

Garner

Economics LLC
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A Proactive Approach to Shaping the Economic Future of Charles County, Maryland

Presented to:



May 24 & 25, 2016



Project Team

The **GARNER ECONOMICS** and **DCI** team provides creative, strategic and executable value to companies, communities and organizations globally.

We are specialists as corporate site location advisors, economic development strategists, and community marketing.



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Project Plan and Methodology



Our Philosophy for Achieving Success

Effective economic development strategies take a holistic approach

- Economic Development = wealth building
- How do you achieve economic development? First, build or strengthen the product. Then, create investment from:
 - ❖ Hunters (recruitment, including tourism) and retail)
 - ❖ Gardeners (entrepreneurial)
 - ❖ Nurturers (support existing businesses)





Your Desired Outcome

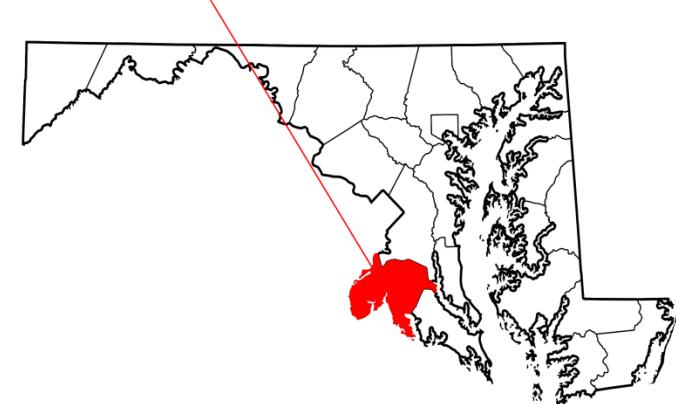
Provide a roadmap that details the:

- product improvement
- marketing, and
- organizational changes the County must make.

The end goal to:

- strengthen your competitive position
- attract and retain the types of businesses and talent that will create jobs and opportunities for its population.

Charles County, Maryland



Project Process





Public Input

- Garner Economics held 4 **focus groups** with 51 stakeholders to solicit their perceptions and opinions of the business climate in Charles County.
- An **electronic survey** was distributed to the broader community and garnered 510 responses.

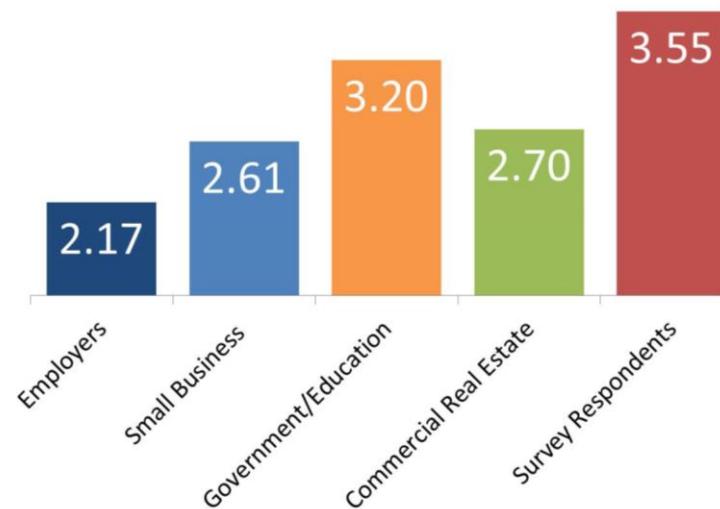


Common Comments & Concerns

Both focus group participants and survey respondents believe that Charles County should:

- Develop and act upon a consensus vision for its future
- Be more proactive in guiding and directing economic growth and let the EDD execute an agreed upon effort
- Encourage more private-sector and industry leadership
- Build on its many assets
- Work to attract companies that take advantage of the existing labor pool and geographic proximity

While stakeholders praised the County's educated population, natural beauty, and quality of place, they see the County's business climate as average at best.



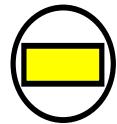


Assets and Challenges Assessment

Garner Economics analyzed the County against fifty variables—the same that are used when conducting a site/community evaluation for a company that is considering a new location, expansion, consolidation or closure.



Challenge is defined as a weakness of a specific variable determined by Garner Economics either objectively or subjectively. A challenge could be an impediment to economic development success.



Neutral is defined as a variable that is not a challenge to economic development but is considered normal or average in the realm of economic analysis.

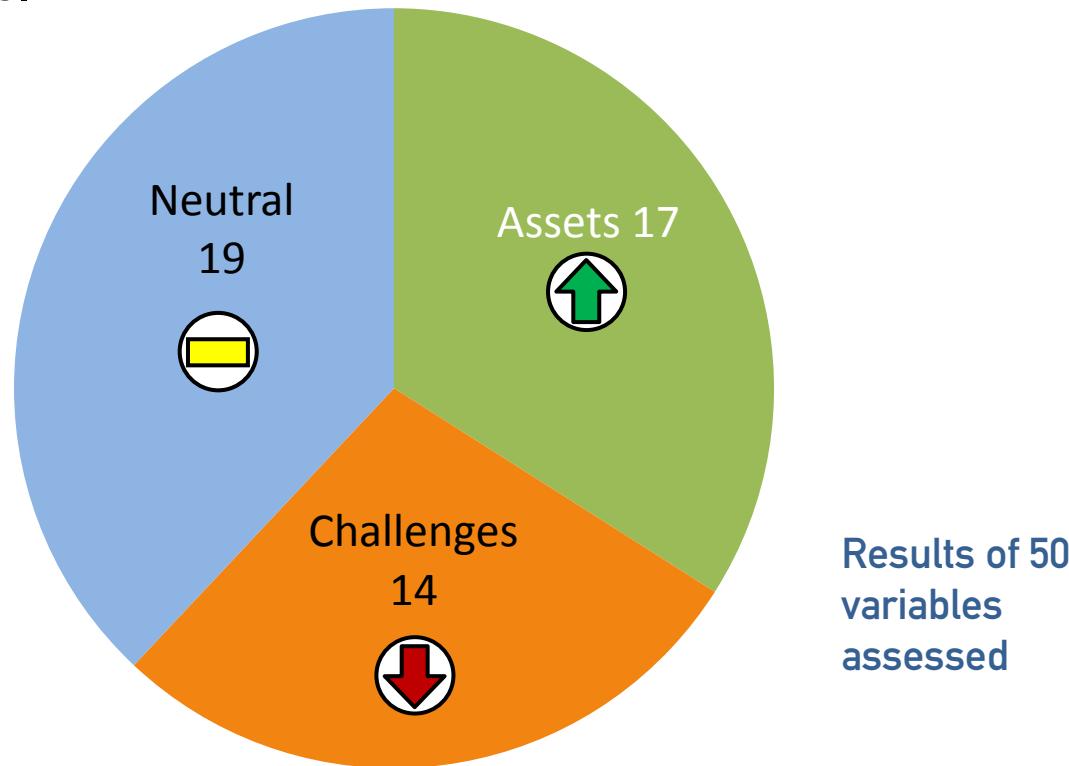


Asset is defined as a variable that is ranked exemplary and as such should be marketed or noted as such.



Assets and Challenges Assessment

Charles County has many assets, but also many areas where it is in the norm or average and doesn't "stand out." The future goal will be to strengthen those items currently ranked "neutral" or "challenge" and turn them into assets.





Strengths

Access to Markets

- Centrally located for major regional market access
- Centrally located for national market access
- Well positioned to serve international markets
- Within 1 hour of commercial air passenger service

Labor

- Availability of technicians and scientists
- Cost of labor
- Availability of post-secondary vocational training

Access to Resources

- Availability of agricultural products for food processing

Access to Space

- Availability of fully served and attractive office sites and properties



Strengths

Government Impact on Business

- Condition and maintenance of local streets
- Quality of post-secondary education

Quality of Place

- Availability of executive-level housing
- Availability of moderate-cost housing
- Availability of apartments
- Cost-of-living index
- Availability of recreational opportunities



Weaknesses



Access to Markets

- Lack of interstate highway(s)
- Low broadband availability and speeds

Labor

- Lack of skilled industrial workers
- Lack of skilled clerical workers
- Not within $\frac{1}{2}$ hour of major university/college
- Lack of an engineering program

Access to Resources

- Lack of manufacturing processes

Local ED Program

- Lack of involvement of both public and private sectors
- Local economic development organization lacks a strategic plan (until now)
- Low level of cooperation between various public and private organizations involved in economic development activity



Weaknesses



Access to Capital

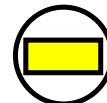
- Lack of venture capital from local sources for business startups

Government Impact on Businesses

- Lack of availability/capacity of water and wastewater treatment
- Cumbersome business permitting procedures and costs
- Relatively high local property taxes compared to your benchmarked counties



Neutral Scores



Access to Markets

- Rail service
- Port facilities (inland and/or water)
- General aviation airport capable of handling corporate aircraft

Labor

- Availability of managerial personnel

Access to Resources

- Availability of business and professional services

Access to Resources

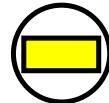
- Availability of business and professional services

Local ED Program

- Adequate level of professional staff
- Level of awareness of community regarding economic development
- Level of funding for local economic development program



Neutral Scores



Access to Space

- Availability of fully served and attractive industrial sites and properties

Access to Capital

- Availability of tax credits and incentives
- Availability of low-interest loans for small business

Government Impact on Business

- SAT scores

Quality of Place

- Level of crime
- Level of cultural activity
- Attractiveness of the physical environment
- Availability of major shopping facilities
- Availability of adequate medical facilities
- Availability of first-class hotels, motels, and resorts
- Local restaurant diversity and options

