venue for the agriculture and aquaculture community to market alternative crops as called for by the recent Tobacco Buyout Program through the State of Maryland. The Market has the potential to serve the entire agricultural and aquaculture community.

For information on Calvert County agriculture, please visit www.calvertag.com. For information on the Calvert Country Market, please visit www.calvertcountrymarket.com.

Town Centers

The town centers and incorporated municipalities are the focus of the County's commercial and employment activities. Prince Frederick is the seat of County government and is the logical location for governmental, educational and legal services. Prince Frederick's other attraction is the Calvert Memorial Hospital; many private medical professionals have offices in Prince Frederick. Being located in the center of the County, Prince Frederick also functions as a regional retail center.

Solomon's unique geography, location on the water, and historic atmosphere makes it well-suited as a recreation destination. With the Patuxent River Naval Air Warfare Center just across the river, the Solomons and Lusby Town Centers, which have the necessary infrastructure in place, are well-suited for attracting high-technology defense contractors. In addition, Solomons will continue to be an attractive location for retired persons to locate, both in planned retirement communities and in existing neighborhoods.

Lusby is emerging as a place for high-technology development. Infrastructure improvements throughout the town, the revitalization of Chesapeake Hills Golf Course, and the planned technology business campus will assist in the development of this town center. Lusby's proximity to the Patuxent River Naval Air Station will also prove to be an asset in the town's development.

The town centers of Huntingtown, Owings, and Dunkirk are not currently served by some forms of public infrastructure. Dunkirk, however, has the potential to be one of the County's major employment centers due to its proximity to Washington, D.C. and the area's airports, interstate highways, and metropolitan centers. Dunkirk currently serves as a retail and services center and significant commercial growth in this area is anticipated.

The incorporated towns of North Beach and Chesapeake Beach are experiencing resurgence in tourism and the development of small businesses. Strong economies in the two municipalities will reinforce the County's economy. The County's economic development plans and efforts must coordinate with and reinforce those of the two municipalities.

Infrastructure

Infrastructure is needed to support the County's economy. Infrastructure includes roads and bridges, water and sewer, electricity, natural gas, communications, and the education system.

Transportation:

- **Roads:** MD 2/4 is the County's primary connection to the Greater Washington Metropolitan Area and is critical for moving workers and goods. MD 4 provides access north to Interstates 495 and 95. As MD 2/4 becomes increasingly congested, there will be a negative impact on businesses that are in or serve the County. Calvert also has an interest in ensuring that roads in neighboring counties do not become congested.
- **Air & Water:** Calvert County relies on air and water transportation facilities in other jurisdictions, including three major commercial airports – Reagan National, Baltimore-Washington International, and Dulles International. The closest public airport is located in St. Mary's County, 25 miles south of Prince Frederick. The Port of Baltimore is one of the nation's largest seaports and is located 57 miles north of Prince Frederick.
- **Electricity:** Business and industry are dependent on a reliable supply of reasonably priced electricity and on the power being "clean", that is, free of surges or voltage drops, and virtually uninterrupted. Even basic manufacturing firms, because of their ever-increasing use of computerized equipment, are as dependent on their power supply as their high-technology counterparts. It is critical to the advancement of economic development in the County to work with local and national power suppliers and monitor deregulation issues to ensure the effective supply of electricity to the business and residential community.
- **Water and Sewer:** Public water and sewer are necessary for many business and/or industrial activities and can be desirable in all town centers and industrial properties where commercial development is encouraged. Public water and sewer services are currently available in Prince Frederick, Solomons, Lusby, and the municipalities of North Beach and Chesapeake Beach and at the Calvert County Industrial Park.
- **Communications:** An advanced communications infrastructure is encouraged to link businesses and technology to provide Calvert County with a competitive edge. Serious consideration should be given to strengthening the infrastructure network within Calvert County. Advanced infrastructure, including fiber optic networks and digital switching telecommunication services and cellular services is extremely important for business development over the next 20 years. Improvements to these networks are encouraged to ensure the ability to attract technology employment opportunities to the County.

- **Education:** County schools, the College of Southern Maryland, and other institutions of higher education are a significant asset in the County's infrastructure. A highly skilled work force is necessary for encouraging technology- and service-oriented business to locate in the County. Partnerships between the business community and the schools strengthen the County's economy.

Industrial and Commercial Sites

To maximize economic development opportunities, adequate acreage of properly zoned land must be provided so that businesses have a reasonable selection of sites. Current industrial zoning totals 2,234 acres with two major industries, Calvert Cliff's Nuclear Power Plant and Cove Point LNG, owning 1,486, or 66 percent of these acres, most of which are buffer and cannot be developed. The remaining 748 acres includes 227 acres of the Calvert County Industrial Park, which is nearly fully developed. The Calvert Industrial Park is the only industrial property in the County served by public water and sewer. Consideration should be given to the expansion of existing industrial sites. Consideration should also be given to provide adequate infrastructure to support development.

In the late 1980s, there was a severe depletion of vacant industrial land due primarily to the residential development of industrially zoned land and an increased level of industrial development. From 1980 to 1989, industrial development increased from 131 acres to 230 acres, an average growth rate of 6.5 percent. In order to create an adequate inventory of land suitable for development, the County, in 1993, established 1,040 acres of Employment Center/Town Center (EC/TC) zoning which is an area where mixed-use commercial, light manufacturing, warehousing, and research and development companies can develop. To date, no development has taken place in EC/TC zones. In addition to the EC/TC zoning, there are 4,122 acres zoned Town Center, which allows commercial development.

