Targeted Industry Study for Charles County, Maryland

Center for Regional Analysis
George Mason University
2004

Findings and Conclusions

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Study Purpose

George Mason University's Center for Regional Analysis undertook research for a targeted industry study for Charles County to assist the Economic Development Commission in identifying industries and subsectors for which Charles County could compete to have companies in those industries locate in the county. The objectives of the research were to help define the new economy for Charles County for the next decade. Key questions for the research were:

- What sectors are naturally likely to grow in the metropolitan area and which of those does Charles County have the ability to compete for?
- What are the unique strengths of Charles County for target industries given its strengths and weaknesses?
- Given growth sectors in the overall U.S. economy for the next ten years, what sectors fit what Charles County is already doing or could do?
- Also given the growth sectors in the U.S. economy, what sectors might not be a target for the region, but would fit the characteristics of Charles County?

As the research progressed, the research questions took on a broader need than trying to identify target sectors. Rather the question became what Charles County needs to do to improve its relative position within the regional economy, or more importantly, what strategies does it need to employ to maximize its comparative position for economic growth within the future Washington metropolitan economy.

Given below are the key findings and conclusions of this research and identification of strategy components for the future.

Key Findings

The Economy of the Washington Region

The growth of the Washington area economy has been and will continue to be closely linked to federal spending and the national capital functions linked directly and indirectly to the federal government. The regional economy will reflect a two-pronged growth pattern going forward: (1) high-end job growth (professional and business services with a technology-intensive and knowledge-base foundation) supported by federal spending and related national capital functions and (2) population-serving job growth supported by increases in population combined with growth of purchasing power; these jobs will be seen largely in retail trade, construction, and health and education services.

This combination of job growth (sector mix) will support above-average multipliers as the breadth of residentially based services will capture a significant proportion of the spending potential generated by personal earnings resulting from employment growth in the non-residentially supported sectors.

It is projected that there will be 1.34 million new jobs added to the Washington economy by 2020. Half of these new jobs will be high value added and technology intensive with well above-average earnings while the other half will have a below-average salary scale. It is not whether there will be enough jobs in the future (there will be almost as many new jobs as new residents) but rather the important question for economic development planning it is how these jobs will be distributed across the Washington area jurisdictions.

Charles County Trends and Situation

Historically Charles has grown and developed as a residential community supplying workers to commute to jobs in the District of Columbia and other locations northward, and its economic and employment base has been in the population-serving sectors: retail trade, construction, some services. This has meant its overall economic growth has been linked directly to its residential growth. And moderate residential growth has meant moderate job growth in the county.

A comparison of Charles County with a set of seven peer counties within the Washington region – counties in fairly similar situations – revealed that Charles County ranks in the middle of the pack on several economic performance measures, and, on two key measures – wages and the ratio of jobs to population, it is underperforming. It was also found that for these eight counties, including Charles, the normal progression of economic evolution will not alter the sectoral structure of the counties within the near-term period. None of the peer counties offers a model for Charles County's future growth pattern.

All of the peer counties, because of their similarities and locational proximity to the District of Columbia and headquarters of the federal government, constitute potential competitors with Charles County for future business investment. Understanding the nature of this competition—how these counties are selling themselves and what they have to offer that may appear superior to what can be offered in Charles County—will be important in formulating effective economic development strategies to identify future business development targets and program approaches.

Charles County Outlook

The Charles County economy is projected to become more narrowly specialized and dependent on its residential market. While the County's gross county product is projected to grow to $5.68 billion by 2015, gaining 105 percent from its $2.77 billion level in 2000, this growth will be largely driven by the combination of continuing wage transfers into

Charles County by out-commuters ($3.7 billion in 2015) and sales and services to local and non-local residents.

To shift the County's economy away from this dependence on commuter-generated earnings to locally-based businesses producing income from serving external markets will not be a matter of building off of established businesses in which the County possesses a comparative advantage or existing specialization. Rather, it will require developing new specializations that reflect and take advantage of the County's geographic location, its lower operating cost structure, and availability of large numbers of well-educated residents who presently commute to jobs located elsewhere in the metropolitan area.

This economic analysis shows that even with its residentially dependent economy the County will sustain above-average growth rate over the coming decade. However, in order to achieve a better-balanced tax base and support higher personal income growth, the local economy will need a more diversified export base and will need to attract new businesses with non-local serving markets. This pattern of economic evolution and growth has been achieved in other suburban counties within the Washington metropolitan area and can be achieved in Charles County within a 10- to 15-year timeframe by implementing carefully crafted and targeted development strategies and supportive public policies.

Experts Weigh In: Realities/Opportunities

Target Industries / Commercial Development Strategy -- Sectors identified by the panelists as possibilities included knowledge-based, intellectual property, government, digital media, education/e-learning, integration, and tourism. The panel indicated that there are no silver bullets in this group, but that they should be considered in the mix of possible targets. The one sector that drew the most attention as a possibility was federal facilities.

Federal Facilities -- Most of the panelist agreed that federal facilities of some kind should be pursued as a key component of the county's economic development strategy. Charles County's proximity to the nation's capital, the expanding federal functions in the metropolitan area, and the fact that many of the county's workers are currently working for federal agencies and commuting to jobs were all reasons cited that make federal facilities a logical target. One component of this discussion was to target elements of federal facility operations that would benefit from the lower operating costs in the county and that do not need close proximity to the Capitol or other central functions. An obvious benefit of getting federal facilities that further enhance their contribution to the local economy beyond their direct effects is that contractors often follow and locate near the facilities.

Federal Contracting -- The logical procession of the discussion regarding federal facilities was the conclusion to also pursue federal contractors. Existing county residents

are working for them and commuting out of the county to their locations. Federal contracting is a major part of the projected growth in the metropolitan economy in the coming years, and Charles County should be positioned to get an increased share of this economic activity. There were two elements of this target strategy noted: to get federal contractors to locate in the county and to assist existing county companies to get more federal contracting work.

Residential Development Strategy -- A lot of discussion of the panelists focused on a future "residential development strategy" as a key (if not The Key) recommended element of the county's economic development efforts. This conclusion evolved in the discussion and was brought up in discussion of other topics. The logic of the discussion went approximately as follows:

- It was noted that there are no silver-bullet target sectors.
- It was noted that the now successful economic jurisdictions in the region were not always so – Fairfax and Montgomery were once bedroom communities whose economies were dominated by population-serving sectors, and it took a long time for them to develop the other sectors and the vibrant employment centers they now have.
- It was noted that residential development provides a work force that then attracts employers.
- It was noted that Charles has major natural assets for quality residential development that will attract residents looking for an environment that promotes their lifestyle.

In concluding that a residential development strategy is important, the panelists also noted that parts of the strategy needed to be actions that would assist development of a strong residential component. These included attention to enhancing a quality school system, identifying land available for quality residential development, and several comments were made that the county needed to revisit its land use plan in the context of a new residential development strategy.

Growth from Within: Retention and Expansion -- While much of the discussion of the panel focused on getting new companies and looking at targets and strategies for that, there were several comments and conclusions that an important part of the county's overall strategy must be to help existing companies grow and expand. This was noted above regarding federal contracting and it was also concluded more generally as a very basic strategy for economic development in the county.

Image/Identity -- The question of Charles County's image/identity/recognition was raised by members of the panel with a consensus view that the county needs a more clearly defined identity and an image that helps position the county for future economic development. Some of the comments on this topic noted that there is no central place of primary city or town in the county that has the identity or image of being a real center of activity, like a Fredericksburg. Another theme related to this were suggestions that the

county's residents can help in creating a better identity and image, and that they need to be a part of helping to create a clearer identity by activities to get their buy-in.