Charles County's Competitive Assessment



Dashboard Indicators

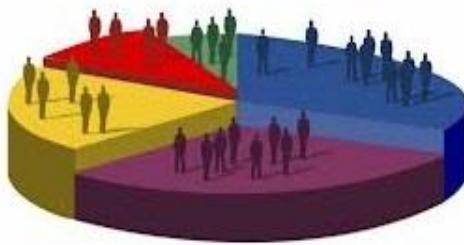
Three Main Sections

- Demographic & Labor Dynamics
- Economic Dynamics
- Local Specialization, Competitiveness & Growth





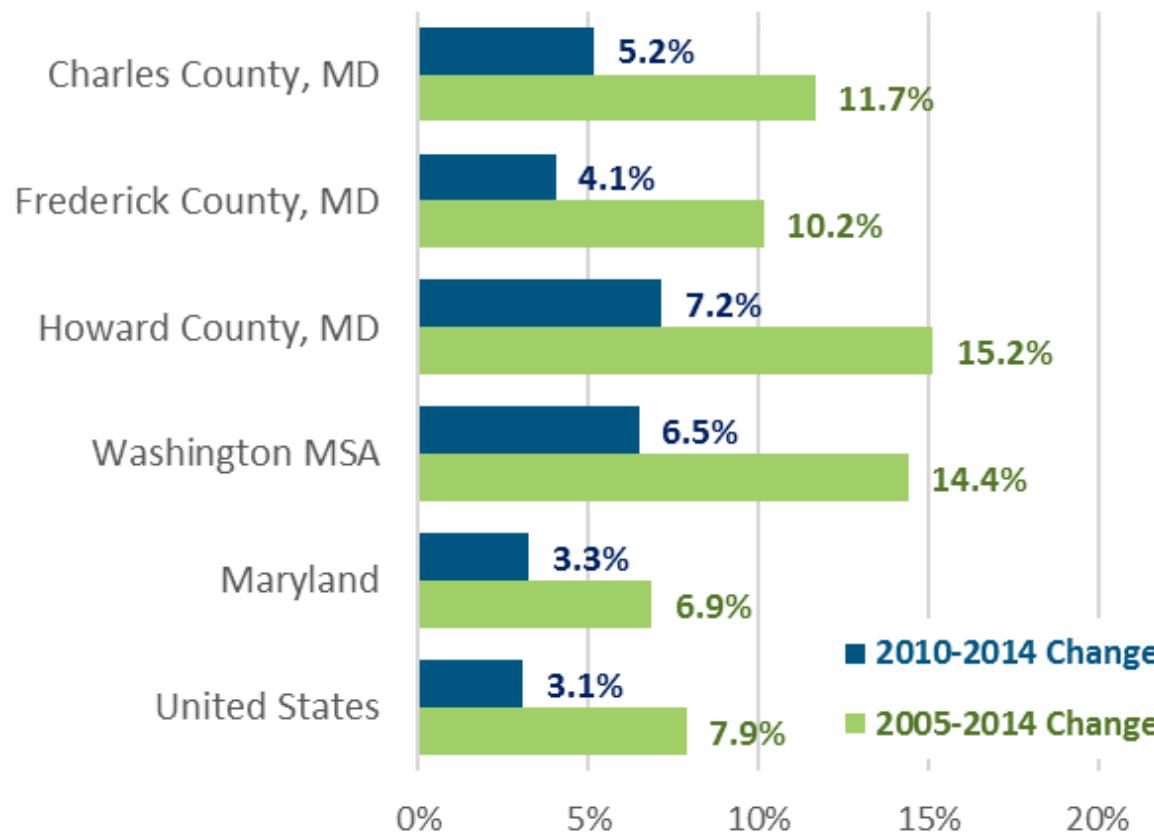
Demographic and Labor Dynamics



- Population and Growth
- Age
- Crime
- Educational Attainment
- Worker Flows



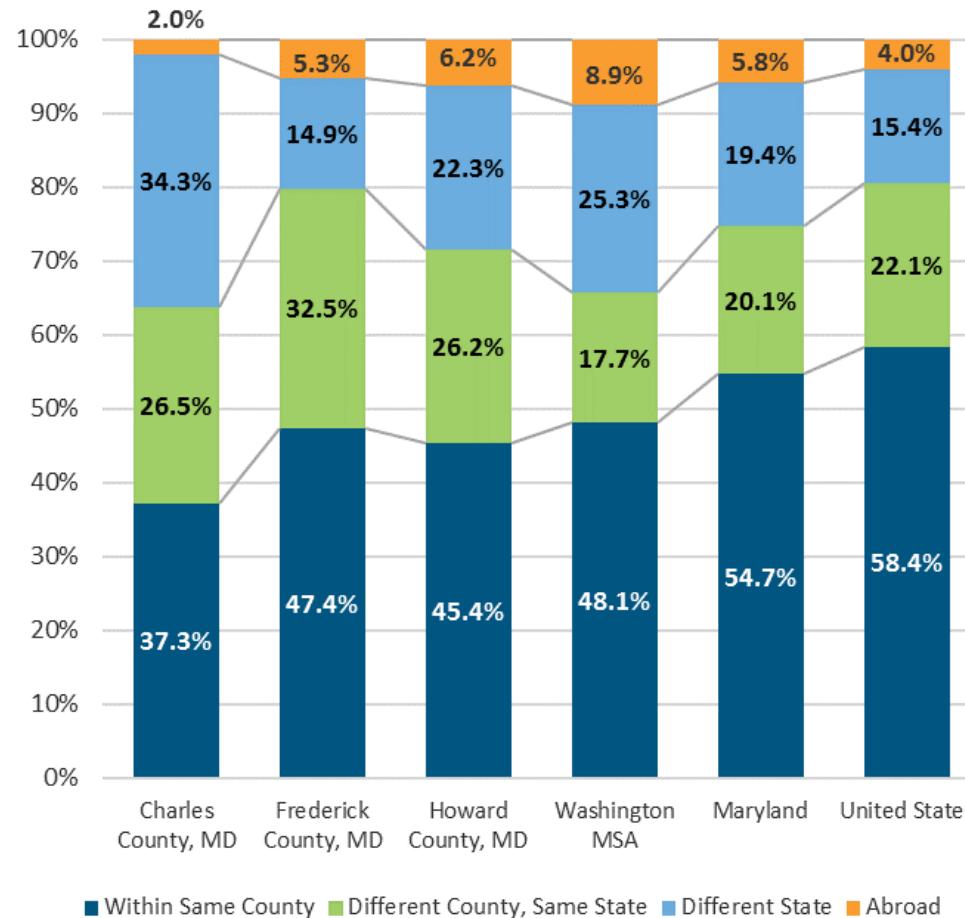
2005-2015 Population Change (%)



Source: US Census Bureau, Garner Economics



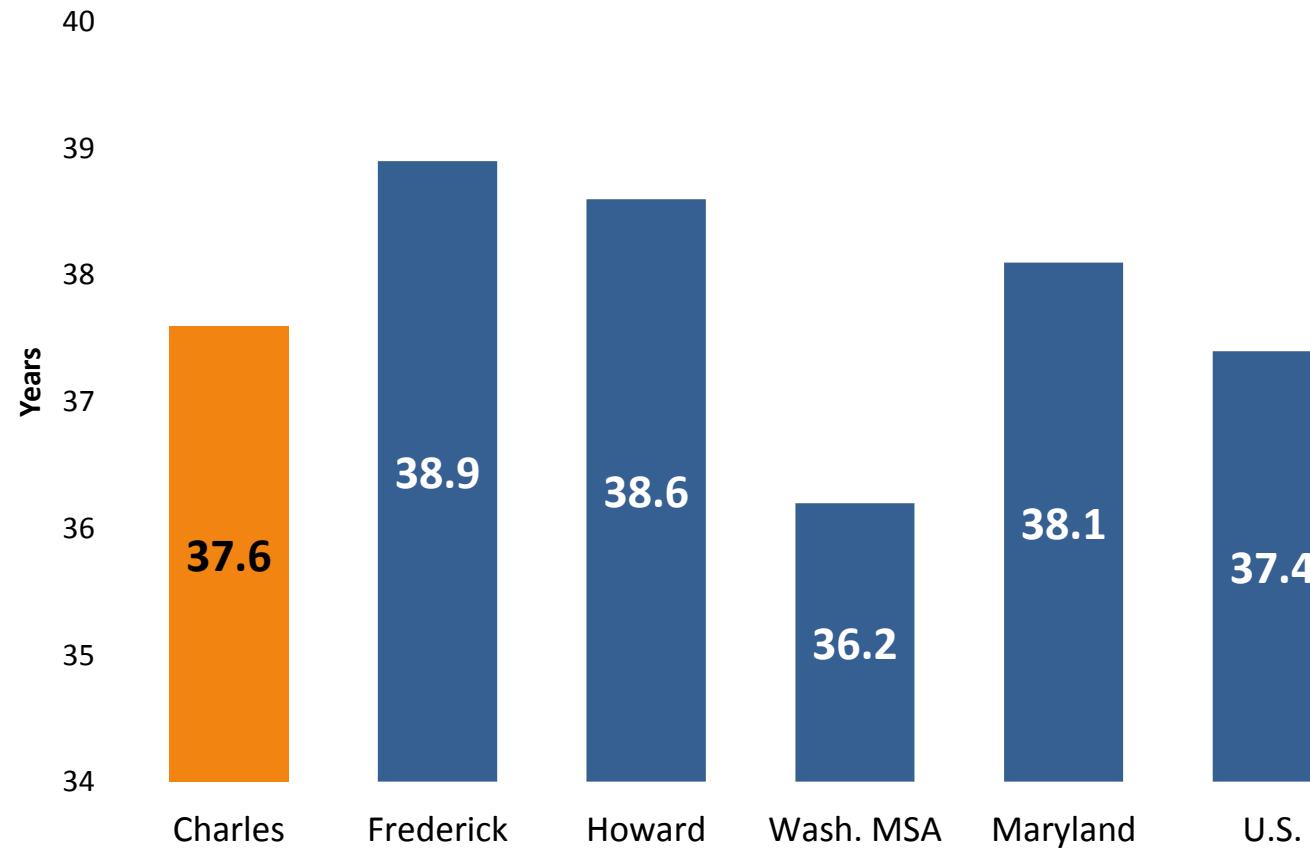
Previous Location of Residents Who Moved Within Past Year