Economic Development Policies

The following Economic Development policies should be used to guide County departments and agencies in implementing and attaining the economic development goals of the County:

- *Provide for adequate amounts of land for business development in appropriate locations in town centers and EC/TCs and seek to provide flexibility in zoning regulations as applied to business development.* The geography of the County and the surrounding region and the development marketplace dictate that Calvert County has three major employment centers: Solomons in the south, Prince Frederick in the central, and Dunkirk in the north. These centers require a full complement of high-quality public services in order to attract the high-quality business desired for future development. The amount of land zoned for business must be sufficient to ensure that businesses are provided with a variety of location opportunities. This also allows the marketplace, not an insufficient amount of land, to determine land prices.
- *Work to retain and expand local firms when such expansion is consistent with the goals and policies of this plan.* Assisting local firms to grow is cost-effective and helps to ensure stability in the local economy.

- Provide the incentives needed to be competitive and attract businesses compatible with the overall objectives of this plan. Incentives may include loans, tax reductions, changes in taxing policies within State designated Priority Funding Areas, grants, infrastructure, and/or training or retraining for workers. Work with the development community to create incentives that will reward quality development that enhances public areas and spaces.
- Expand business attraction efforts by making selected improvements in public services and facilities, where appropriate. In addition to traditional business attraction efforts, the County should actively seek nontraditional and emerging development opportunities. Both traditional and nontraditional development may require timely public investment in support facilities, infrastructure, services, and flexibility in zoning and land use issues. The County should work to ensure that support facilities, infrastructure, and other public services such as police and fire services, will be available to assist in attracting business. This includes facilities critical to technology firms, but not necessarily controlled by the County, such as fiber optic communications systems. The County should work with the legislative delegation and state and federal regulators to ensure that the County is not at a disadvantage with its neighbors and competitors in receiving these facilities.
- Encourage business development where it is most accessible to employees, customers, and suppliers. Minimize costs and maximize the efficiency of public services and facilities. A combination of flexible development policies and incentives for preferred development should be used to help make town centers desirable places for businesses to locate. The County should encourage business development that utilizes available public services to the fullest, thereby reducing the cost to current users, as well as minimizing the need for additional facilities. The County should discourage business development outside town centers and EC/TCs where public services cannot be provided in a cost-effective manner.
- The County's education system should provide general education, vocational and technical training and retraining to meet the skill requirements for existing and future job trends. The future of the Washington/Baltimore region, of which Calvert County is a part, appears to be inexorably tied to technology-based businesses, especially those oriented to information management and life sciences. The region continues to experience increases in the number and size of technical and science businesses. In turn, this creates a need for more technical training and skills education at high school and college levels. Programs for training and upgrading the theoretical and applied knowledge base and understanding of technology and science-based business will help to provide a labor force capable of filling future job opportunities. Such training will help improve the attractiveness of the County to those types of businesses, increase employment opportunities for residents, and raise their incomes.
- Ensure business community input into the business development efforts of the County Staff. The County has established the Economic Development Commission to advise the County Commissioners on economic development policies. The input and involvement of the Commission in the development of economic policies for Calvert County is important and should be continued. The County also has the ability to tap into the strength and resources of the Economic Development Authority, which is responsible for economic development projects Countywide. The input and expertise of this Board is important and extremely useful for all economic development projects.

- *Work with agricultural and fisheries businesses to ensure that their industries continue to thrive in Calvert County.* In cooperation with state, federal, and private interests, the County will assist these traditional industries to seek new markets and alternative approaches to future efforts.

Actions	
III-1	Create a five-year strategic plan for economic development and tourism consistent with the Comprehensive Plan. [ED]
III-2	Broaden and strengthen Calvert County’s economy by targeting high-technology businesses, agriculture, forestry, aquaculture, small-scale high-end retail, regional office space, and the tourism industry, as well as targeting opportunities for retirement and leisure. [ED]
III-3	Review annually the strategic plan and adopt an annual action plan that forms the economic development work program for each year. [ED]
III-4	Ensure that both the five-year strategic plan and the annual work plans contain specific actions to be achieved and measure of performance so that success can be readily ascertained. [ED]
III-5	Develop, implement, and periodically assess the effectiveness of incentives to attract and retain target businesses. [ED]
III-6	Facilitate development of one office park in each election district in either a town center or Employment Center/Town Center District by 2008. [ED]
III-7	Review periodically and assess cost and regulatory barriers to businesses locating or expanding in Calvert County and include efforts to reduce costs and barriers. [P&Z,ED]
III-8	Maintain a fast-track permitting process for targeted businesses. [P&Z]
III-9	Review County regulations that are not consistent with adopted goals and objectives and amend as appropriate. [P&Z]
III-10	Permit water and sewer in all town centers when needed to support environmental health and/or support County-identified economic development goals, when and if cost-effective and economically feasible. [PW, P&Z]
III-11	Work to enhance partnerships with all public and private sector groups interested in economic and tourism development. [ED]
III-12	Provide information that will help businesses decide about locating or expanding in Calvert County. [ED]
III-13	Maintain an updated County inventory of available commercial property. [ED]
III-14	Maintain an online presence of tools and resources for County businesses and businesses looking to locate in the County. [ED]
III-15	Conduct a County wage, labor availability, and labor quality survey. [ED]
III-16	Encourage and promote the development of industries that do not significantly contribute to environmental degradation. [ED]
III-17	Consider requesting changes to taxing policies in Priority Funding Areas (as approved by the state) to encourage investment in town centers. [BOCC]
III-18	Periodically revisit County regulations for large retail commercial buildings to address traffic, appearance, environmental impact, and their effect on the local economy. [PC]