Infrastructure Factors/Issues -- The panel also concluded that infrastructure factors need to be incorporated into the county's economic development strategies. These include transportation accessibility, water/sewer availability, broadband availability, and the school system. All of these infrastructure elements are needed in order to attract residents as well as business investment.

Strategy Components

1. **Infrastructure Readiness –** The expert panel as well as county business leaders that responded to the survey identified infrastructure as a major need in the county's economic development efforts. Infrastructure capacity expansion and enhancement to support the current demand to make the county attractive to potential employers who would consider locating in Charles County. As one economic development expert said regarding the county's potential opportunities: "*You need a deterministic scheme. We cannot go to a company and say locate here and have them make that decision very easily, but we can correctly prepare the area and situation for choices to be made…and there are no silver bullets.*"

2. **Workforce/Residential Development Strategy –** Counties in the region that are succeeding in getting quality economic development are doing so after many years of residential development and the attraction of a workforce that draws companies and employers. Residential (and workforce) strategies have not been common strategies of economic development programs, but history and experience underscore the importance of a quality workforce as a key element in corporate location decisions.

3. **Selling Charles County and Building a Competitive Image** – Creating a positive identity and image are clear needs for Charles County and should be included in its economic development strategy. The name Charles County should communicate an image consistent with its locational attributes:
   - it is connected to the center of the most important city in the world;
   - it offers an excellent living environment (it's safe, has good schools, a full range of housing);
   - its resident workforce is highly skilled and educated; the costs of living and operations are low compared to inner jurisdictions; and,
   - its recreation opportunities are varied and plentiful.

   Fairfax County provides a model: its images, where it advertises, are its message. Charles County needs to become a separable place among the many in the region trying to increase their share of the region's inevitable economic growth.

4. **Targeting the Region's Strengths** – The key to success is knowing your strengths and weaknesses and leading with the strengths while ameliorating the weaknesses. Strengths cannot be altered dramatically or significantly. They are mostly fixed by location and history, and can only be enhanced over a long period of time and effort. In the case of Charles, its local strengths are less significant at present than its regional strengths; i.e., being part of the Washington metropolitan area offers more opportunity for economic growth than the county's local attributes. Building on strength means:
    a. Attracting increasingly high qualified, better educated residents as their incomes will support a stronger and more diversified retail and local services base;
    b. Market Charles County to select federal agencies and federal contractors based on what the county has (open space for security, resident labor force, and proximity to DOD facilities) that other area counties do not;
    c. Expand the region-serving (Washington and Baltimore) business base that benefits from competitive transport access (trucking/shipping), competitive operating cost structure, availability of large building sites, and a high quality of life for employees (including affordable housing); this target area includes tourism aimed at the region's population as well as visitors passing through the county – focusing on destination events and facilities will help achieve a positive image as well.

The Charles County Economy: Evolution and Outlook

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The Charles County Economy: Evolution and Outlook

The future of the Charles County economy builds on its past and the strength and growth of the regional economy of which it is a part. The County's historic patterns reflect its evolution from a rural to a suburban economy in response to growth pressures exerted by the regional economy as expanded over the past thirty years as reflected in its growing labor market and population base. As the County's economy has grown in response to these suburbanization pressures, it has experienced changes in its sectoral structure; that is, the types of business activities that have developed to serve its growing resident population and the surrounding regional economy.

The economy that existed in 2000 forms the foundation for the economy that will evolve in the future. The shape of this future economy can be projected based on its current structure and the inherent locational advantages and disadvantages that have shaped today's economy. This analysis identifies the County's current economic strengths and tracks the economy that is likely to evolve from these strengths over the next 15 years. This future economy will evolve from projected population and income growth and the growth forecasts for the sectors in which Charles County already has become specialized. Assessing whether this future will provide Charles County its most productive base is a major objective of the research being conducted by the GMU Center for Regional Analysis for the Charles County Economic Development Commission.

Charles County's Economic Evolution: 1970-2000

Charles County's location within the Washington metropolitan area—its distance from the District of Columbia and location relative to intervening jurisdictions, its historic urban patterns and market functions, its transportation network, and the economic development status of neighboring counties—all have helped to shape its magnitude and patterns of economic growth over the past three decades. The key measures of these growth trends from 1970 to 2000 are presented in Table 1.

The Washington metropolitan area experienced significant changes during the past thirty years and these have determined to a large degree the scale and mix of economic growth in Charles County. Over this period, the Washington area's population grew by 1.7 million residents, for an increase of 54 percent while the area's employment base increased by 1.8 million, a gain of 112 percent. It is very significant that the area's employment base increased more than its population base; in fact, on a percentage basis, the job base grew by double the percentage of the population gain.

In order for jobs to increase more than population, the economy had to have undergone a major shift in the types of work being done. Also, for the number of workers in the population to increase, the labor force participation rates had to increase. This was particularly true for women. In 1970, there are 5 jobs in the region for every 10 residents. By 2000, this ratio had increased to 7 jobs for every 10 residents. As the area's job base out grew its resident work force, its labor shed extended further out attracting residents from greater distances to commute into the Washington area to work. During this period

of rapid job and population growth, the settlement patterns shift into the second and third tier counties and bedroom jurisdictions evolved without the accompanying employment base. The employment base that did develop in these suburban bedroom jurisdictions was largely focused on providing retail and personal services to the residents.

Table 1

Charles County and the Washington Metropolitan Area:
Growth Patterns, 1970-2000
(Population and jobs in thousands, output in billions)

Indicators	Charles County	Washington Area
Population		
1970	48.2	3,213.9
2000	121.3	4,951.4
Change	73.1	1,737.5
% Change	151.6	54.1
Employment		
1970	14.8	1,637.3
2000	49.5	3,471.5
Change	34.7	1,834.2
% Change	233.6	112.0
Total Output*		
1970	$.751	$83.031
2000	2.772	268.008
Change	2.021	184.977
% Change	269.1	222.8

Sources: NPA Data Services, Inc.; GMU Center for Regional Analysis. *Gross Regional and Gross County Product expressed in billions of 2004 dollars.

The third measure of the Washington area's dramatic growth during the 1970-2000 period is the size of its economy as measured by the value of its output. In 2004 dollars, the area's 1970 economy generated $83 billion in total output; by 2000, this value had grown to $268 billion for a gain of more than 200 percent. In round terms, the Washington area's population increased by 50 percent, its job base grew by 100 percent and the value of its economic output more than doubled. The magnitude of this increase in the economy's total output confirms that by 2000 the area's economy was very different from what it was in 1970; that is, the economy's structure was different, the distribution of jobs across the sectors had changed and the mix of jobs within sectors had also changed with the proportion of high value added jobs increasing—more "good" jobs and few "bad" jobs were generated.

Charles County's economy also experienced significant change over this thirty-year period. The County's population increased by 150 percent and its employment base grew by 230 percent. The value of the County's total output also grew substantially, from three-quarters of a billion dollars to $2.8 billion, for a gain of 269 percent. While these percentage gains were all larger than those experienced by the Washington area in total, the spread between the percentage gains was not as large. Where job growth in the Washington area exceeded population growth in actual number, this was not the case in Charles County; population growth (number of new residents) exceeded the number of new jobs generated by a factor of two.

