

# Calvert County Comprehensive Plan Update

## *Strengthening Economic Vitality*

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### Introduction

The Calvert County Department of Community Planning & Building staff and the WSP | Parsons Brinckerhoff consultants are working on behalf of the Planning Commission and the Board of County Commissioners to update the Calvert County Comprehensive Plan and Zoning Ordinance.

The intent of the Comprehensive Plan update is to ensure the visions for Calvert County are still valid, including the twin overarching visions of preserving the rural character while directing new growth to appropriate locations, along with the vision of building a strong local economy. The update will address the county's changing demographics and issues, including land use, environment, economy, housing, and transportation. In addition, the update will address new state land use requirements, including plan elements and the Sustainable Growth and Agricultural Preservation Act.

In the summer of 2016, informational meetings were held where the public could learn about the update process and share their ideas about the challenges facing Calvert County. In September and October of 2016 four interactive workshops were held where citizens, staff, and the consultants discussed issues in small groups. The discussions at workshops helped set the stage for the current phase, discussing key issues that should be addressed in the updated Comprehensive Plan. Five workshops are being held in the winter and spring of 2017. Strengthening Economic Vitality is the fifth in the series of issue papers and workshops.

### Current County Policies

Strengthening Calvert's economic vitality is a theme present throughout numerous cycles of adopted county comprehensive plans. The current Calvert County Comprehensive Plan goal states this explicitly:

"The goal of the Comprehensive Plan is to maintain and/or improve the overall quality of life for all citizens of Calvert County by:

- a. promoting sustainable development,
- b. encouraging a stable and enduring economic base,**
- c. providing for safety, health, and education, and
- d. preserving the natural, cultural, and historic assets of Calvert County."<sup>1</sup> (emphasis added)

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<sup>1</sup> Comprehensive Plan, Calvert County Maryland, Adopted 2004, Amended 2010, p. iii.

The current County Comprehensive Plan includes 10 visions. One of the visions states, “We are building a strong local economy based upon renewable resources, high technology, retirement, recreation, and tourism.” This vision, originally adopted in the 1997 Calvert County Comprehensive Plan, was retained in the 2004 Plan. The vision’s benchmarks call for expanding the commercial real property tax base, increasing the number of in-county jobs, and increasing the number of visitors.

Today, Calvert County’s economy is stable and has exhibited limited, but steady, upward growth. Residents earn above average wages as compared to other Southern Maryland counties and the State of Maryland. Based upon median household income, Calvert is one of the wealthiest counties in Maryland and the wealthiest in Southern Maryland, in part because of the proximity to federal agency and contracting jobs. However, many of those jobs exist in the surrounding counties, and the share of residents commuting out of Calvert County to work has increased in the past decade, but the county has also experienced an influx of individuals from other neighboring jurisdictions that commute to jobs in Calvert County.

The Calvert County Department of Economic Development is charged with the task of promoting growth in the local economy. The Department, in cooperation with the Economic Development Commission, has two activities underway that will need to be considered in developing the updated Comprehensive Plan. Those activities are the Five-Year Strategic Plan and the targeted market analysis, which is being conducted for the Southern Maryland region in cooperation with the Maryland Department of Commerce. The first Economic Development Strategic Plan was adopted in 1997.

## Current Conditions

The economy of Calvert County is largely dependent on the economies of both the State of Maryland and the Washington metropolitan area. While the Great Recession has ended, recovery from its effects has been slow and the Metropolitan Washington Council of Governments projects that federal employment in the region will continue to shrink in coming years. Nevertheless Calvert has seen some economic growth between 2010 and 2015, with strong business growth in the county, the development of liquefied natural gas import facility at Dominion Cove Point, the current expansion of the Dominion LNG liquefaction export project also at Dominion Cove Point scheduled for completion in 2017, and expansion among local employers. Private sector jobs in the county grew by 1,510 (9 percent) in the five-year period.

## Commuting

Prince Frederick is 30 miles from the Capital Beltway and 40 miles from the U.S. Capitol Building. This proximity to Washington, D.C., and to Baltimore and Annapolis, influences employment locations for residents of Calvert County. As shown in Table 1, approximately 60 percent of Calvert County residents commute out of Calvert County for their jobs. The percentage of people commuting out of the county has increased over the past ten years.