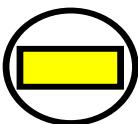
Source: US Census Bureau, American Community Survey 2014 1-Year Estimates, Garner Economics



Median Age

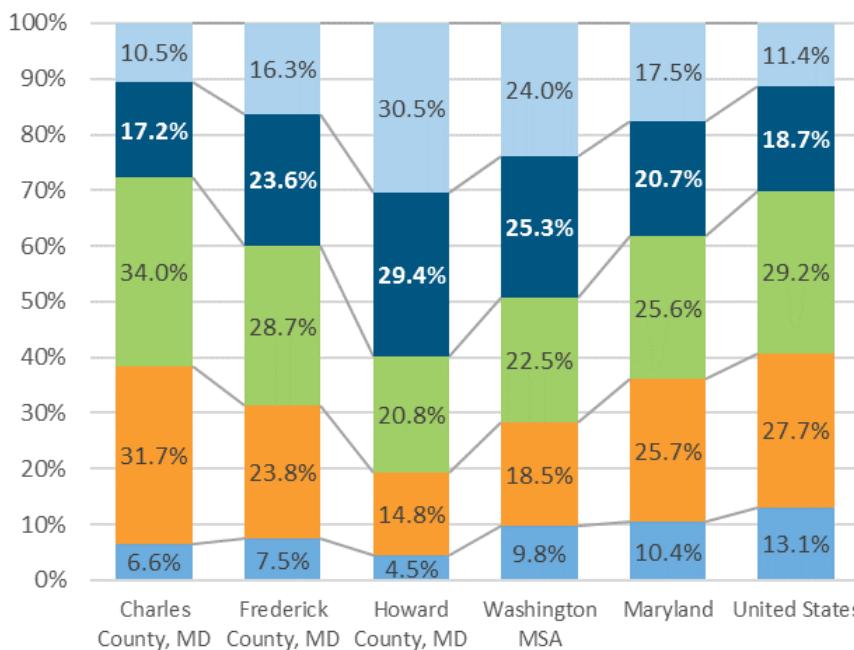


Source: US Census Bureau American Community Survey 5-Year Averages, Garner Economics

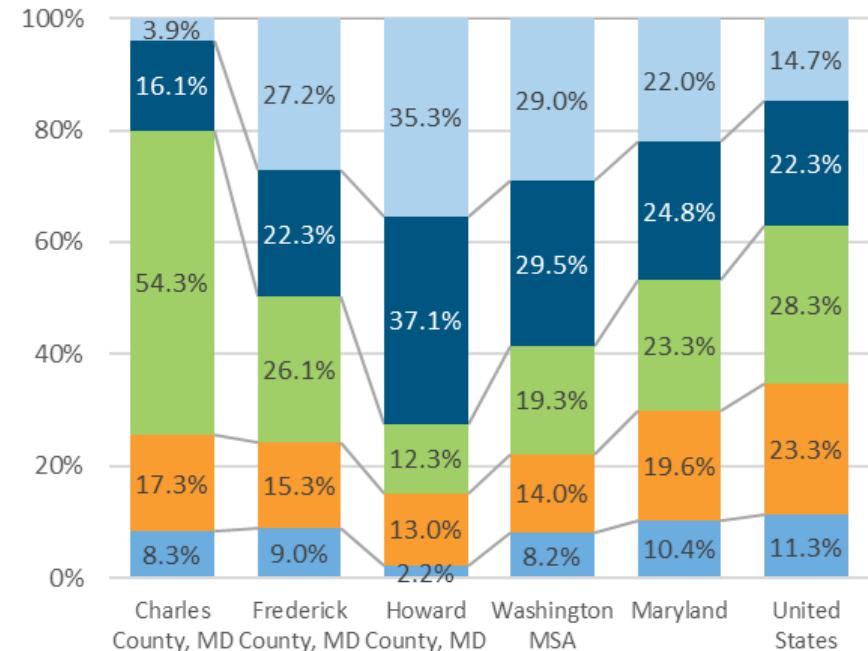


Educational Attainment of 25+ Population

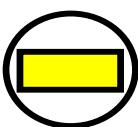
All 25+ Residents



New 25+ Residents

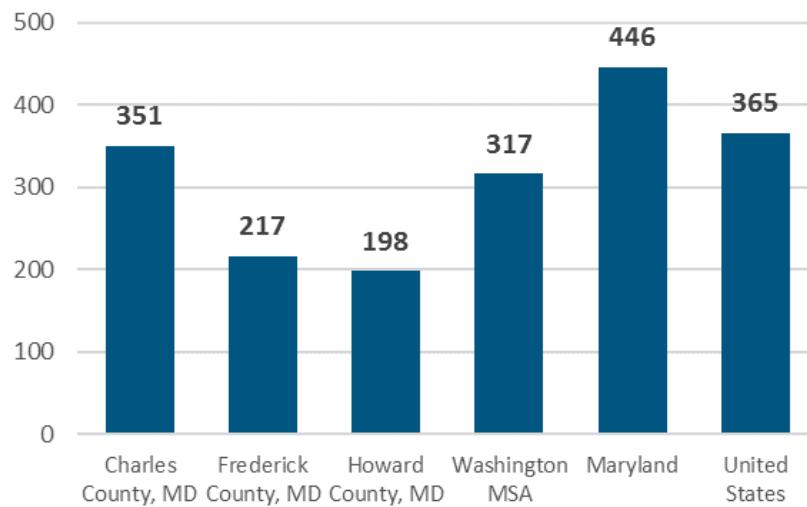


- Graduate or Professional Degree
- Bachelor's Degree
- Some College or Associate's Degree
- High School Graduate
- Less than High School Graduate

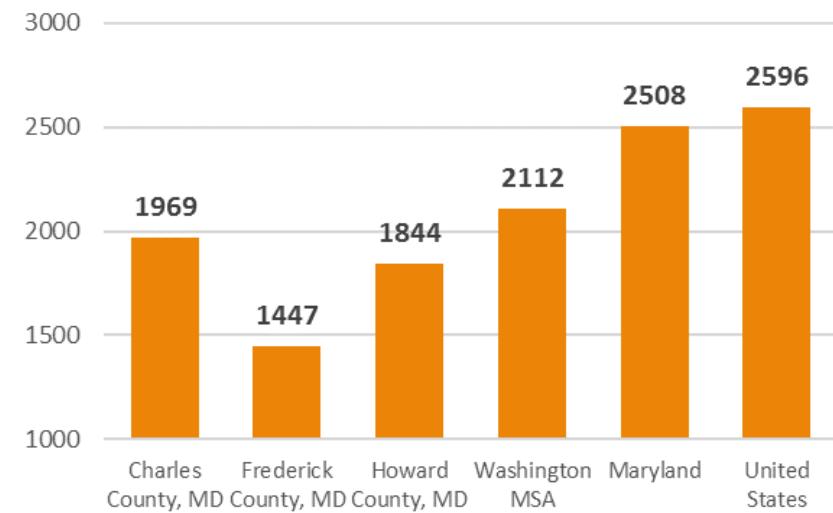


Crime Rates per 100,000 Residents

Violent Crime



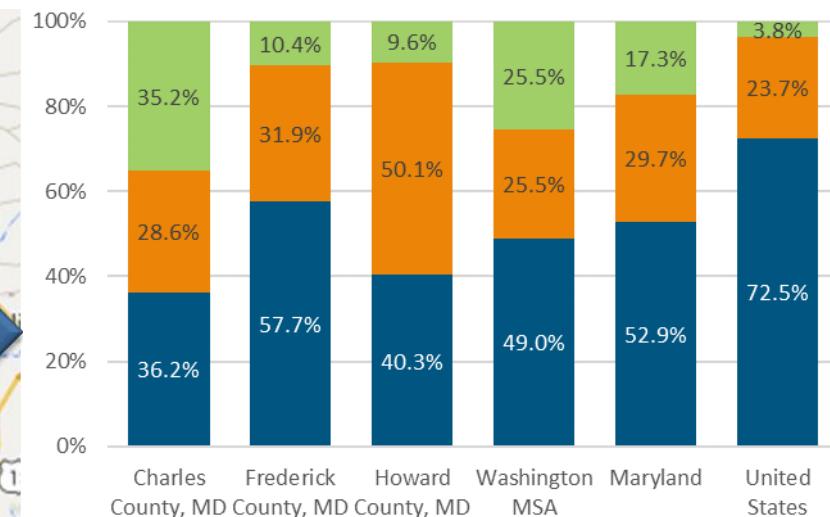
Property Crime





Commuting Patterns

Place of Work of Employed Residence



- Worked outside state of residence
- Worked outside county of residence
- Worked in county of residence