The value of output associated with the County's job growth was substantially lower than the average contribution to total output of the new jobs added in the metropolitan area. The contribution to total output (gross regional product) per new job added for the metropolitan area over the 1970-2000 period was $100,849 while output per new job added in Charles County was $58,242. This per job output difference suggests that the jobs created in Charles County differed from those being generated more broadly in the metropolitan area.

The structure of the County's employment base is presented in Table 2. The rapid development of the County's retail and service sectors in response to rapid residential growth is clear from a comparison of employment distributions in1970 and 2000.

Table 2

Changing Employment Structure in Charles County, 1970-2000
(Jobs in thousands)

Major Sectors	1970	2000	Change	% Change
Total Jobs	14.84	49.51	34.67	233.6
Private	10.03	41.29	31.26	311.7
Construction	1.98	5.31	2.68	135.4
Manufacturing	.68	1.56	.88	129.4
Transport/Utilities*	.71	2.40	1.69	238.0
Wholesale Trade	.57	1.19	.62	108.8
Retail Trade	2.84	13.79	10.95	385.6
FIRE**	.71	3.53	2.85	398.6
Services	2.43	12.93	10.50	432.1
Government	4.81	8.21	3.40	70.1

Sources: NPA Data Services, Inc; GMU Center for Regional Analysis
*includes communications; **finance, insurance and real estate.
Note: job count includes full-time, regular, year-round jobs plus self-employed and contract workers and employees of very small firms.

While the County's total job base was increasing 233.6 percent between 1970 and 2000, job growth in the retail and service sectors gained 385.6 and 432.1 percent respectively accounting for 62 percent of the County's total job gain. The finance, insurance and real estate sector, although small, also grew rapidly registering a gain of almost 400 percent. This gain may be explained more by the growth of the real estate industry in response to the County's rapid residential gains than by the growth of banking or other financial services and reflects a typical suburban growth pattern.

A pattern of strength and weakness can be determined from the employment distributions in Table 2. By comparing Charles County's employment distributions with those in the Washington area, sectors having a greater percentage or specialization can be identified as well as those sectors having a lower percentage or under-specialization. The results of these calculations are called Location Quotients (LQs). LQs with values greater than 1 indicate a disproportional level of jobs in a sector and suggest that the local economy has some special advantage that supports this above-average concentration of jobs. LQs that are less than 1 suggest under-specialization or possible sectoral weakness. Changes in LQs over time, as presented in Table 3, reveal the shift of jobs between sectors in response to changing structural or other economic conditions.

Table 3

Sector Specialization in Charles County,
1970 and 2000

	Location Quotient	
Sectors	1970	2000
Construction	2.38	1.91
Manufacturing	1.12	1.00
TCPU*	1.04	1.04
Wholesale Trade	1.36	0.86
Retail Trade	1.37	2.04
FIRE**	0.65	0.97
Services	0.71	0.97
Government	0.85	0.82

Source: GMU Center for Regional Analysis
*transportation, communications, utilities
**finance, insurance and real estate
Note: Location Quotients reflect the percent employment in the County's sector divided by the PMSA percent for the same sector; values greater than 1 indicate a local specialization in a given sector; values less than 1 indicate sector underspecialization.

The location quotients show specialization in sectors typical of an economy growing in response to rapid suburbanization. Employment in construction and retail trade were approximately two times as great proportionally in Charles County in 2000 as for the metropolitan area in total. Retail trade clearly was the most specialized sector and had become increasingly specialized as the County was experiencing its 150 percent population gain between 1970 and 2000. The finance, insurance and real estate sector, while not employing a large number of workers, also showed a significant increase in its location quotient gaining from an under-specialized status to one that was almost on par with the metropolitan area. This trend may reflect the growth of the residential real estate market and the growing need for realtors. Charles County's sectoral specialization in 2000 reflected its residentially based economy. Absent among the specialized sectors were those associated with export activities to drive the growth of the local economy.

The wage structure has not improved in Charles County over the last thirty years. In fact, the overall average wage has declined slightly in real dollar value (-7.6%). This downward wage trend contrasts with the 44.2 percent increase in the average wage for all jobs in the Washington metropolitan area. Average wages for all major sectors are presented in Charles County and the Washington metropolitan area in Table 4.

Table 4

Average Annual Wages* by Sector:
Washington Area and Charles County, 1970 and 2000
(in 2004 dollars)

Sector	Charles County		Washington Area	
	1970	2000	1970	2000
Construction	$45,193	$37,695	$37,778	$46,383
Manufacturing	31,241	39,357	36,659	60,764
TCPU	50,435	45,497	39,283	68,763
Wholesale Trade	33,031	37,724	43,643	75,410
Retail Trade	21,991	17,856	24,017	22,844
FIRE	16,130	23,412	32,341	46,988
Services	19,788	23,412	32,341	50,370
Government	40,155	53,904	44,366	70,525
All Sectors	32,657	30,158	36,060	52,006

Sources: NPA Data Services, Inc.; GMU Center for Regional Analysis
Note: average annual wages are means for all earned compensation expressed in constant 2004 dollars.

While some of the sectors in the County have enjoyed wage increases, those sectors in which the County's economy had the greatest specialization (construction and retail trade) experienced decreased real wages between 1970 and 2000. One explanation for

this shift to lower wages within the retail sector, affecting both the County and the metropolitan area, was the shift to shorter working hours; that is, the use of more part-time workers and the failure of hourly wages to keep up with inflation. The County's wage pattern for the construction sector contrasted with the metropolitan area's wage pattern indicating differences in the types and value of construction (more commercial and high value construction elsewhere in the metropolitan area with lower value residential construction dominating in Charles County).

The greatest contrast in wage levels occurs in the services sector where the average for Charles County is approximately one-half the average wage level for the metropolitan area. This difference reflects the respective composition of these sectors: in Charles County services are dominated by personal services, services provided for local residents, while at the metropolitan level this sector is dominated by professional, business and technology-intensive services, services that are characterized by high value added jobs.

The wage structure reported in Table 4 indicates that the jobs in the County have a lower wage structure than elsewhere in the metropolitan area and these better paying jobs can be accessed by County residents by commuting out to them. In fact, research has confirmed that suburban commuters have higher salaries than residents who work in the same jurisdiction in which they live. As shown in Table 5, only 40 percent of Charles County's working residents work in the County and 60 percent commute out to work.

Table 5

Commuting Patterns To and From Charles County, 2000

Jurisdictions	Where Charles County Residents Work		Who Works in Charles County	
	number	percent	number	percent
District of Columbia	10,785	17.5%	277	0.8%
Charles County	24,800	40.5	24,800	68.5
Calvert County	640	1.0		
Montgomery County	1,351	2.2		
Prince George's County	13,834	22.4	3,646	10.1
All Suburban MD	40,633	65.8	30,108	83.1
Northern Virginia	6,750	10.9	1,261	3.5
Washington Metro*	58,168	94.3	31,654	87.4
Outside of Metro Area*	3,530	5.7	4,566	12.6
Total Resident workers/ Jobs in Charles County	61,698	100.0	36,220	100.0

Sources: U.S. Census, 2000; GMU Center for Regional Analysis
*Washington Primary Metropolitan Statistical Area

Of the County residents working elsewhere in the metropolitan area, the largest number work in Prince George's County followed in decreasing order by the District of Columbia and Northern Virginia. Together, these jurisdictions account for 50.8 percent of the work place destinations for Charles County's out-commuters.