Table 1: Number and percentage of Calvert County residents who work in and out of the county

	In County	Out of County
2005 to 2009 average	19,315	27,349
2010 to 2014 average	17,899	27,136
	In County	Out of County
2005 to 2009 average	41.4%	58.6%
2010 to 2014 average	39.7%	60.3%

Source: American Community Survey, US Census Bureau, 2014 Five-year Estimates

### Local Employment

Historically, Calvert County’s local economy is based upon agriculture, tourism, construction, energy production, and local-serving retail and service businesses. Major energy-related activities include Exelon/Calvert Cliffs Nuclear Power Plant and Dominion Cove Point’s liquefaction export project. Calvert County’s largest five employers are the Calvert County Public Schools, Calvert County Government, Calvert Memorial Hospital, Exelon/Calvert Cliffs Nuclear Power Plant, and the Arc of Southern Maryland (see Table 2). Most of the remaining top ten employers are service and retail businesses.

Table 2: Top Ten Calvert County Employers (as of November 2016)

Rank	Employer	Employees
1	Calvert County Public Schools	2,133
2	Calvert County Government	1,226
3	Calvert Memorial Hospital	1,200
4	Exelon/Calvert Cliffs Nuclear Power Plant	850
5	The Arc of Southern Maryland	360
6	Asbury Solomons	250
7	Chesapeake Beach Resort & Spa	220
8	DirectMail.com	200
9	Safeway – Prince Frederick	200
10	Calvert County Nursing Center	179

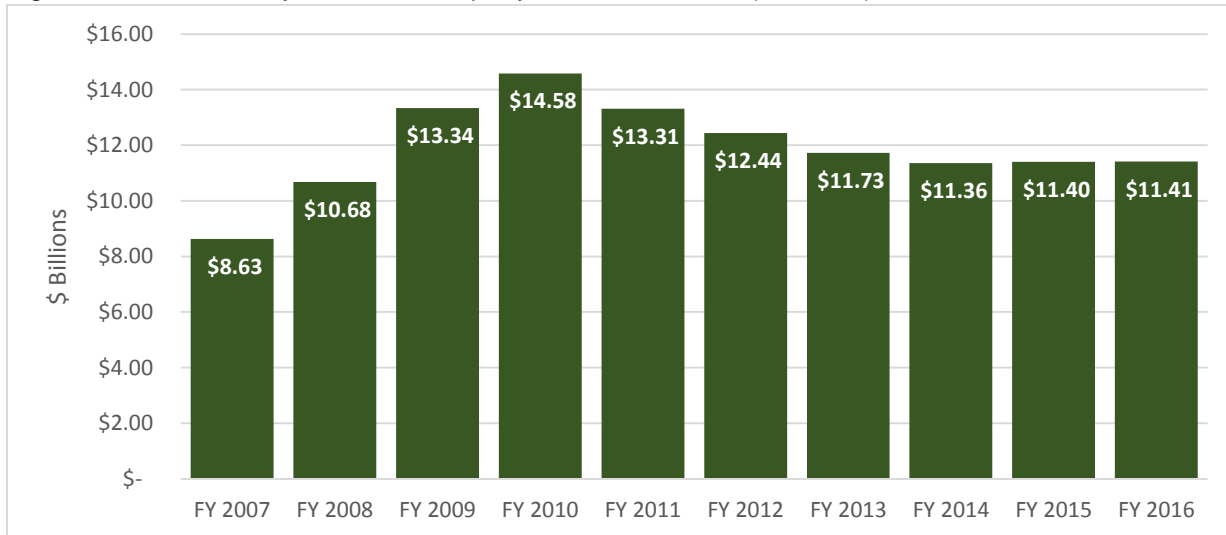
Source: Calvert County Department of Economic Development, 2017

<http://md-calvertcountyed.civicplus.com/180/Major-Employers> (accessed 4/26/2017)

### Tax Base

Calvert County is heavily dependent on real property taxes as a source of revenue. However, between 2011 and 2016, the county’s real property assessable base has experienced a decrease in value of \$3.18 billion. Figure 1 shows that the greatest decreases in the assessable base occurred between 2010 and 2013. Since 2013 the assessable base has stabilized and begun to rise slowly.