Economic Dynamics

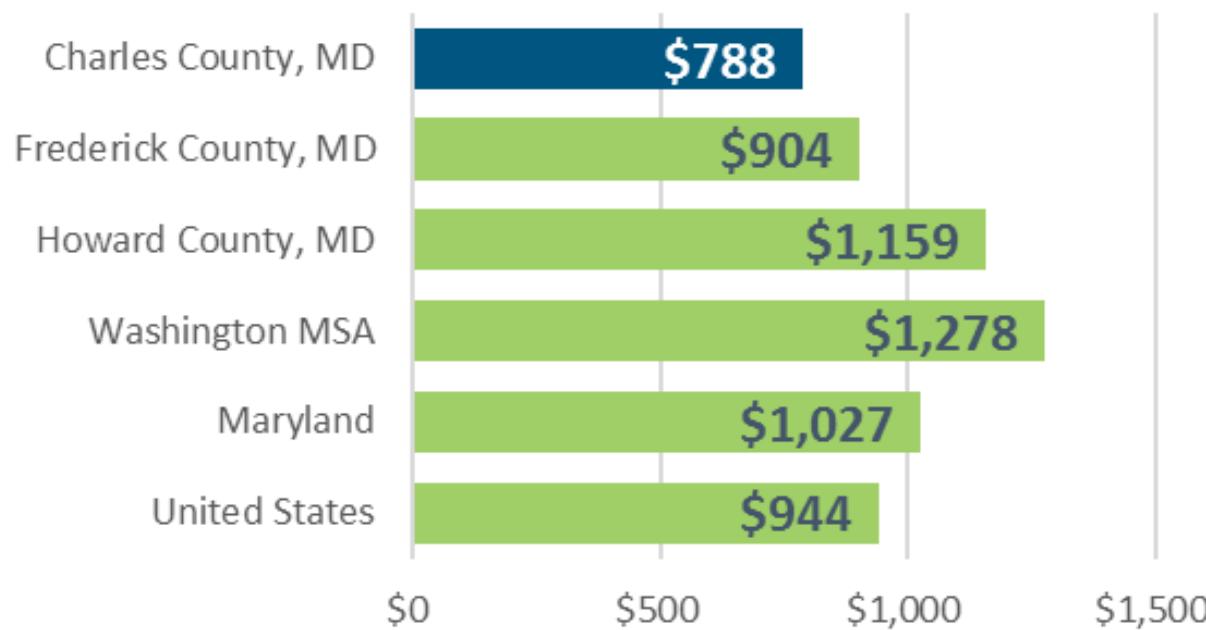


- Wages
- Income
- Self-Employment
- Employment Trends
- Unemployment
- Retail Leakage
- Broadband Access



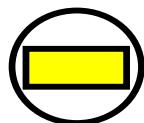
Average Weekly Wage, 2015

For Jobs in Charles County



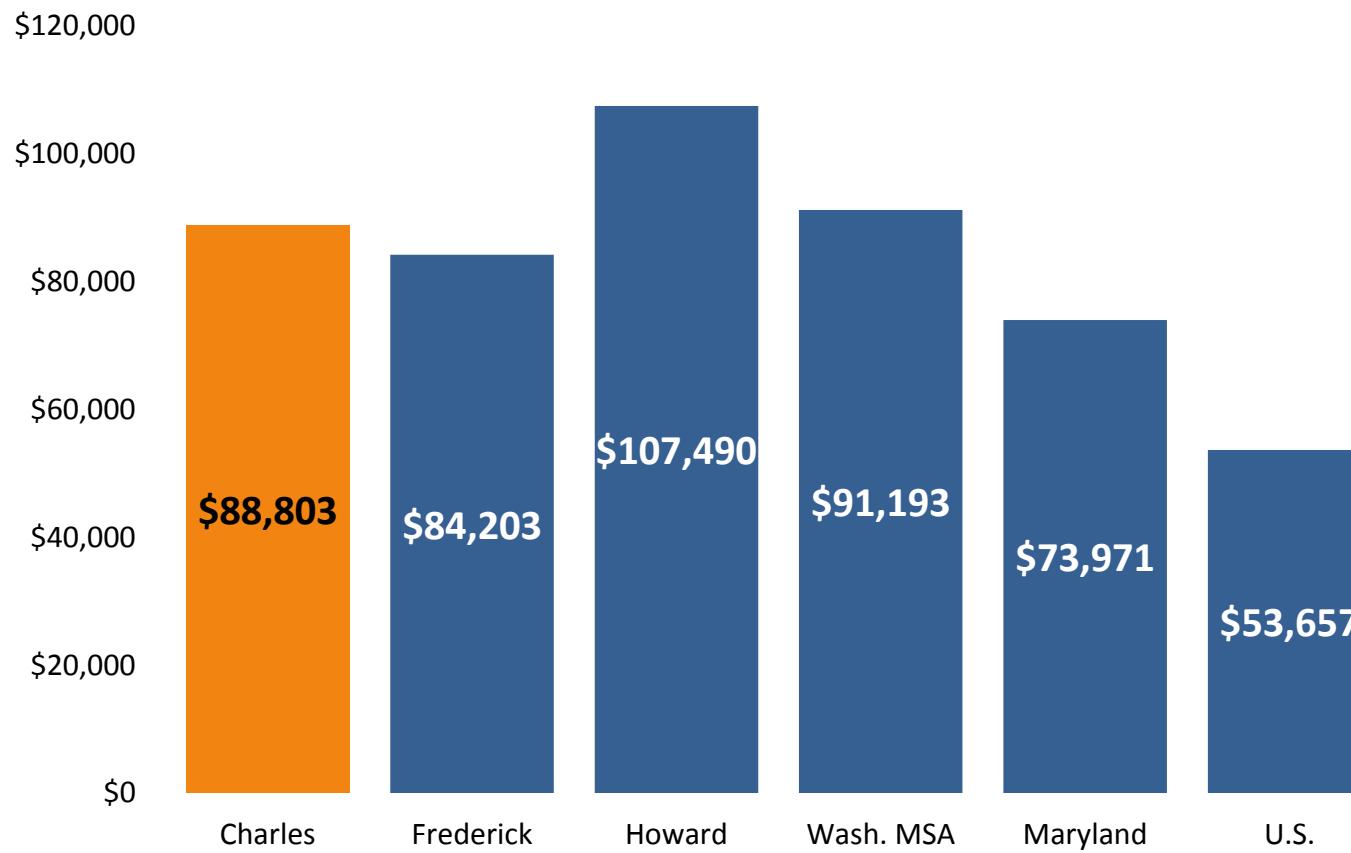
Average Wage for Charles Residents: \$1,296

