



CASE STUDY:

The Velocity Center and

the Revitalization of the

Town of Indian Head

Charles County, Maryland

Submitted to:
Maryland Economic Development Association

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BACKGROUND

The Town of Indian Head is a municipality within Charles County with a population of about 4,260 and is a State of Maryland designated Sustainable Community Area. Revitalizing the Town of Indian Head is imperative to future economic growth and to protecting the Town's major employer, Naval Support Facility Indian Head (NSFIH). With a total employment base of roughly 3,500, NSFIH is not only the top employer in Indian Head, but one of the top two employers in Charles County. One of the commands within NSFIH is the Naval Surface Warfare Center Indian Head Division (NSWC IHD). NSWC IHD serves as the principal-agent for the development of energetic materials and systems to the U.S. Navy's fleet.

There are several notable indicators of the blight in the Town of Indian Head. Over the years for example, depressed economic conditions have resulted in the vacancies of major retail businesses. The town contains multiple vacant, blighted, and underutilized properties. Base employers have struggled to retain workforce who prefer to work in more vibrant communities. Many remedies for this situation have been attempted, but the desired results have been elusive.

In 2015, the Charles County Economic Development Department (EDD) undertook an organized effort to address the challenges Indian Head faces in attracting development and achieving broad economic revitalization. Indian Head has been in need of revitalization, reinvestment, and redevelopment for a generation. The first phase and the cornerstone of this project was to organize a deliberate effort to facilitate a specific redevelopment project that will serve as a catalyst for revitalization.



THE VELOCITY CENTER

The Velocity Center concept was an outgrowth of an initiative proposed by the NSWC IHD, in collaboration with Charles County EDD, the Town of Indian Head, the Chamber of Commerce's Military Alliance Council (MAC), the College of Southern Maryland (CSM), Congressman Steny Hoyer's Office, Former Maryland State Senator Mac Middleton, State Senator Arthur Ellis and Delegate Edith Patterson. Understanding the impact, the Velocity Center could have on redevelopment of Indian Head, the EDD and the Town of Indian Head collaborated to fund an Urban Land Institute Technical Assistance Panel (ULI TAP) to help with redevelopment. Charles County

EDD followed up the TAP with a report titled "Indian Head Revitalization Strategy" that made recommendations on leveraging the Velocity Center for business development (see links at the end of this case study).

The Velocity Center's chief function is to provide an off-base collaboration space for NSWC IHD. The project garnered broad support from both state and federal elected officials and managed to secure significant public funding commitments. In 2018, a private sector developer acquired a 6-acre former retail site on northbound Indian Head Highway with the intention of converting a 13,000-square-foot former warehouse to a specialized meeting and events space to house the Velocity Center. The College of Southern Maryland Entrepreneur and Innovation Institute (CSM EII) signed a lease with the new property owners to operate this unique facility that will encompass an education center, research site, and technology incubator. As described by CSM President Dr. Maureen Murphy, the project is "one giant professional playground for innovation. Here Navy scientists and industry leaders can interact with students, have a place to tinker or conduct unclassified research, as well as one where the community will have future access to CSM courses."



The subject property was a vacant retail shopping center on six acres. A DHCD Strategic Demolition grant was applied to demolition of the existing building to make way for the 13,000-square-foot Velocity Center, the first phase of a planned larger development.



The project received a \$500,000 Strategic Demolition Grant from the Maryland Department of Housing and Community Services, and demolition and construction began in 2018. To launch it, CSM was awarded \$500,000 as one of three academic recipients of the Maryland Department of Commerce's Maryland E-Nnovation Initiative. Maryland State Senator Arthur Ellis and the Southern Maryland Delegation were also among the strongest advocates to help get funding for the CSM Velocity Center with their support of Maryland bond bills totaling \$525,000. The project cost \$2.2 million to build and was completed in the Summer of 2020. Charles County through the Economic Development Department committed \$100,000 per year for three years for programming efforts at the CSM Velocity Center. A virtual ribbon cutting was held in September 2020, and the Velocity Center is projected to commence operations when the pandemic diminishes, and it is considered safe to assemble.



The Velocity Center 2020

"Communities that collaborate are the communities that advance and succeed," said Charles County's Economic Development Director Darréll Brown. He added, "When we show respect for each other's role and contributions in the collaborative effort we achieve project realization. The Velocity Center and revitalization of the Town of Indian Head reflects the department's proactive approach to economic development in Charles County that we have undertaken in the past five years."