Figure 1: Calvert County, MD: Real Property Assessable Base (\$ Billions), FY2007-FY2016



Source: Calvert County Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

The greatest portion of the assessable tax base is residential real property as shown in Table 3. Between 2011 and 2016, the county’s residential real property value has experienced a net decrease of \$1.9 billion, and growth in commercial real property value has not completely off-set this loss.

Table 3: Calvert County Assessable Base, FY2011 v. FY2016

	Assessable Tax Base (\$ Millions)		FY 2011 v. FY2016 (\$ Millions)	
	FY 2011	FY 2016	Net	%
Residential Real Property*	\$12,051.74	\$10,123.57	-\$1,928.18	-16.0%
Commercial Real Property*	\$1,260.79	\$1,281.56	\$20.77	1.6%
Public Utility	\$747.96	\$878.73	\$130.78	17.5%
Personal Property (Including Corporations and Banks)	\$126.40	\$127.32	\$0.93	0.7%
<b>Total Assessable Tax Base</b>	<b>\$14,186.88</b>	<b>\$12,411.18</b>	<b>-\$1,775.70</b>	<b>-12.5%</b>

Source: Calvert County Department of Finance & Budget

Another factor to consider in the discussion of the real property tax base is the comparison of revenue from various land use types to the costs of services required to support those uses. Residential uses, particularly single-family detached units, historically have required more than a dollar in services for each dollar of tax revenue they provide. In contrast, commercial and agricultural uses require considerably less than a dollar in services for each dollar in tax revenue contributed. The recent reduction in housing values has probably made the disparity between revenue collection and cost of services more pronounced for residential uses. Calvert County’s housing stock is comprised predominately of single-family detached units.

### Tourism

Calvert County has many natural, cultural, recreational, and historical resources that appeal to residents and visitors alike. The impact of the travel/visitor industry on the county’s economy is significant.

In 2015 the tourism industry employed 2,071 workers in Calvert County. Total tourism tax receipts were \$37.7 million. Calvert County’s 2015 visitor counts increased by 109,264 visitors, or 33.4 percent over 2010. Total tourism industry sales increased from \$125 million in 2010 to \$146.8 million in 2015. (See Table 5.)

Table 5: Impact of Travel and Tourism on Calvert County (CY 2015)

Tourism Industry Sales	\$ 146.8 million
Tourism Labor Income	\$ 79.7 million
Total Tourism Tax Receipts	\$ 37.7 million
Tourism Employment	2,071 workers

Source: Tourism Economics, An Oxford Economics Company

### Agriculture

Farms comprised 32,901 acres or 24 percent of the land area in Calvert County, according to the 2012 Census of Agriculture by the U.S. Department of Agriculture. Also according to the 2012 census, most farms in Calvert County were less than 180 acres, with an average size of 122 acres. In fiscal year 2014, agriculture accounted for \$272.5 million, or 2 percent of the total tax base.

Of the 269 farms reporting in 2012, 121 of the farm operators were full-time operators. There were a significant number of farms raising cattle, other livestock and horses: over 80 farms were involved in the equine industry. Farm operations have shifted away from tobacco to commodity crops, specialty crops, like fruit and vegetables, and value-added products, such as meat processing, plus farm-to-table businesses and agri-tourism. In 2012, the market value of products sold was \$11.1 million, an increase of

175 percent from the previous census in 2007 when the market value of products sold was \$4 million. Of the 2012 value, 95 percent was from crop sales and 5 percent was from livestock sales.

The County Commissioners have directed the Department of Economic Development to enhance agricultural marketing operations. As a result, a new position dedicated to support the agricultural community was added in FY17.

### National and Regional Trends

Calvert County does not exist in a vacuum. It is part of the larger Washington, D.C. metropolitan region and is influenced and impacted by the conditions across the region. In addition, Calvert County competes with other parts of the greater Washington, D.C. area, Baltimore and Annapolis, and within Southern Maryland for jobs, workers, and residents.

### Regional Employment Growth

The Metropolitan Washington Council of Governments prepares forecasts of growth in population, housing and employment for each county in the metropolitan area, including Calvert County. The most recent projections (Round 9.0, approved in November 2016) estimated the total employment in Calvert County in 2015 at 34,000, which is projected to increase to 44,300 or 30 percent by 2045. This percentage increase is comparable to the projected growth in the other Maryland counties in the region. (See Table 4.)