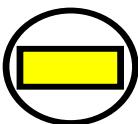
Source: EMSI, Garner Economics



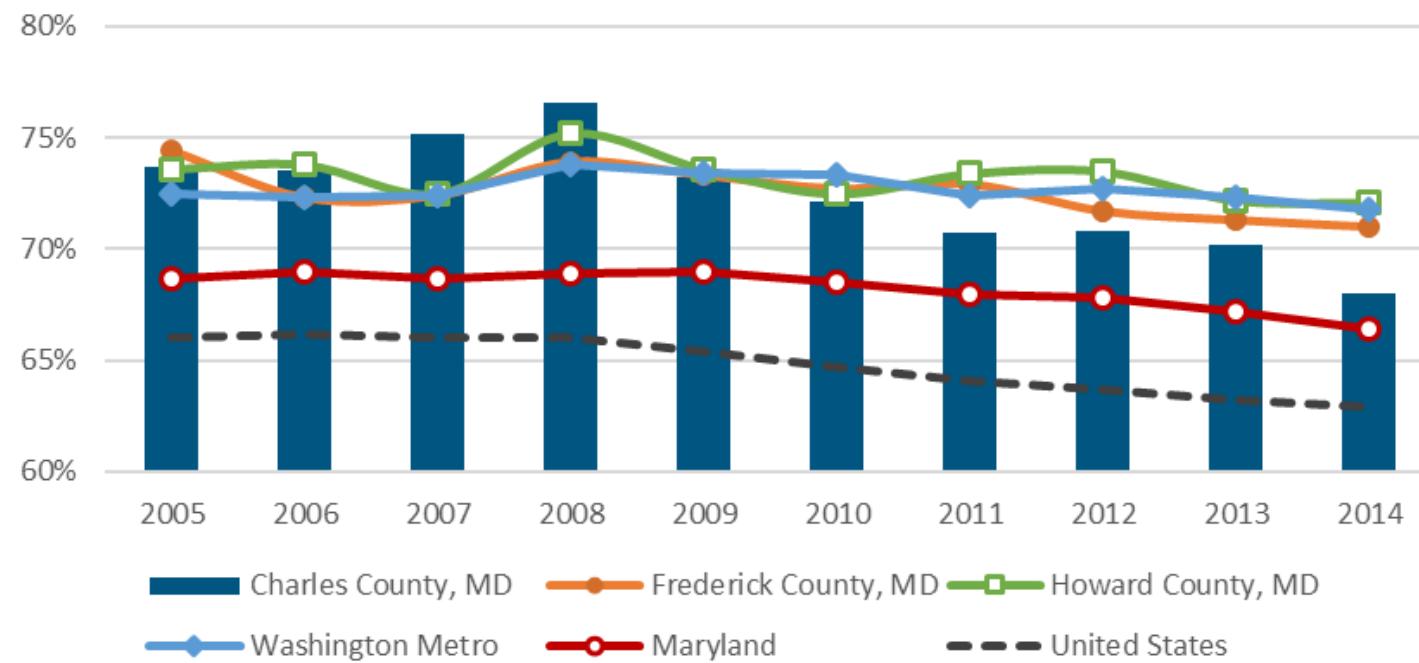
Median Household Income, 2014

For Residents of Charles County





Labor Force Participation

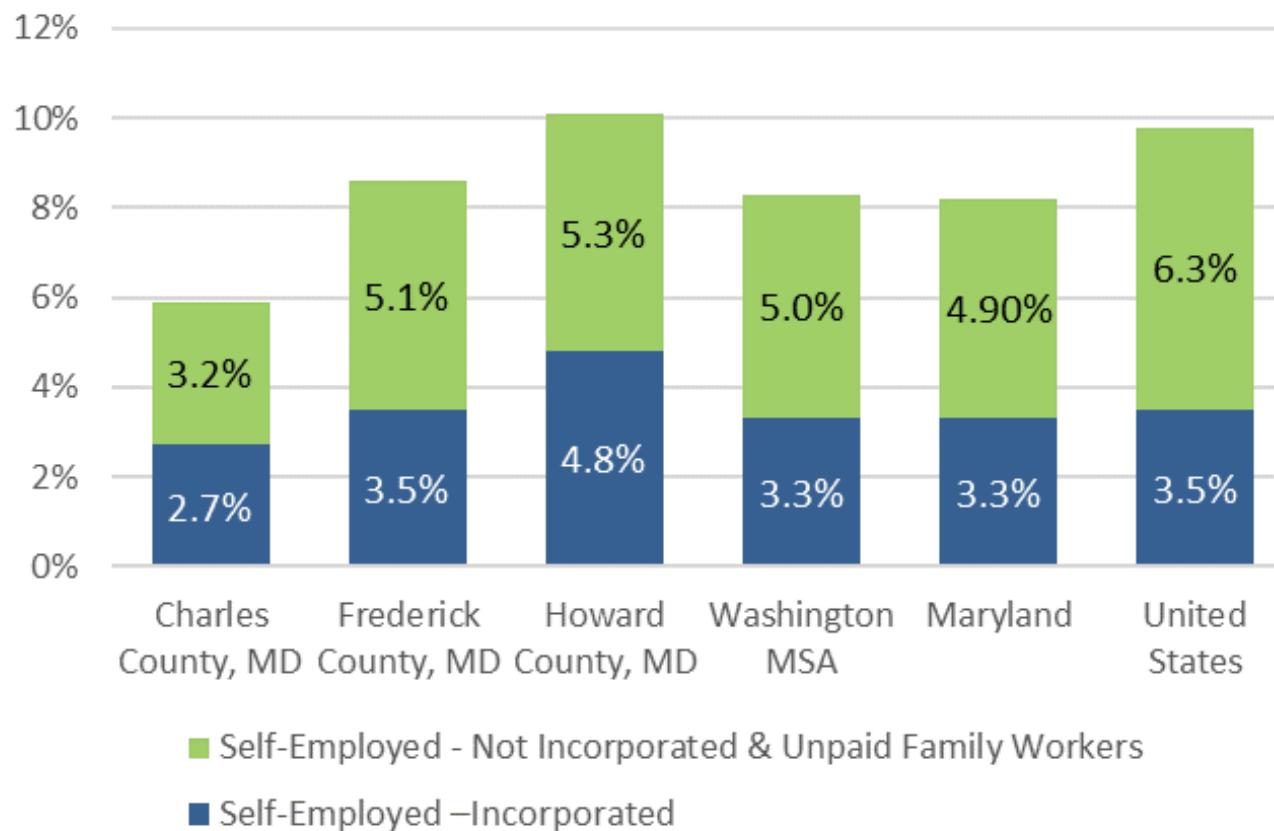


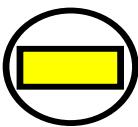
Source: US Census Bureau, Garner Economics



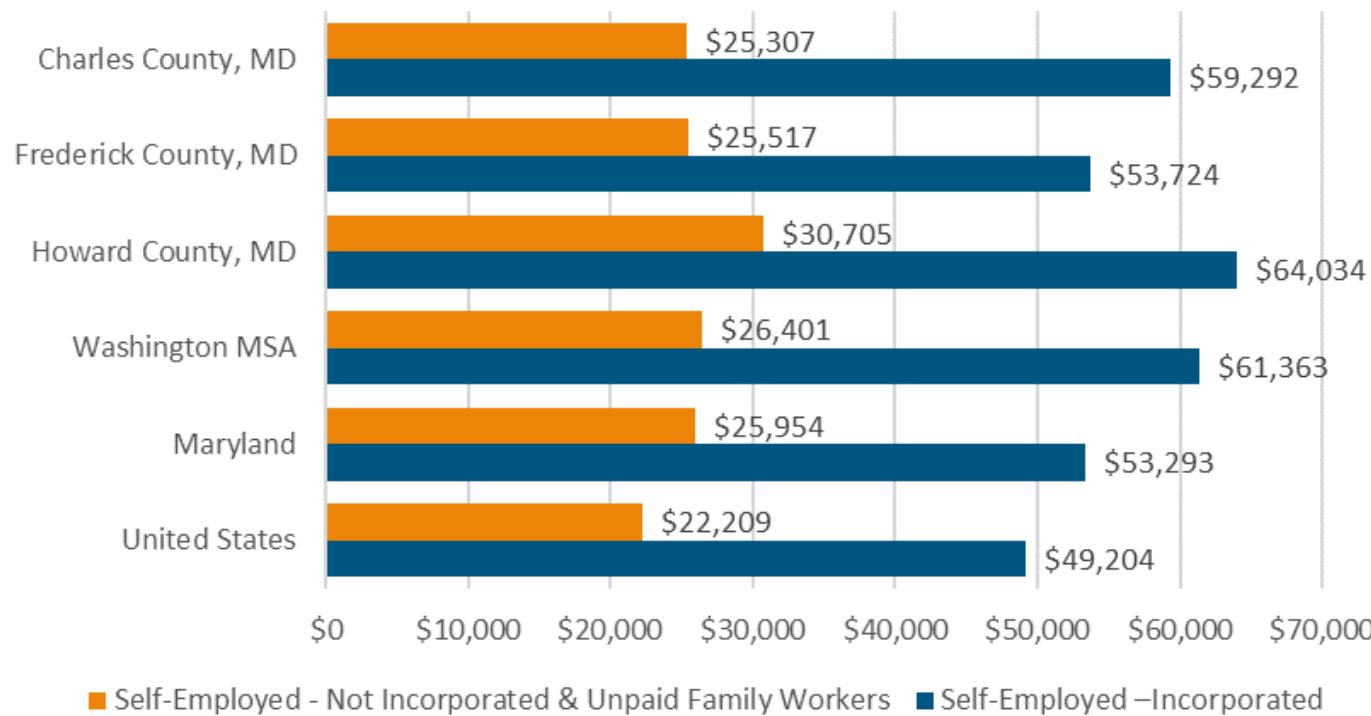
Self Employed Workers, 2014

As Share of Total Civilian Workers





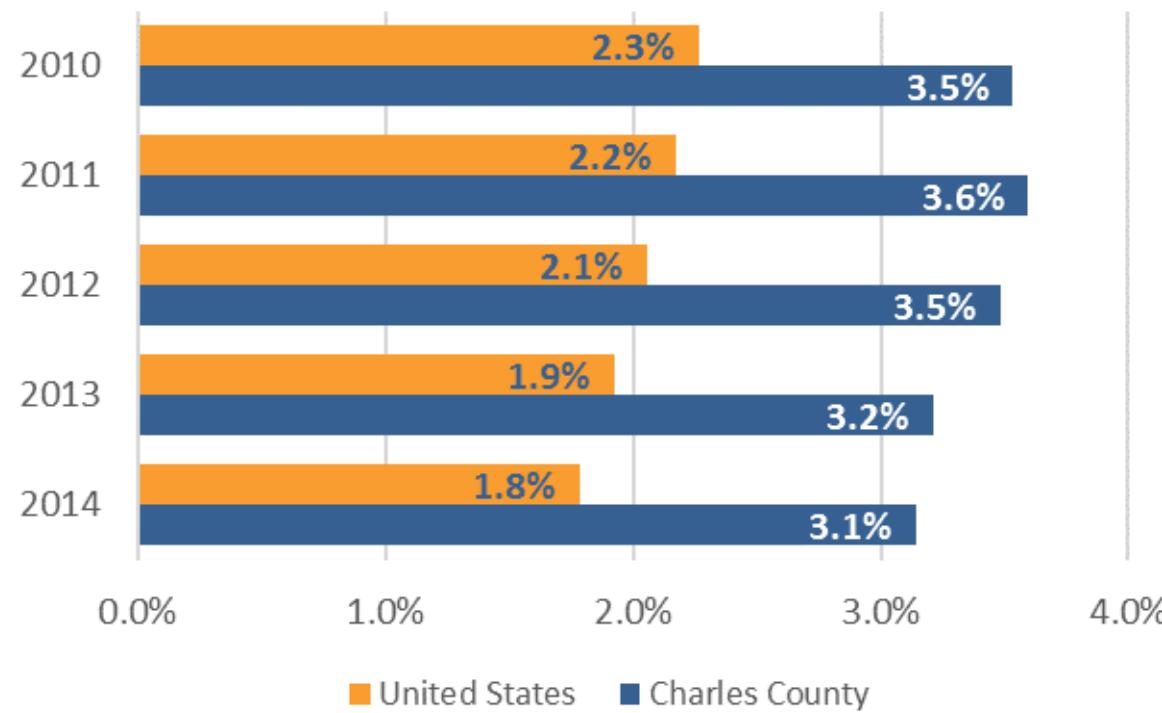
Median Earnings by Self-Employed Workers, 2014



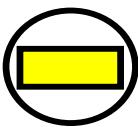
■ Self-Employed - Not Incorporated & Unpaid Family Workers ■ Self-Employed –Incorporated



Military Earnings as % of Total



Source: US Bureau of Economic Analysis, Garner Economics



Local Retail Sales and Leakage, 2013

(Millions of \$)



Overall Leakage: 56.6%

* Industries belonging to NAICS 72: Accommodation and Food Services have been included as a convenience. Technically, these are not retail industries.