Charles County Commissioner President Reuben Collins credited the Velocity Center for the Town of Indian Head's economic rebirth. "There is nothing more inspiring than seeing a concept transform into actual brick and mortar," Collins added. "When I walked in here this afternoon, it became abundantly clear to me that the numerous discussions that took place early on in our community transpired to create this Velocity Center."



"The Maryland Department of Commerce is proud to support the Velocity Center and to celebrate its opening today," said Maryland Commerce Secretary Kelly M. Schulz. "This center will allow Navy scientists and innovative entrepreneurs to work together and turn these ideas into economic growth and new jobs. This is great news for the College of Southern Maryland, great news for Indian Head and Charles County, and great news for the state of Maryland and all of our partners on this project."

INDUCED BUSINESS DEVELOPMENT

Concurrent with construction of the Velocity Center was the preparation of a Partnership Intermediary Agreement between the Charles County EDD and NSWC IHD in late 2019. The agreement is a necessary formality to facilitate the stated purpose of promoting "cooperative activities between NSWC IHD and small business firms and educational institutions served by EDD." It was the EDD's position that the PIA would enhance the county's economic development efforts through the support of cooperative research and the expansion of the transfer of technology between and among federal laboratories, small businesses, and institutions of higher education. In addition, these enhanced efforts should increase the prospects for the revitalization of the Town of Indian Head through the creation, expansion, and attraction of new businesses.

For Indian Head, the development of the Velocity Center and the executed PIA represented the successful first phase in an organized and public/private effort to revitalize the town. The facility, managed and operated by the College of Southern Maryland and endorsed by NSWC IHD, is delivering on the promise to serve as a catalyst for Indian Head's revitalization. The benefits of merely having the presence of the Velocity Center were quickly realized, as NSWC IHD and EDD ramped up their efforts to attract new businesses to the Town of Indian Head.

Late in 2019, personnel from NSWC IHD alerted EDD to the desire of the U.S. Bomb Technician's Association (USBTA) to seek a location in Indian Head and discussions began. As a membership organization, USBTA was lured to the area because of the close proximity to some of their major member agencies (e.g., Homeland Security, FBI, etc.) and they were particularly interested in using the Velocity Center as a meeting and events facility. USBTA currently occupies a small building in the Town of Indian Head.



A preopening tour of the Velocity Center in 2020



During an early 2020 tour of the nearly completed Velocity Center EDD Chief of Development had the opportunity to meet with the principles of two private companies, ARA and MemSel, who also expressed an interest in locating to the Town of Indian Head.

ARA is a multidisciplinary engineering firm based in New Mexico and has an energetics division specializing in propellants and explosives, similar to the type of research and development that is conducted at NSWC. In 2020 the company had approximately 1,400 employees with estimated annual revenue of \$290 million. ARA is also a member of USBTA. MemSel is a small business headquartered in Texas specializing in producing nanofiber filters. They are currently short listed to win a significant contract with the Department of Defense. Both firms expressed that they would be willing to collocate in a building with USBTA in Indian Head, although a turn-key office building of sufficient size to accommodate several tenants does not currently exist in Indian Head.

Impressed with the design and construction of the Velocity Center, all three entities entered into discussions and negotiations with the owner, Mid-Atlantic Development Partners, who has proposed converting another vacant retail property in Indian Head to their unique specifications and leasing the space. A fourth company Resource Management Concepts, currently has office space on the Naval base but desires additional space off base as well. The three aforementioned entities have committed to leasing the proposed space with the fourth tenant commitment pending.



This former retail site on Indian Head Highway will be converted to specialty office space to accommodate new businesses locating to the Town of Indian Head

The proposed rehab project will reactivate a blighted and underutilized property in the Town of Indian Head that has been vacant for more than ten years and will represent the second major revitalization project in Indian Head in the space of two years.