The income these workers bring back to the County constitutes a major source of local economic growth. In 2000, this externally earned income accounted for 40.2 percent of the total personal income (earned and unearned such as retirement income) in the County. This commuter-generated income represents a major source of the County's export earnings in an economy that has been largely structured to serve the needs of its residents. Even with this predominantly local-oriented economic structure, its retailing, hospitality services, manufacturing, transportation, and wholesale trade do generate some export earnings within the local economy and could become the basis for building a stronger export-oriented foundation to support future growth.

Charles County's Current and Future Economy

The economic base of Charles County was tested during the recent national recession and by the slow and struggling expansion that followed into the second half of 2003. As the underlying strength of the local economy has been the transfer of earnings from beyond the County's boundaries back into the local economy in support of retail trade and consumer services, the resilience of the Washington area economy during this period and its continuing growth, low unemployment, and above-average gains in federal spending (more importantly its gains in federal contracting) has contributed to the County's economic growth over the 2001-2003 period.

Still, not all local sectors grew during this period. As shown in Figure 1, the County's job base increased by 1,398 jobs over the two years from June 2001 to June 2003. The sectors that grew, added 1,761 jobs while the sectors that contracted lost 374 jobs. All of the growth sectors reflected the County's traditional strengths being led by retail trade and transportation/utilities. Not unexpectedly, manufacturing lost jobs as it also did at the metropolitan level. But contrary to its metropolitan area trend, the County's construction sector lost jobs. This job loss, even while residential construction was accelerating throughout the metropolitan area, may be explained by local conditions but must also be considered only a temporary slowdown.

Important insight can be achieved by comparing the job growth performance over this two-year period with the distribution of jobs by sector. The largest sector in the County's economy—trade, transportation, utilities—was the sources of its largest job gain. The manufacturing sector, one of two sectors losing jobs, is the County's third smallest sector. This performance comparison does not reveal any major weakness in the structure of the County's economy; that is, the local economy has the large majority of its jobs in growing sectors and these sectors performed well under adverse conditions.

These job growth patterns and their outlook to 2015 are presented in Table 6. With the nation's and region's economies projected to register their strongest gains of the decade

in 2004 with growth rates moderating slowly going forward, how will the County's economy perform given its current and evolving sectoral structure? In 2004, the County's economy—the value of goods and services produced locally—is projected to grow at 7 percent, increasing from $3.19 billion in 2003 to $3.42 billion in 2004. In 2005, this growth rate is projected to moderate to 5.9 percent. The job base that is forecast to 2015 and that underpins this economic growth does not show any major departure from past patterns with residential services and retail trade continuing to be its principal sources of job growth.

Table 6

Employment Patterns in Charles County, 2001. 2004, 2015
(Jobs in thousands; % distribution)

Major Sectors	2001		2004		2015	
	Number	%	Number	%	Number	%
Totals	50.91		54.85		72.00	
Construction	5.49	10.8	5.98	10.9	8.30	11.5
Manufacturing	1.37	2.7	1.39	2.5	1.53	2.1
T/U*	2.36	4.6	2.43	4.4	2.96	4.1
Wholesale Trade	1.45	2.8	1.41	2.6	1.47	2.0
Retail Trade	9.56	18.8	10.37	18.9	13.90	19.3
FIRE**	3.63	7.1	3.97	7.2	5.32	7.4
Services***	18.34	36.0	19.65	35.8	26.39	36.6
Government	8.63	17.0	9.37	17.1	11.50	16.0

Sources: NPA Data Services, Inc.; GMU Center for Regional Analysis
*Transportation and Utilities; **finance, insurance and real estate; ***services includes restaurants (previously included in retail) and communications (previously included in TCPU); all sector data reflect NAICS definitions starting in 2001.

The sector specializations within the Charles County economy that emerged over the past several decades are projected to remain the strength of the local economy as seen in the location quotients presented in Table 7. Retail trade is projected to become an even more dominant sector in the local economy along with construction while services will become slightly less specialized. This pattern sector of specialization suggests that the County's economy is likely to become more narrowly specialized in the future and its dependence on its residential market bases will not lessen; that is, its export sectors are not expected to strengthen and commuter-generated income will continue to be the principal driver of local economic growth.

Table 7

Sector Specialization in Charles County:
2001, 2004, and 2015

Major Sectors	2001	2004	2015
Construction	1.77	1.82	1.95
Manufacturing	0.90	0.89	0.88
T/U*	0.71	0.67	0.64
Wholesale Trade	1.33	1.24	0.91
Retail Trade	2.11	2.12	2.24
FIRE**	0.93	0.96	1.06
Services***	0.79	0.78	0.76
Government	0.85	0.87	0.85

Source: GMU Center for Regional Analysis
*transportation and utilities; **finance, insurance, real estate; ***services include restaurants (previously included in retail trade) and communications (previously included in TCPU). Values greater than 1 indicate sector specialization; values less than 1 indicate sector under-specialization.

Conclusions

While the Washington area economy is projected to enjoy substantial gains in high value added services building on the strength of the federal and global markets and is expected to achieve greater diversification across its other sectors, the Charles County economy is projected to become more narrowly specialized and dependent on its residential market. While the County's gross county product is projected to grow to $5.68 billion by 2015, gaining 105 percent from its $2.77 billion level in 2000, this growth will be largely driven by the combination of continuing wage transfers into Charles County by out-commuters ($3.7 billion in 2015) and sales and services to local and non-local residents.

In order to shift the County's economy away from this dependence on commuter-generated earnings to locally based businesses producing income from serving external markets, it will not be a matter of building off of established businesses in which the County possesses a comparative advantage or existing specialization. Rather, it will require developing new specializations that reflect and take advantage of the County's geographic location, its lower operating cost structure, and availability of large numbers of well-educated residents who presently commute to jobs located elsewhere in the metropolitan area.

This economic analysis shows that even with its residentially dependent economy the County will sustain above-average growth rate over the coming decade. However, in order to achieve a better-balanced tax base and support higher personal income growth, the local economy will need a more diversified export base and will need to attract new businesses with non-local serving markets. This pattern of economic evolution and growth has been achieved in other suburban counties within the Washington metropolitan area and can be achieved in Charles County within a 10- to 15-year timeframe by implementing carefully crafted and targeted development strategies and supportive public policies.