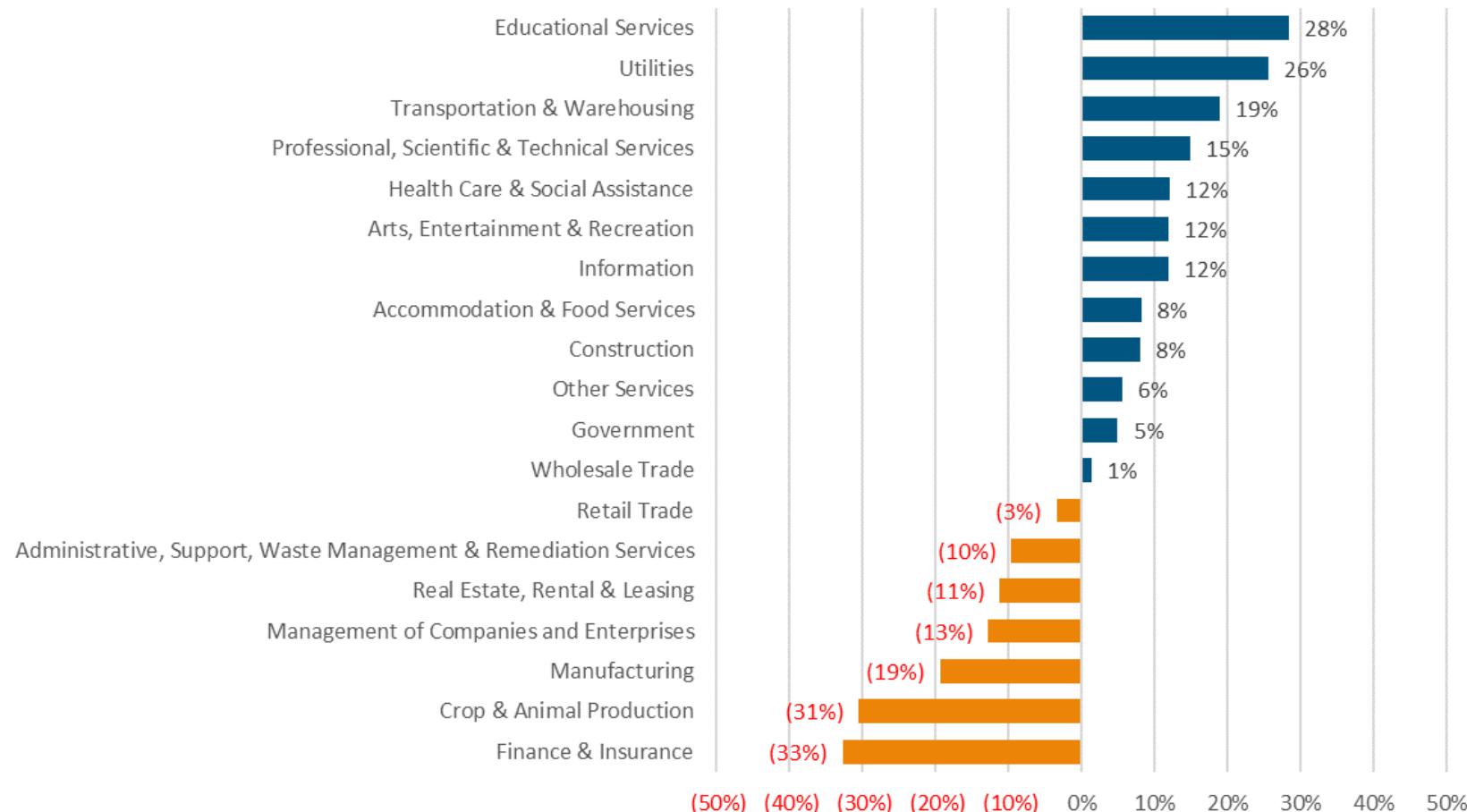
Local Specialization, Competitiveness & Growth



- Industry Sector Change
- Industry Earnings
- Occupational Change
- Occupational Earnings
- Cluster Specialization & Growth
- Cluster Competitiveness
- Occupational Specialization & Growth



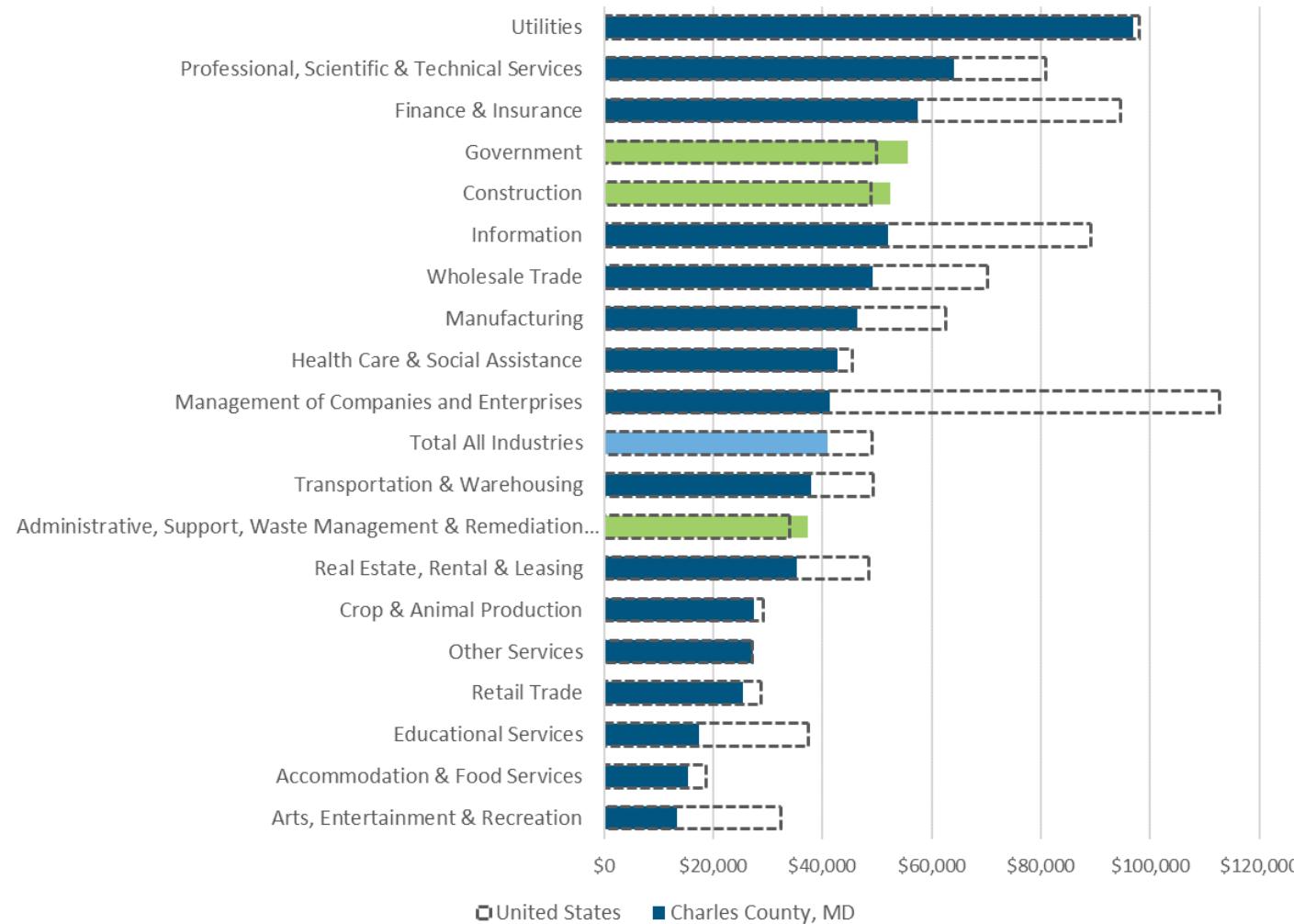
Five-Year Employment Change, 2010-2015 by Major Industry