Table 4: Employment Forecasts for Maryland Counties within the Washington Metropolitan Region

JURISDICTION	2015	2020	2025	Thousands				2015 to 2045	
				2030	2035	2040	2045	Number	% Change
Montgomery County	520.2	543.5	572.5	604.5	627.4	653.9	678.7	158.5	30.5%
Prince George's County	338.6	349.0	366.3	375.7	385.5	393.3	402.1	63.6	18.8%
Calvert County (1)	34.0	36.8	39.5	40.9	41.9	43.1	44.3	10.3	30.3%
Charles County	46.6	47.0	49.2	52.2	55.4	58.8	61.5	14.9	32.0%
St. Mary's County (1)	66.0	70.4	74.3	76.5	79.1	81.8	84.5	18.5	28.0%
Frederick County	106.2	110.6	115.6	121.3	127.8	133.9	140.2	34.0	32.0%
	<b>1,045.5</b>	<b>1,087.0</b>	<b>1,143.2</b>	<b>1,194.6</b>	<b>1,237.9</b>	<b>1,283.0</b>	<b>1,326.8</b>	<b>281.3</b>	<b>26.9%</b>

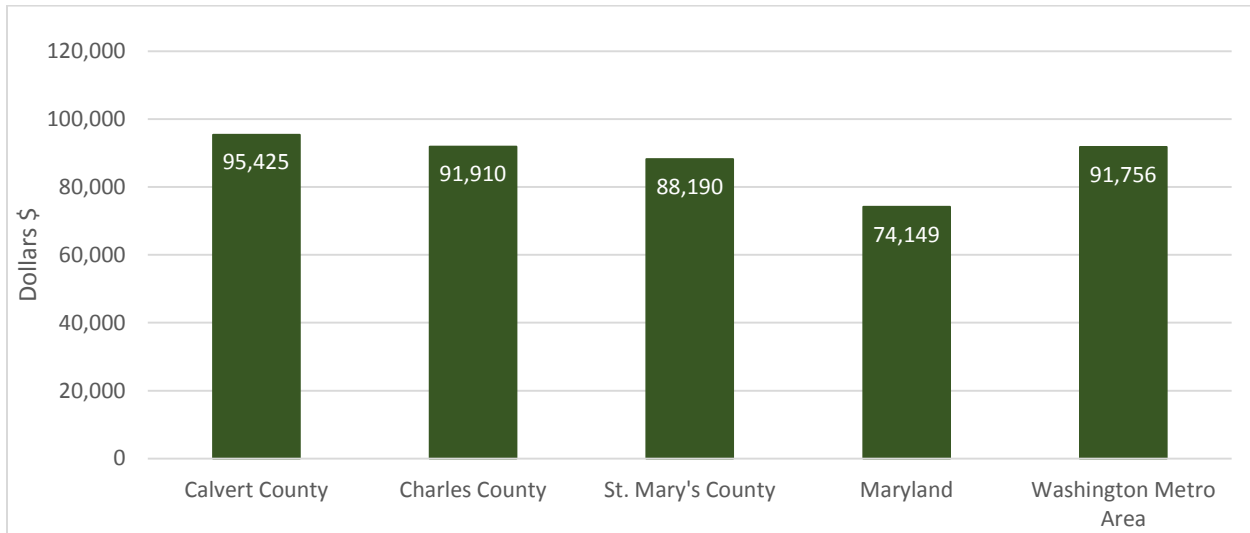
(1) Projections from 2015 to 2040 prepared by the Maryland Department of Planning, Historical and Projected Total Jobs by Place of Work, January 2015

Source: Metropolitan Washington Council of Governments, Round 9.0 Cooperative Forecasts, <https://www.mwcog.org/documents/2016/11/16/cooperative-forecasts-employment-population-and-household-forecasts-by-transportation-analysis-zone-cooperative-forecast-demographics-housing-population/> (accessed 4/26/2017)

### Regional Median Household Income

Calvert County residents enjoy an above-average wage when compared to the other Southern Maryland counties as well as the State of Maryland. Based upon income and poverty statistics, Calvert County is one of the wealthiest counties in the state. (See Figure 1.)