Figure 1
Charles County
Population 1900 - 2030

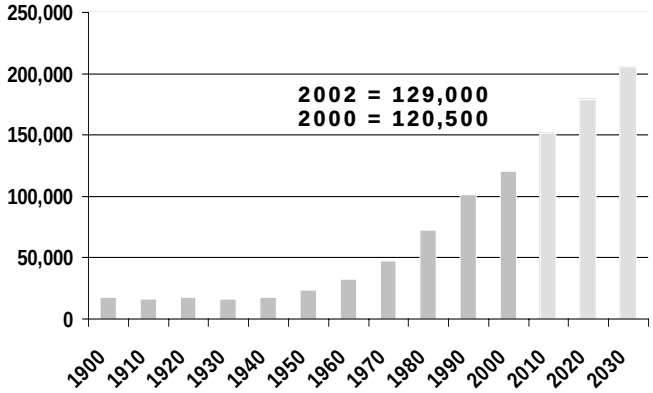


Figure 2
Charles County Resident Workers
Out-Commuting

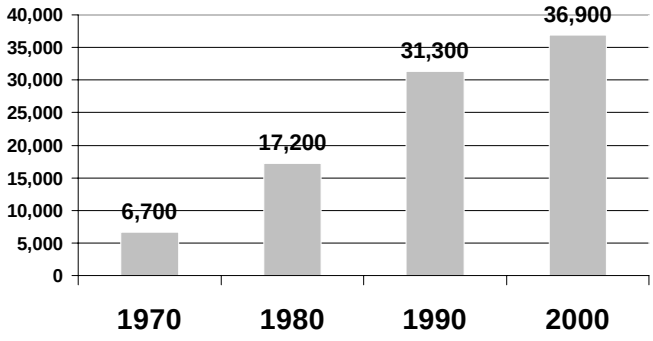


Figure 3
Charles County
The Major Sectors
Total Jobs - 2002

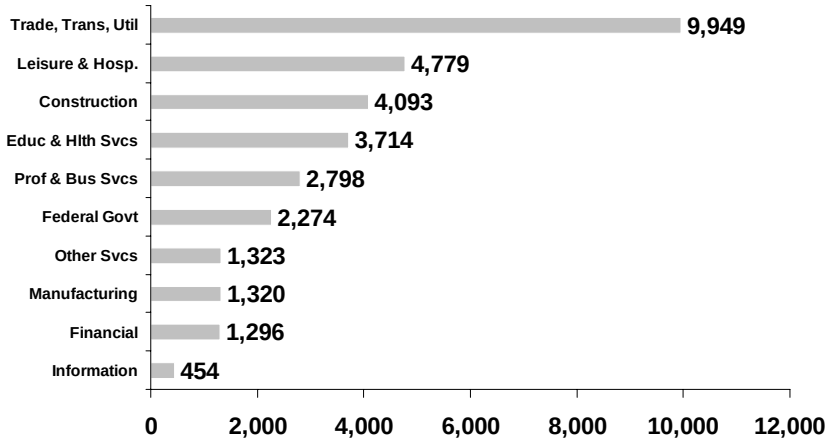
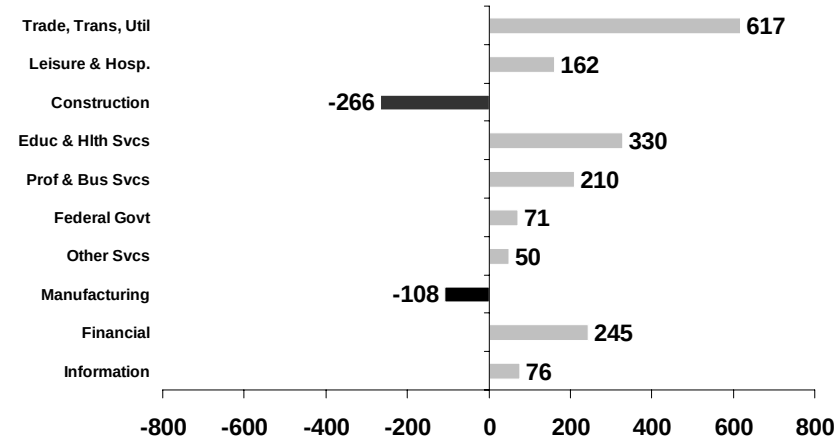


Figure 4
Charles County
Job Change by Major Sector
June 2001 – June 2003



Charles County's Employment by Subsectors: 2000 – 2003

Center for Regional Analysis

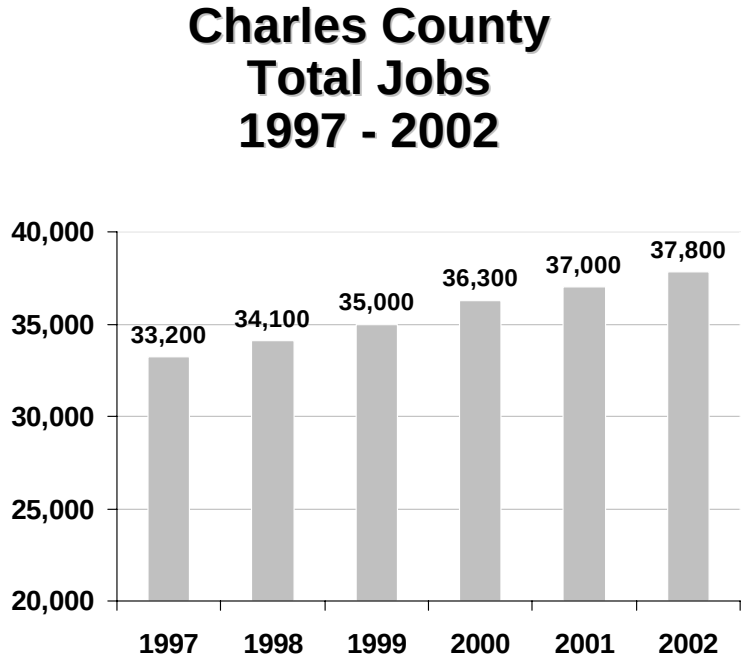
George Mason University

2004

Charles County's Employment by Subsectors 2000 and 2003

Data from the Bureau of Labor Statistics (BLS) enable measuring the trends in the County's employment base by major sector. Coupled with the InfoUSA data, the two sources enable an analysis of the County's employment situation and changes by subsector: by Standard Industrial Classification code for 2000 and 2003 and for 2003 by the new North American Industry Classification System. Going forward, this new classification system will be used for all employment measures.

BLS has tabulated job data by SIC code from 1997 – 2000 and has then changed over to the new NAICS system for 2001 – 2003. Total employment for the County from BLS shows the following trend for 1997 – 2002 (annual data).



Source: BLS

This trend of growth in employment in each of the past five years shows a fairly healthy economy in light of the national recession in 2001-2002. While the growth from 2001-2002 was not great, there were jobs being created in the local economy. The County had its largest growth from 1999-2000 with an increase of 3.7 percent, then slowed with a growth of 1.9 percent in 2001 and 2.2 percent in 2002. Overall the County added 4,600 jobs in this five-year period for a growth of 13.9 percent. It suggests that the County's job structure does not have the elements that created the volatility that occurred in other parts of the Washington region; i.e., there was not a ramp up due to the technology boom and the decline due to the "dotcom bust" that occurred in other parts of the nation and the Washington area.

Employment data from BEA are consistent with the trend in total employment shown above. However, BEA also measures proprietors employment separately. This basically means self-employed, and when these numbers are added to the wage and salary jobs, total employment in the County was 51,400 in 2001, with proprietors numbering an estimated 10,700. Based on BEA data, the proportion of all jobs that are self-employed has gone up slightly in the past decade plus: from 19.6 percent of all jobs in 1990 to 20.8 percent in 2001.

Change by Major Sector: 1997-2000

Analysis of trends by sector for the 1997-2000 period show that all major sector except wholesale trade and government grew, with the largest absolute increases in jobs occurring in the retail trade and services sectors. This is indicative of growth in sectors serving the population living in the county. Services could be an export sector, but in is not known without data available by subsectors within services.

Charles County Job Change by Major Sector 1997 – 2000

	1997	1998	1999	2000	Change 1997 - 2000	Percent Change
Agriculture, Forestry	187	223	250	288	101	54.0%
Construction	3,372	3,458	3,683	3,755	383	11.4%
Manufacturing	1,252	1,226	1,215	1,404	152	12.1%
Transp. and Public Utilities	1,632	1,811	1,844	1,854	222	13.6%
Wholesale Trade	1,091	886	880	949	(142)	-13.0%
Retail Trade	10,967	11,222	11,628	11,873	906	8.3%
Finance, Ins., Real Estate	1,087	1,175	1,219	1,197	110	10.1%
Services	6,379	6,796	6,786	7,181	802	12.6%
Government	2,326	2,249	2,160	2,074	(252)	-10.8%
Total	33,216	34,138	34,998	36,282	3,066	9.2%

Source: BLS

Change by Major Sector 2001 – 2003

The new North American Industry Classification System was implemented in March of 2003. It provides a new slate for understanding job data by sector. Since 1939 job data has been reported by SIC code – Standard Industrial Classification code.