Source: EMSI Q3 2015, Garner Economics

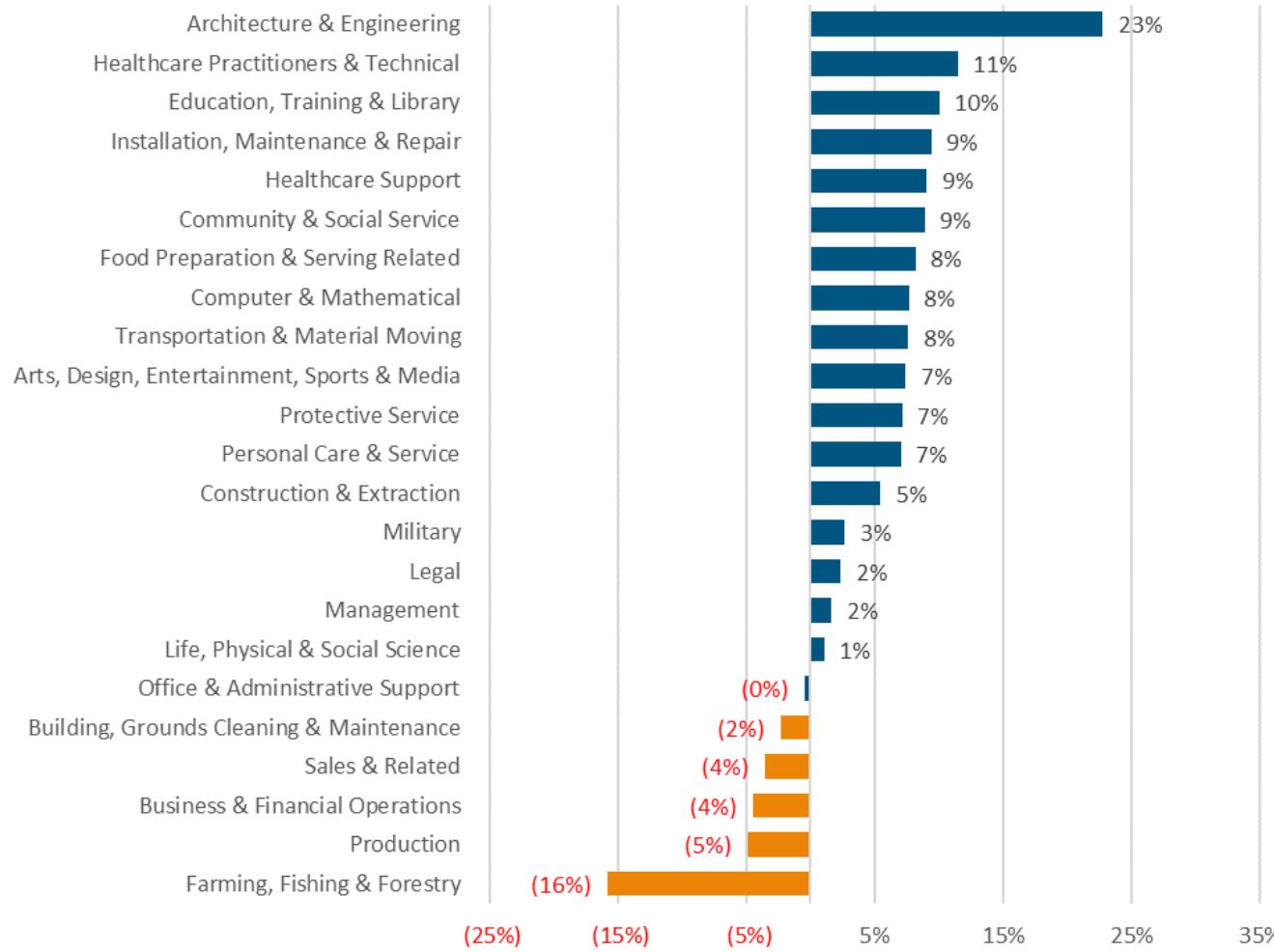


Wages by Major Industry, 2015



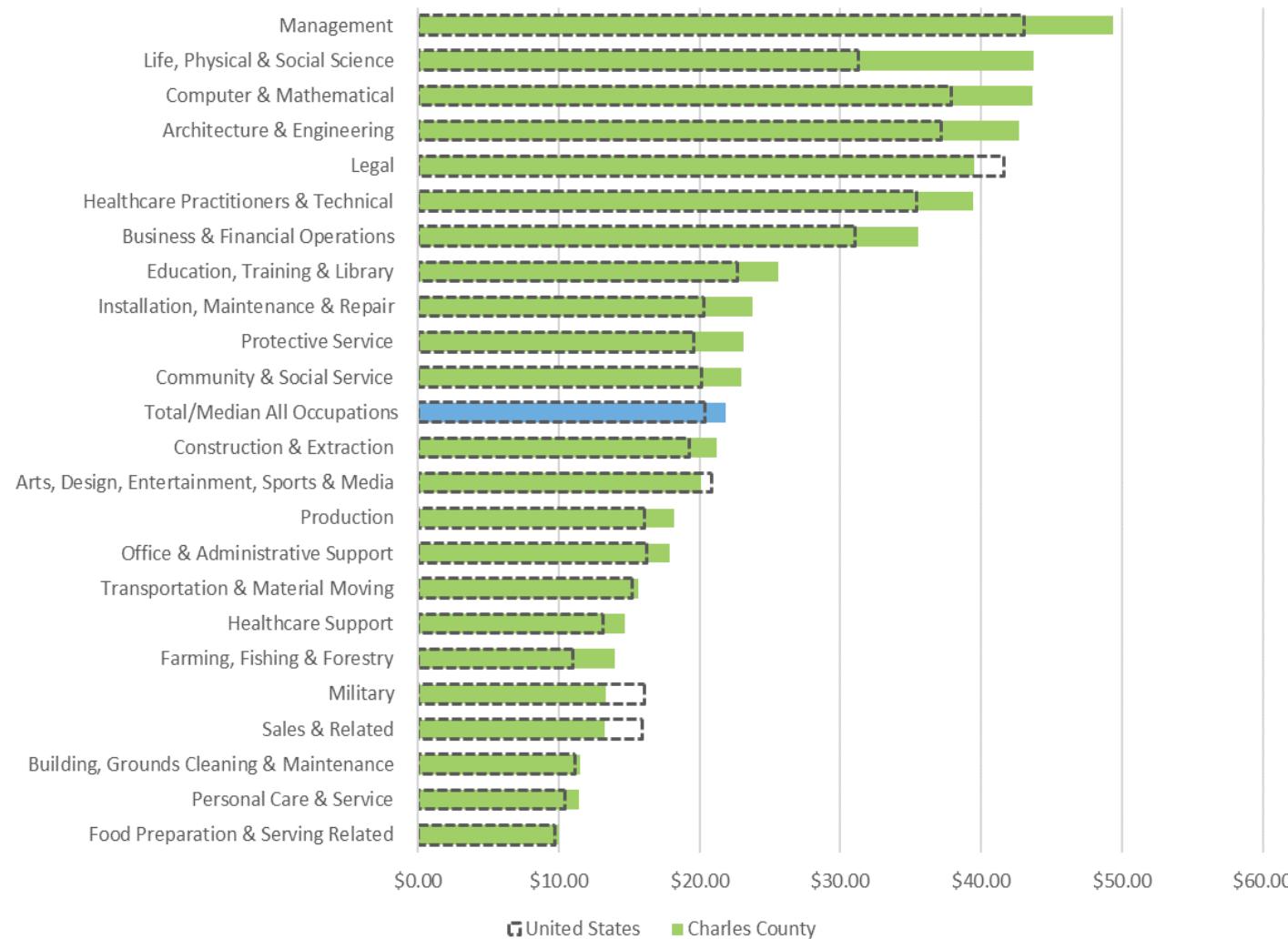


Five-Year Employment Change, 2010-2015 by Major Occupational Group

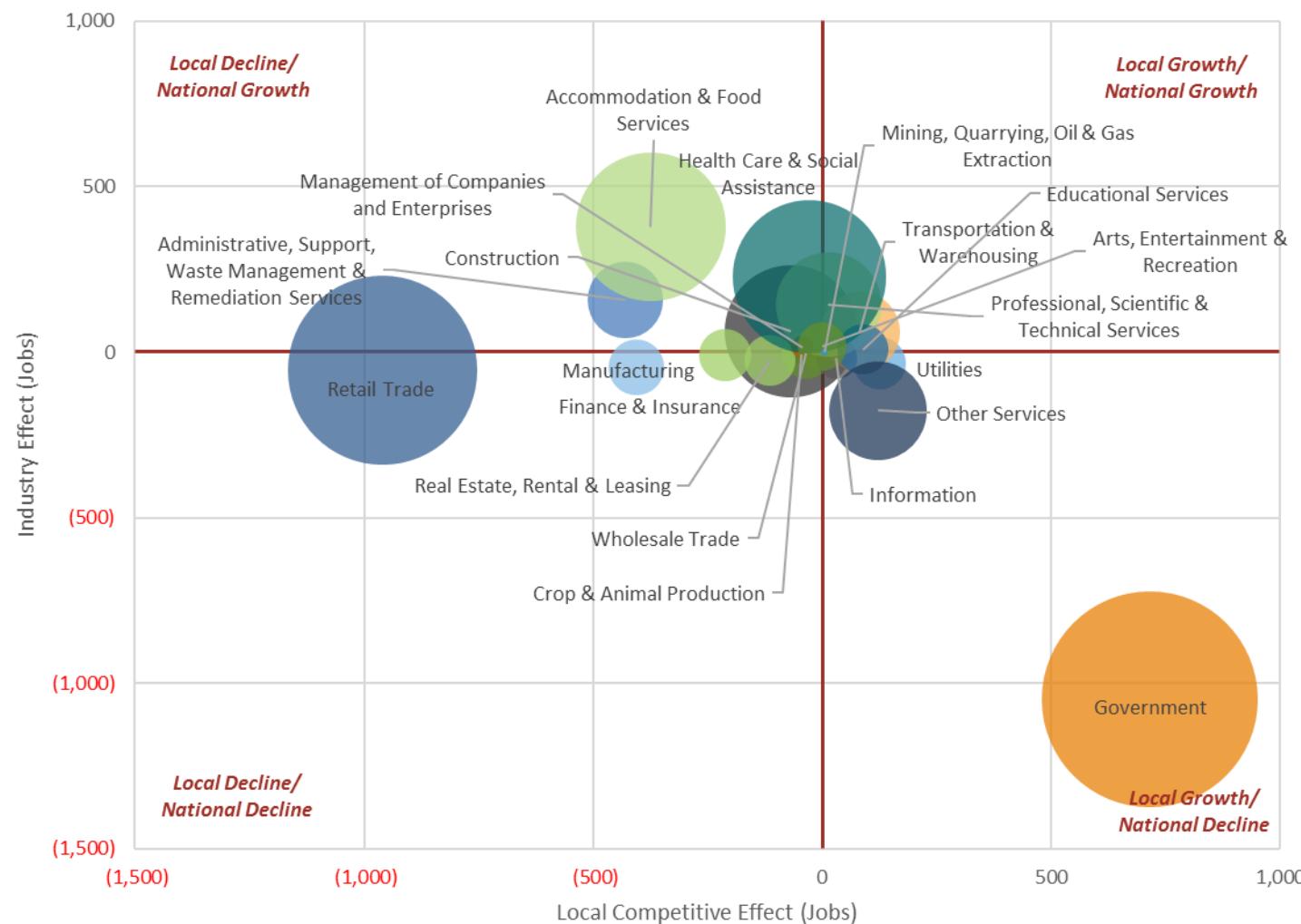




Wages by Major Occupational Group, 2015



Relative Components of Growth, 2010-2015

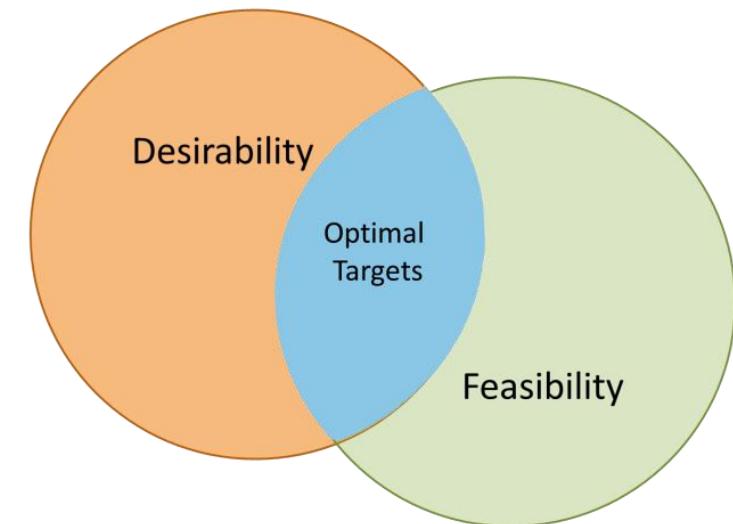


Optimal Targets



Optimal Targets for Charles County

- Based on the site-specific characteristics of Charles County
- Four core industry targets chosen based on best match with unique competitive advantages in the area