Figure 1: Median Household Income 2014



Source: Income in the Past 12 months (in 2014 Inflation-Adjusted Dollars), American Community Survey 5-Year Estimates, US Census Bureau, 2014

### Demand for Retail and Personal Services

In 2011, the county completed a retail leakage report for Calvert County. The study demonstrated how much Calvert County residents are spending outside the county in different retail and personal service categories. Two of the top three categories (foodservice & drinking places and clothing & clothing accessories) are those residents frequently express a desire to see more represented in Calvert County. The report also estimates the additional gross leasable area needed to accommodate the local demand for retail services. (See Table 5.)

Table 5: Estimated Lost Spending and Additional Retail Space Demand from County Resident Retail Spending Outside of the County

Retail Category	“Lost” Spending	Additional Retail Space Demand (Square Feet of Gross Leasable Area)
<b>Furniture &amp; Home Furnishings</b>	\$ 30,389,414	202,596
<b>Electronics and Appliances Stores</b>	\$ 21,282,271	35,470
<b>Building Materials, Garden Equipment Stores</b>	\$ 113,020,637	452,083
<b>Health &amp; Personal Care Stores</b>	\$ 27,513,762	29,906
<b>Clothing &amp; Clothing Accessories</b>	\$ 73,462,961	222,615
<b>Sporting Goods, Hobby, Book, Musical Instrument Stores</b>	\$ 27,386,688	127,380
<b>General Merchandise Stores</b>	\$ 55,511,443	170,804
<b>Miscellaneous Store Retailers</b>	\$ 23,494,797	78,316
<b>Foodservice &amp; Drinking Places</b>	\$ 88,665,383	264,673
<b>Total</b>	\$ 460,727,356	1,583,843

Source: Retail Purchase Power Analysis, Calvert County, Maryland (Conducted by Fore Consulting, December 2011)

## Perspectives on Economic Vitality

### Board of County Commissioners and Planning Commission

A long-standing Comprehensive Plan objective has been to increase the commercial tax base and broaden Calvert County’s economy by strengthening the existing business base and generating new business opportunities. Calvert County’s elected officials would like to expand and diversify the county’s tax base. Real property tax is the county’s largest revenue source, and while it includes residential, commercial, and utility properties, much of the revenue is generated by residential development. To provide for additional, sustainable revenue sources, to protect the county from the negative revenue effect of residential property devaluation, and to reduce the government’s direct reliance on its residents for revenue, the Board of County Commissioners would like to increase the commercial real property tax base to provide revenue and offset reliance on the residential taxpayer. It is important to note, however, that commercial, in general across the United States, cannot keep pace with residential tax base growth.

Increasing commercial development and the associated real estate tax base can also reduce the county’s reliance upon income taxes, the second largest revenue source for Calvert County. Income taxes are paid by residents, including those who do not own property.



Payments in Lieu of Taxes (PILOTs) from the county's energy industries are another large component of the county's tax revenues. The Exelon/Calvert Cliffs Nuclear Power Plant provides approximately \$20 million each year via a PILOT payment. Additionally, Calvert County government and Dominion Cove Point entered into a 15-year PILOT and tax credit agreement. In FY18, the county government will receive a one-time \$25 million pre-payment from Dominion Cove Point. PILOT payments will begin in FY19 and locks in the existing equipment value at \$15.1 million for the first 5 years of the PILOT (without the agreement, the existing equipment was projected to decline). A tax credit begins in the sixth year of the PILOT, providing a 42 percent tax credit on new and repurposed equipment. The county will receive approximately \$40 million (on average) per year in tax revenue once the facility is operational.

Whenever a jurisdiction relies on a few large sources of revenues, it is appropriate for it to seek out opportunities to diversify its portfolio and spread the revenue risk and responsibility across a larger group of sources. The Board of County Commissioners recognizes this and would like to expand the county's economic opportunities and create new and sustainable revenue sources.

A key concern of the Board of County Commissioners is ensuring that Calvert County offers a regulatory environment that is conducive to economic growth. This means creating opportunities for local businesses to open or expand and making Calvert County an attractive option to businesses looking to enter the Southern Maryland market.