In 1992, the U.S. Office of Management and Budget established the Economic Classification Policy Committee – chaired by BEA and joined by BLS and the Census Bureau – to conduct a "fresh slate" examination of SIC and to design an improved conceptual framework for industrial classification. The effort was initiated because of several concerns and issues:

- The lack of internal consistency in SIC;
- SIC's over emphasis on manufacturing;
- SIC's under emphasis on services:
- SIC's inability to cope with high technology and other emerging industries; and
- The need imposed by the North American Free Trade Agreement which mandated consistency in data collection among the participating countries.

The resulting product is NAICS (pronounced "nakes"). It is not a simple revision or rearrangement of SIC but a very different concept and classification. (For more detail about this system for Washington, see *Trends Alert No. 4, May 6, 2003, New NAICS Job Data Means a New Way of Looking at the Washington Economy.*

In implementing the new classification system, BLS converted job data for states and metropolitan areas back to 1990. However, at the county level, data began under the new classifications in 2001 (and is no longer available by the now abandoned SIC system).

Annual data by major sector is now available for 2001 and 2002 for Charles County, and monthly data is available from January 2001 through September 2003. The data is available for most major sectors, but not all. An important deficiency relative to employment structure in Charles County is that job counts are not available for wholesale or retail trade. These two subsectors are grouped under the NAICS system with Transportation and Utilities.

Annual data for 2001 and 2002 show a total employment in the County in each year respectively as 36,968 and 37,758. Total establishments in each year were 2,522 and 2,559 respectively. Shown in the following table are employment counts by NAICS major sector, number of establishments, and average annual wages by each sector. Appendix 1 contains a table of job counts by sector by month from January 2001 through September 2003.

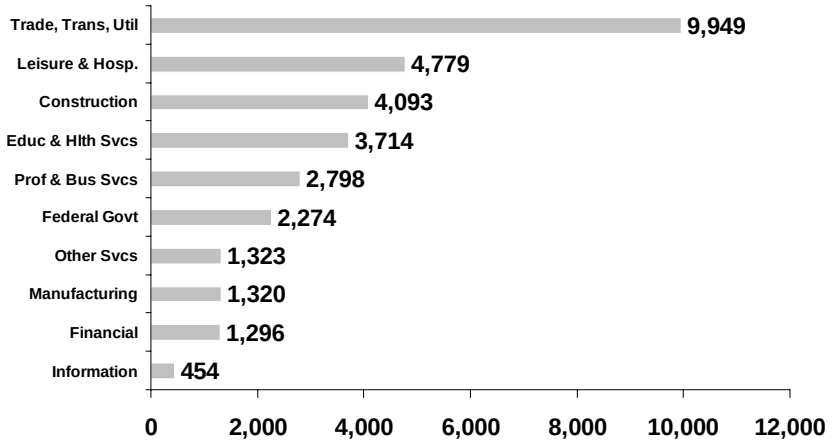
Charles County Employment and Wage Data
North American Industry Classification System

	Establishments		Employment		Annual Wages	
	2001	2002	2001	2002	2001	2002
Construction & Mining	444	448	3,890	4,093	$35,853	$38,243
Manufacturing	68	67	1,336	1,320	$37,844	$37,739
Trade, Transportation, & Utilities	588	605	10,097	9,949	$23,948	$24,723
Information	31	32	441	454	$39,085	$40,848
Financial Activities	207	205	1,253	1,296	$33,320	$39,007
Professional & Business Services	360	383	2,464	2,798	$35,781	$36,978
Education & Health Services	267	263	3,559	3,714	$29,260	$30,562
Leisure & Hospitality	225	231	4,820	4,779	$11,311	$11,943
Other Services	232	239	1,242	1,323	$23,586	$24,811
Federal	26	26	2,227	2,274	$59,645	$63,113
State Government	6	6	376	383	$29,628	$32,963
TOTAL	2,522	2,559	36,968	37,758	$29,481	$31,328

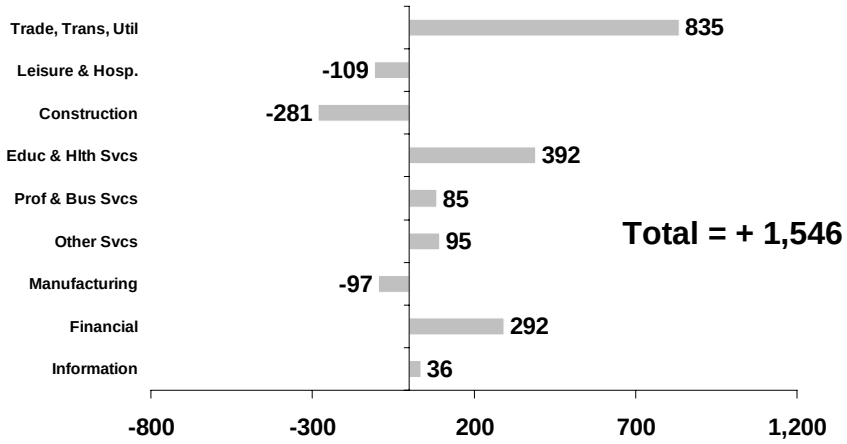
Of note is that the highest annual wages, by far, are the jobs in Federal government. Higher wages appear in Information, Financial Activities, Professional and Business Services, and Construction. Lowest wages, as would be expected, are in Leisure and Hospitality and the very large sector Trade, Transportation, and Utilities.

Shown in the following two charts are jobs in the county ranked by major sector in 2002, and a chart showing the change by sector from September 2001 – September 2003.

Charles County
The Major Sectors
Total Jobs - 2002



Charles County
Job Change by Major Sector
Sep 2001 – Sep 2003



Employment by Sector and Subsectors from InfoUSA

Data from InfoUSA was obtained for 2000 and 2003. This source of information is primarily the same as the Yellow Pages, with checks with BLS and phone calls to obtain additional data such as estimated revenues. The major purpose of the file is for business marketing and that is the reason for most purchases of the data. It can also be useful in analyzing the makeup of an area's economy as it provides more detail than is available from standard federal and state sources. However, because the methodology is different, counts by sector and subsector do not match the standard sources, although they should be within a reasonable range of standard source data.

Appendix 2 is a table of 2000 and 2003 data from this source by 2-digit categories of the SIC system. The total job count for the County is consistent with other sources, and the data show some detail below the 1-digit level. Retail Trade shows an increase of 577 jobs during the period, with the largest increase in Eating and Drinking Places, followed by General Merchandise Stores and Food Stores. The Services Sector showed a gain of 627 jobs, with the largest gain in Education Services.

Appendix 3 is a table of 2003 data using the NAICS categories at the 2-digit and 3-digit levels. The total employment count for this tabulation is higher than the Federal source tabulations. However, there are likely to be more self-employed and proprietor jobs counted in this file. This table shows the makeup of the County's employment base going forward.

The EDC can use this 2003 file to establish a data base of companies as need for its ongoing work. The file is given in Excel, and it can be sorted in numerous ways that may be of use. For example, Appendix 4 is a sort of the file showing the establishments with more than 100 employees, by location, SIC code, NAICS code, and other data.