ECONOMIC IMPACTS

Employment and Earnings – The positive impacts of revitalization are inestimable whether it occurs in a small town or great city. Underutilized properties are reactivated, blight is removed, investors are attracted, structures are built, assessments rise, workers and visitors spend money, and the quality of life for residents is improved. In the case of Indian Head, quantifiable economic impacts can be estimated using information provided by the incoming businesses as follows:

- Three (3) new organizations are planning operations in the Town of Indian Head:
 - United States Bomb Technician Association (USBTA): membership organization.
 - ARA: diverse and integrated engineering firm
 - Memsel: producer of nanofiber water filtration systems
- Estimated full-time equivalent (FTE) employment at full operations (Year 3): 126.
- Estimated earnings at full operations: \$13.5 million.
- Projected space needs from combined operations:
 - Office: 15,000 sf
 - Production: 20,000 sf

Direct Spending in the Local Economy – As a membership association that sponsors events, USBTA is a unique asset to Indian Head through its ability to showcase the town and naval base and otherwise create awareness of the advantages of locating in Indian Head for businesses that want access to NSWC and the significant Department of Defense presence in the region. A more immediate impact from USBTA will be from direct spending generated from events it will sponsor in Indian Head and other areas in the Charles County. Meeting delegates will require lodging and meals, and the events themselves will require space and equipment rentals, catering services, etcetera. Direct spending in the local economy is calculated using information provided by the incoming businesses and utilizing localized data and assumes full operation. Direct spending is estimated to range from approximately \$525,000 to \$1.1 million annually with a midpoint of approximately \$777,000.

The methodology for calculating direct spending is shown in the table below.



USBTA Events Induced Direct Spending in the Local Economy 2023

Employment & Wages			
FTE* Employees	6		
Annual Wages	\$495,000		
Direct Spending in the Local Economy			
LARGE EVENTS			
	Low	High	Midrange
Number of Events	4	6	5
Duration (Days)	4	4	4
Delegates	100	150	125
Hotel Room Nights	1600	3600	2500
Hotel Spending @ \$98/Day	\$156,800	\$352,800	\$245,000
Catering @ \$35/Person/Day	\$56,000	\$126,000	\$87,500
Food & Bev @ \$40/Person/Day	\$64,000	\$144,000	\$100,000
Space Rental @ \$3000/Day	\$80,000	\$120,000	\$100,000
Equipment Rental @ \$500/Day	\$8,000	\$12,000	\$10,000
Sundries @ \$15/Person/Day	\$24,000	\$54,000	\$37,500
SUBTOTAL ANNUAL DIRECT SPENDING	\$388,800	\$808,800	\$580,000
SMALL EVENTS			
	Low	High	Midrange
Number of Events	4	6	5
Duration (Days)	2	2	2
Delegates	40	60	50
Hotel Room Nights	320	720	500
Hotel Spending @ \$98/Day	\$31,360	\$70,560	\$49,000
Catering @ \$35/Person/Day	\$11,200	\$25,200	\$17,500
Food & Bev @ \$40/Person/Day	\$12,800	\$28,800	\$20,000
Space Rental @ \$1000/Day	\$2,000	\$2,000	\$2,000
Equipment Rental @ \$100/Day	\$32,000	\$72,000	\$50,000
Sundries @ \$15/Person/Day	\$1,200	\$1,800	\$1,500
SUBTOTAL ANNUAL DIRECT SPENDING	\$90,560	\$200,360	\$140,000
EMPLOYEE/COLLEAGUE VISITS			
	Low	High	Midrange
Duration (Days)	2	3	2.5
Annual Visitors	150	150	150
Hotel Room Nights	300	450	375
Hotel Spending @ \$98/Day	\$29,400	\$44,100	\$36,750
Food & Bev @ \$40/Person/Day	\$12,000	\$18,000	\$15,000
Sundries @ \$15/Person/Day	\$4,500	\$6,750	\$5,625
SUBTOTAL ANNUAL DIRECT SPENDING	\$45,900	\$68,850	\$57,375
TOTAL ANNUAL DIRECT SPENDING	\$525,260	\$1,078,010	\$777,375

*Full-Time Equivalent

Source:USBTA; Chales County Economic Development



REPORT LINKS

- Urban Land Institute Technical Assistance Panel (TAP) Report, "Economic Development Opportunities in Indian Head"
https://www.meetcharlescounty.com/clientuploads/directory/downloads/download_files/Indian%20Head%20TAP%20Report.pdf
- Town of Indian Head Innovation Center/Mixed Use Development Implementation Strategy
https://www.meetcharlescounty.com/clientuploads/directory/downloads/download_files/Indian%20Head%20Revitalization%20Strategy.pdf