**Federal Contracting
& High-Value
Professional/
Business Services**

Health Services

**Entrepreneurial &
Retail Development**

**R&D, Engineering &
Computing**



Fed. Contracting & High-Value Professional/Business Services

Subsectors	Some Rationales
<ul style="list-style-type: none"> ❖ Management, Scientific, and Tech. Consulting Svcs. ❖ Facilities Support Services ❖ Electronic and Precision Equipment Repair and Maintenance ❖ Accounting, Tax Prep, Bookkeeping, and Payroll Services ❖ Management of Companies and Enterprises ❖ Office Administrative Services ❖ Business Support Services 	<ul style="list-style-type: none"> • Well located for national, and int'l markets • Proximity to Washington/Baltimore markets • Presence of Indian Head and access to military sites • Availability of management personnel • Low cost of labor relative to larger markets • Availability of fully served office sites & properties • High local rates of educational attainment • Increasing employment and specialization in <i>Professional, Scientific & Technical Services</i> sector • Opportunity to leverage presence of retired military, government, and contractor personnel • Average target subsector national earnings of \$80,196 • Target subsector 10-year growth rate of 14.8% • Quality of place assets



Health Services

Subsectors	Some Rationales
<ul style="list-style-type: none">❖ Offices of Physicians, Dentists, and Other Health Practitioners❖ Health Services Educational Institutions❖ Outpatient Care Centers❖ Medical and Diagnostic Laboratories❖ Home Health Care Services❖ Nursing and Residential Care Facilities	<ul style="list-style-type: none">• Centrally located for regional markets• Presence of UM-Charles Regional Medical Center• Availability of technicians and scientists• Availability of fully served office sites & properties• Availability of housing at all price points• High rate of population and labor force growth• High rate of growth among age 55+ population• High rate of employment growth in <i>Health Care</i> sector and <i>Healthcare Support</i> occupations• Average target subsector national earnings of \$58,574• Target subsector 10-year growth rate of 23.6%• Quality of place assets



Entrepreneurial & Retail Development

Subsectors	Some Rationales
<ul style="list-style-type: none"> ❖ Co-Working and Remote Office Centers ❖ Traveller Accommodations ❖ Restaurants and Other Eating and Drinking Places ❖ Scenic and Sightseeing Transportation ❖ Specialty Food Stores ❖ High-End Specialty Boutique Retail ❖ Stationery and Gift Stores ❖ Miscellaneous Store Retailers 	<ul style="list-style-type: none"> • Centrally located for regional and national markets • Local and regional traffic along US Route 301 • Availability of post-secondary vocational training • Availability of housing at all price points • High rate of population growth in surrounding region • High rate of growth among age 55+ population • Young and diverse population base • Opportunity to improve quality of hotels/lodging • Opportunity to reduce retail leakage from the market • High rate of growth and specialization in <i>Accommodation & Food Services</i> sector • Opportunity to attract/retain large base of high-wage earners who presently out-commute • Target subsector 10-year growth rate of 10.6%



R&D, Engineering & Computing

Subsectors	Some Rationales
<ul style="list-style-type: none"> ❖ Architectural, Engineering, and Related Services ❖ Scientific Research & Development Services ❖ Software Publishers ❖ Computer Systems Design and Services ❖ Data Processing, Hosting, and Related Services ❖ Internet Publishing and Broadcasting and Web Search Portals ❖ Specialty and Light Manufacturing 	<ul style="list-style-type: none"> • Well located for national and int'l markets • Proximity to Washington/Baltimore markets • Presence of Indian Head and access to military sites • Availability of technicians and scientists • Availability of post-secondary vocational training • Low cost of labor relative to larger markets • Availability of fully served office sites & properties • High local rates of educational attainment • Increasing employment and specialization in <i>Professional, Scientific & Technical Services</i> sector • Opportunity to leverage presence of retired military, government, and contractor personnel • Opportunity to attract/retain high wage earners who presently out-commute • Average target subsector national earnings of \$108,218 • Target subsector 10-year growth rate of 17.1%

Recommendations



Recommendations in Three Categories

Enhance the Product		
Product improvement initiatives to ensure Charles County is in a competitive position to attract, retain, and grow the types of companies it desires		
Tell the Story	Execute Effectively	
Product marketing actions for Charles County to share the economic dynamism of the County with target prospects and talent		Organizational adjustments that allow the County to align its mission and focus on those areas that will directly impact the economic growth the community desires

Enhance the Product

Strategy:

Further develop assets and initiatives in key areas that support the area's desire to attract and grow more high-quality economic activities and to support the current and future residents of Charles County.

Goal/Results:

The County strengthens its infrastructure and talent pipeline that attract and retain the region's most talented people and companies.

Enhance the Product

Actions

1. Make the case for sustainable funding sources to improve the County's ED infrastructure and identify programs to use the monies effectively.
2. Enhance the water and wastewater capacity and availability in the County and develop a plan to extend water and sewer infrastructure to sites with the greatest potential to serve the target business sectors.



Enhance the Product

Actions

3. Provide free, public high-speed Internet access throughout Charles County.
4. Create a plan to improve gateways into the County.
5. Support improvement of Maryland Airport.



Execute Effectively

Strategy:

Build a focused economic development service delivery mechanism for existing and potential businesses in the County and collaborate with other municipal economic development entities to work more seamlessly and present a unified brand to external clients.

Goal/Results:

The County is better able to attract the types of industries and talent that will make Charles County globally competitive. In doing so, the County will serve as a deal flow catalyst that delivers high-value business services to its constituents.

Execute Effectively

Actions

1. Staff a County business investment and retention ombudsman in the County Administrator's Office.
2. Reorganize the County's Department of Economic Development and create an advisory board of directors.
3. Create a one-stop permitting office to streamline the permit process.

Proposed EDD Structure



Execute Effectively

Actions

4. Advocate for and develop a realistic and sustainable incentive policy for Charles County.
5. Conduct Community Benchmarking Visits.
6. Create a culture of entrepreneurship among the County's youth.



Tell the Story

Strategy:

Share Charles County's business opportunity story with targeted internal and external audiences.

Goal/Results:

The EDD's current marketing efforts are adjusted, enhanced, and amplified to adapt to the overall economic development strategy and identify ways that others in the County can help strengthen perceptions of the County's leadership in economic development efforts.

Tell the Story

Actions

1. Define Charles County's key assets for target audiences.
2. Develop "Marketing Toolkit" to showcase Charles County's strengths.
3. Use Earned Media to help tell the Charles County story.
4. Update digital marketing efforts to reflect findings from the strategy.



Tell the Story

Actions

5. Continue to build site-selection consultant and commercial broker relationships.
6. Strengthen relationships with local business community.
7. Start lead generation program and engagement with executives from target industry sectors.



Charles

Why Charles County Key Industries Incentives Business Support Life in Charles Data Center

Strategic Location Workforce Business Costs Infrastructure Featured Properties Find a Property Utilities Major Employers

WHY CHARLES COUNTY?

Charles County is a growing business hub that is well positioned for investment, growth and development. Strategically located in the Washington DC Metro Area, the County is a prime location for businesses that are looking to locate/relocate or to expand, offering companies access to a large pool of talented workforce, affordable, flexible, and attractive real estate options, strategic access via a multi-modal transportation network, and excellent education options. With its strategic location, strong workforce base, lower cost of business relative to other locations in the region, wide range of flexible commercial real estate options, and solid infrastructure, Charles County offers a number of business advantages for both investors to locate in the County and for existing businesses to continue to thrive.





What's Next?

Leadership in Charles County will need to:

- Be a proactive for change and execute economic development efforts differently
- Make long-term organizational and structural investments to ensure that Charles County can attract the types of activity it wants



The EDD will need to:

- take the lead in proposing activities and be a champion for those long-term investments
- work with other economic development partners and County leadership to encourage quality development activities

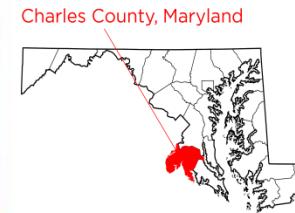


Thank you!

This strategy has benefited greatly from the foundational work of the County and the professionalism and contributions of its EDD staff. The many stakeholders who took part in the focus groups and surveys and provided opinion have been a valuable resource to this effort.

Special thanks to:

- Michael Mallinoff, Darrell Brown, Marcia Keeth, and Debra Jones
- All of the focus group and survey participants
- Charles County Commissioners



Questions?

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