Charles County Employment Data														
BLS - Covered Employment														
		Constr. & Mining	Manufactu ring (30)	Trade, Transp, &	Infor- mation	Financial Activities	Profes- sional &	Education & Health	Leisure & Hospi-	Other Services	Federal (91)	State Govern-	TOTAL	
2001	**Jan**	3588	1327	10268	460	1239	2209	3587	4558	1246	2226	380	36044	
2001	**Feb**	3649	1304	9981	464	1239	2228	3604	4553	1247	2198	379	36177	
2001	**Mar**	3766	1317	10006	447	1263	2326	3610	4650	1236	2205	378	36555	
2001	**Apr**	3830	1348	9790	427	1239	2373	3579	4597	1242	2202	379	36401	
2001	**May**	3847	1345	9908	422	1233	2392	3586	4720	1234	2205	386	36619	
2001	**Jun**	3966	1363	10030	421	1255	2552	3568	4822	1278	2233	386	37085	
2001	**Jul**	3932	1317	9903	445	1258	2609	3538	5000	1258	2246	352	36878	
2001	**Aug**	3989	1314	9896	449	1259	2634	3543	5047	1240	2250	343	36797	
2001	**Sep**	4044	1312	9936	447	1250	2623	3532	4917	1241	2254	377	37192	
2001	**Oct**	4032	1366	10064	432	1274	2555	3490	4987	1227	2238	382	37505	
2001	**Nov**	4015	1358	10595	435	1258	2533	3507	5074	1231	2224	382	38157	
2001	**Dec**	4022	1360	10786	437	1271	2530	3558	4909	1221	2238	386	38209	
2002	**Jan**	3787	1333	9882	474	1219	2736	3565	4640	1187	2238	387	36439	395
2002	**Feb**	3856	1333	9767	459	1216	2769	3605	4457	1210	2231	386	36732	555
2002	**Mar**	3977	1314	9786	447	1229	2752	3626	4595	1238	2233	388	37136	581
2002	**Apr**	4045	1316	9955	446	1267	2740	3688	4716	1305	2235	388	37541	1140
2002	**May**	4101	1318	10057	450	1292	2784	3703	4832	1328	2257	389	37977	1358
2002	**Jun**	4255	1306	10227	453	1311	2778	3714	4877	1364	2298	387	38299	1214
2002	**Jul**	4172	1321	9813	461	1333	2784	3712	4966	1349	2306	354	37739	861
2002	**Aug**	4239	1324	9702	451	1342	2883	3739	4958	1383	2322	349	37594	797
2002	**Sep**	4139	1333	9765	463	1330	2902	3742	4828	1375	2290	381	37839	647
2002	**Oct**	4198	1319	9745	448	1325	2855	3830	4858	1394	2297	392	38296	791
2002	**Nov**	4234	1315	10181	454	1337	2829	3809	4849	1369	2281	398	38793	636
2002	**Dec**	4110	1308	10509	447	1345	2769	3830	4773	1379	2295	392	38713	504
2003	**Jan**	3632	1282	10363	530	1455	2583	3761	4684	1305	2280	391	37464	1025
2003	**Feb**	3553	1264	10224	521	1457	2576	3767	4593	1291	2278	394	37554	822
2003	**Mar**	3633	1263	10377	512	1478	2579	3776	4703	1328	2282	400	37904	768
2003	**Apr**	3743	1259	10370	482	1483	2710	3850	4782	1319	2283	401	38313	772
2003	**May**	3749	1256	10471	490	1485	2727	3889	4906	1311	2276	398	38601	624
2003	**June**	3700	1260	10647	497	1500	2762	3898	4984	1328	2304	397	38760	461
2003	**Jul**	3733	1226	10613	490	1541	2738	3856	4953	1338			38558	819
2003	**Aug**	3768	1230	10593	492	1541	2784	3917	4934	1324			38246	652
2003	**Sep**	3763	1215	10771	483	1542	2708	3924	4808	1336			38738	899
Chg Last 12 Mos		-376	-118	1006	20	212	-194	182	-20	-39			899	
		-9.1%	-8.9%	10.3%	4.3%	15.9%	-6.7%	4.9%	-0.4%	-2.8%			2.4%	
Chg Last 24 Mos		-281	-97	835	36	292	85	392	-109	95			1546	
		-6.9%	-7.4%	8.4%	8.1%	23.4%	3.2%	11.1%	-2.2%	7.7%			4.2%	
2001	Annual	3890	1336	10097	441	1253	2464	3559	4820	1242	2227	376	36968	
2002	Annual	4093	1320	9949	454	1296	2798	3714	4779	1323	2274	383	37758	
Establishments														
2001		444	68	588	31	207	360	267	225	232	26	6	2522	
2002		448	67	605	32	205	383	263	231	239	26	6	2559	
Annual Wages														
2001		35853	37844	23948	39085	33320	35781	29260	11311	23586	59645	29628	29481	
2002		38243	37739	24723	40848	39007	36978	30562	11943	24811	63113	32963	31328	

SIC	2000	2003	Change	%
Agriculture, Forestry, Fisheries	401	433	32	
Mining	42	47	5	
Construction				
General contractors and operative builders	870	1,003	134	15.4%
Heavy construction	187	260	74	39.4%
Special trade contractors	2,276	2,354	78	3.4%
	3,332	3,617	285	8.6%
Manufacturing				
Printing and publishing	712	657	(55)	-7.7%
Petroleum and coal products	190	190		0.0%
Fabricated metal products	184	186	2	1.1%
Balance of Manufacturing	465	498	33	7.1%
	1,551	1,531	(20)	-1.3%
Transportation, Communications, Utilities				
Local and interurban passenger transit	391	371	(20)	-5.1%
Trucking and warehousing	481	465	(16)	-3.3%
Communication	391	296	(95)	-24.3%
Electric, gas, and sanitary services	282	223	(59)	-20.9%
Balance of TCU	428	436	8	1.9%
	1,973	1,791	(182)	-9.2%
Wholesale Trade				
Durable Goods	1,165	1,059	(106)	-9.1%
Nondurable Goods	968	1,098	130	13.4%
	2,133	2,157	24	1.1%
Retail Trade				
Building materials and garden supplies	1,175	1,173	(3)	-0.2%
General merchandise stores	2,680	2,857	177	6.6%
Food stores	1,665	1,767	102	6.1%
Automobile dealers and service stations	1,725	1,761	36	2.1%
Apparel and accesory stores	552	535	(17)	-3.1%
Furniture and homefurnishing stores	1,067	1,056	(11)	-1.0%
Eating and drinking places	4,878	5,223	345	7.1%
Miscellaneous retail	1,939	1,886	(53)	-2.7%
	15,681	16,258	577	3.7%
Finance, Insurance, Real Estate				
Depository institutions	428	450	22	5.1%
Nondepository institutions	332	319	(13)	-3.9%
Insurance agents, brokers and service	299	315	16	5.4%
Real estate	523	515	(8)	-1.5%
Balance of FIRE	427	429	2	0.5%

	2,009	2,028	19	0.9%
Services				
Hotels and other lodging places	337	395	58	17.1%
Personal services	734	775	41	5.6%
Business services	755	835	80	10.6%
Automotive repair, services and parking	818	809	(10)	-1.2%
Miscellaneous repair services	247	222	(26)	-10.3%
Motion pictures	161	159	(2)	-1.2%
Amusement and recreation services	741	705	(36)	-4.9%
Health services	3,547	3,477	(71)	-2.0%
Legal services	394	382	(12)	-3.0%
Education services	4,503	4,895	392	8.7%
Social services	1,734	1,752	18	1.0%
Membership organization	1,414	1,374	(40)	-2.8%
Engineering and management services	893	938	45	5.0%
Misc. Services	18	207	189	1050.0%
	16,296	16,922	627	3.8%
TOTAL	39,894	41,462	1,568	3.9%