## Desired Outcomes

Calvert County residents and elected officials want to accommodate employment and business growth in a manner that respects the environment and is sensitive to the fiscal and social needs of the county. In addition to satisfying the retail needs and desires of residents, Calvert County is interested in expanding its job base. Ideally, those jobs would be higher paying, professional service jobs and could build upon the existing professional service opportunities already located in the community and continuing to target industries that reflect the existing labor force. Focusing commercial and employment development in a limited number of Town Centers is crucial to creating the energy and vibrancy necessary to attract additional businesses. Communities that attract new mid-sized businesses offer a variety of housing types and price points, are walkable and attractive and have good schools and recreation opportunities to attract young families and emerging professionals.

One of the 2010 Comprehensive Plan's 10 Visions is for the Town Centers to be attractive, convenient, and interesting places to live, work, and shop. The implication of this vision is to focus growth in well-planned Town Centers instead of in strip malls and business parks scattered throughout the county. Measurable goals for assessable tax base, floor area ratios, jobs, affordable housing units and office space could be used to measure economic progress.

## Comments from Public

During the public workshops, many people expressed interest in economic development. In particular, they see the designated Town Centers as focal points which should provide increased shopping, dining, and entertainment opportunities. As one attendee put it, “keep more money home in Calvert.”

However, other attendees like the county’s rural character and say that people who choose Calvert County do so knowing that the services and amenities may not match those available in more developed areas.

Workshop participants recognized the link between housing affordability and economic development, but reached no consensus. Some participants felt that more housing choices would provide housing options for young people and those who work at retail and personal service jobs. However, others said that it would be better to focus on highly-paid residents who could afford higher priced homes.

There was some discussion at the workshops about increasing professional service jobs and other types of non-retail jobs within the county. Suggestions included providing improved workforce development skills through the schools and providing assistance to local entrepreneurs.

Growing Calvert County’s agricultural industry was also mentioned as an important part of the county’s economic development activities. This included expanding associated businesses such as wineries and breweries and creating opportunities for increased demand for agricultural products (for example, farm-to-table restaurants, farmers markets, and community-supported agriculture (CSAs)).

Workshop participants felt that the different parts of the county lend themselves to different economic development approaches. Dunkirk and the northern part of the county, with their proximity to the Washington, DC area and the best access to areas outside the county, could develop into more of a gateway into Calvert County with commercial and residential development. The middle part of the county, with Prince Frederick at its heart, is the administrative, educational, and medical hub of the county and could capitalize on these resources. Armory Square is ripe to be developed as a walkable, mixed-use area filled with shops and housing. The southern part of the county, Solomons especially, has a more waterfront-focused feel. Expanding water-themed, retirement, and relaxation activities could be the emphasis here.

Tourism is another important tool in Calvert County’s economic development toolbox. The Comprehensive Plan can focus on the policies, programs, and infrastructure necessary to create a place attractive to visitors and to support an environment that allows the attractions to thrive. The zoning ordinance regulates where and under what circumstances tourist-centered businesses are permitted. The regulations typically address the potential impacts that tourist-oriented agricultural business uses, museums, and historic sites may have on rural residential and agricultural preservation areas.

When workshop attendees were asked about tourism, they expressed support for expanded promotion of existing attractions and mentioned a number of strategies for increasing the attractiveness of Calvert County to visitors. Suggested strategies included improving and expanding local dining and shopping; creating more walkable, bikeable, and connected Town Centers; offering weekend shuttles serving Washington, DC to attract travelers who may be visiting the area without cars; and providing more and better access to the water. Expanding agricultural activities, such as festivals and cooking classes where local farmers provide the produce and chefs teach people how to prepare it, that attract visitors was also discussed.

## Share Your Ideas

This paper was prepared to provide background information for discussion of possible strategies for strengthening Calvert County's economic vitality that could be included in the updated Calvert County Comprehensive Plan. You are invited to the public workshop to discuss economic vitality issues and to share your thoughts via the County Comprehensive Plan website:

<http://www.co.cal.md.us/futureCalvert>.

1. What are the three to five best actions Calvert County could take to increase the number of well-paying jobs in the county?
2. What concerns you most about proposals to expand Calvert's economy?