Source: InfoUSA

NAICS CODE

2-Digit	3-Digit	4-Digit	# Firms	NAICS DESCRIPTION	Total Employees	Total Sales
11			22	SUPPORT ACTIVITIES FOR ANIMAL PRODUCTION	64	7,000,000
21			4	CRUDE PETROLEUM & NATURAL GAS EXTRACTION	47	15,750,000
22			8	NATURAL GAS, ELECTRIC DISTRIBUTION	142	80,750,000
23			179	COMMERCIAL BUILDING CONSTRUCTION	977	254,250,000
	237		33	OTHER HEAVY CONSTRUCTION	399	79,000,000
	238		289	ALL OTHER SPECIALTY TRADE CONTRS	2,387	255,000,000
31			7	RETAIL BAKERIES	172	45,750,000
32			14	ASPHALT PAVING MIXTURE & BLOCK MFG	424	138,000,000
	323		23	OTHER COMMERCIAL PRINTING	355	24,750,000
33			55	ALL OTHER MISC MFG	426	60,500,000
42				All Divided into the 3-Digit		
	423		124	ALL OTHER DURABLE GOODS MERCHANT WHOLS	1,023	670,500,000
	424		38	NURSERY & FLORIST MERCHANT WHOLS	1,069	2,436,250,000
	425		5	WHOLESALE TRADE AGENTS & BROKERS	49	32,500,000
	441		84	TIRE DEALERS	1,539	693,500,000
	442		62	ALL OTHER HOME FURNISHINGS STORES	640	118,000,000
	443		61	COMPUTER & SOFTWARE STORES	340	100,500,000
	444		69	NURSERY, GARDEN, & FARM SUPPLY STORES	1,170	250,250,000
	445		109	BEER, WINE, & LIQUOR STORES	1,857	400,500,000
	446		53	ALL OTHER HEALTH & PERSONAL CARE STORES	441	60,750,000
	447		29	OTHER GASOLINE STATIONS	223	64,000,000
	448		74	JEWELRY STORES and Retail	633	85,500,000
45			16	VENDING MACHINE OPERATORS	70	10,500,000
	451		60	BOOK STORES	554	72,500,000
	452		34	ALL OTHER GENERAL MERCHANDISE STORES	2,857	481,750,000
	453		110	Florists STORE RETAILERS NOT SPECIFIED ELSEWHERE	535	75,250,000
48			1	PIPELINE TRANSPORTATION OF NATURAL GAS	3	1,750,000
	484		28	GENERAL FREIGHT TRUCKING, LOCAL	435	48,500,000
	485		17	INTERURBAN & RURAL BUS TRANSPORTATION	334	25,500,000
	488		17	MOTOR VEHICLE TOWING	56	5,750,000
	491		22	POSTAL SVC	304	-
	493		4	FARM PROD WAREHOUSING & STORAGE	22	2,500,000

NAICS CODE			# Firms	NAICS DESCRIPTION	Total Employees	Total Sales
51			15	MOTION PICTURE THEATERS, EXCEPT DRIVE-INS	129	9,500,000
	511		9	ALL OTHER PUBLISHERS	236	48,000,000
	515		5	CABLE & OTHER SUBSCRIPTION PROGRAMMING	206	84,000,000
	517		19	CELLULAR & OTHER WIRELESS CARRIERS	90	31,250,000
	518		6	DATA PROCESSING & RELATED SVCS	57	7,000,000
52			1	REAL ESTATE INVESTMENT TRUSTS	75	-
	522		90	FINANCIAL TRANSACTION PROCESSING & CLEARING	774	113,750,000
	523		17	INVESTMENT ADVICE	47	18,250,000
	524		96	ALL OTHER INSURANCE RELATED ACTIVITIES	418	62,500,000
	531		112	OFFICES OF REAL ESTATE APPRAISERS	1,033	154,500,000
	532		33	VIDEO TAPE & DISC RENTAL	213	28,250,000
54			16	GRAPHIC DESIGN SVCS	40	4,000,000
		5411	89	OFFICES OF LAWYERS	465	61,250,000
		5412	69	OFFICES OF CERTIFIED PUBLIC ACCOUNTANTS	286	24,750,000
		5413	43	ENGINEERING SVCS	690	96,500,000
		5415	16	CUSTOM COMPUTER PROGRAMMING SVCS	69	10,500,000
		5416	33	OTHER MANAGEMENT CONSULTING SVCS	293	54,750,000
		5417	4	PHYSICAL, ENGINEERING, & BIOLOGICAL RESEARCH	31	5,250,000
		5418	18	ADVERTISING MATERIAL DISTRIBUTION SVCS	71	19,750,000
		5419	72	Marketing Research ALL OTHER PROFESSIONAL & TECHNIC	361	23,000,000
55			1	OFFICES OF BANK HOLDING COMPANIES	-	-
56			16	OTHER WASTE COLLECTION	84	17,500,000
	561		148	JANITORIAL SVCS and other services	836	66,000,000
	611		107	EDUCATIONAL SUPPORT SVCS	4,898	22,000,000
	621		259	MISC AMBULATORY HEALTH CARE SVCS	1,940	327,250,000
	622		15	PSYCHIATRIC & SUBSTANCE ABUSE HOSPITALS	1,062	101,750,000
	623		12	HOMES FOR THE ELDERLY	674	29,500,000
	624		78	CHILD DAY CARE SVCS	1,149	28,500,000
71			73	ALL OTHER AMUSEMENT & RECREATION INDUSTRIES	633	36,000,000
72			244	DRINKING PLACES, ALCOHOLIC BEVERAGES	5,672	224,000,000
81			552	Special Interest Organizations	3,617	213,500,000
92			86	CORRECTIONAL Organizations	2,623	-
Other			9	N/A	36	4,000,000
Totals			4014		48,340	8,523,750,000

COMPANY NAME	City	SIC	YEAR 1ST APPEARED	NEW ADD DATE (YYMM)	EMPLOYEE SIZE CODE =AT	ACTUAL EMPLOYEE SIZE	SALES VOLUME CODE = AV	NAICS CODE	NAICS DESCRIPTION
COLLEGE OF SOUTHERN MD	LA PLATA	822101	91	9107	H	750		61131009	COLLEGES & UNIVERSITIES
CIVISTA MEDICAL CTR	LA PLATA	806202	0	107	H	725	H	62211002	GENERAL MEDICAL & SURGICAL HOSPITALS
ST CHARLES SPORTSMAN INC	WALDORF	864108	89	9509	G	400		81341004	CIVIL & SOCIAL ORGANIZATIONS
WALDORF DODGE	WALDORF	551102	0	305	G	400	I	44111001	NEW CAR DEALERS
HECHT CO	WALDORF	531102	94	9408	G	370	H	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
WAL-MART	LA PLATA	531102	1	207	G	350	H	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
WAL-MART	WALDORF	531102	93	9306	G	315	H	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
SEARS ROEBUCK & CO	WALDORF	531102	94	9407	G	300	G	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
CHARLES COUNTY NURSING HOME	LA PLATA	805101	84	9207	F	240	E	62311016	NURSING CARE FACILITIES
AUTOMATED GRAPHIC SYSTEMS IN	WHITE PLAINS	278998	97	9911	F	240		32312104	TRADEBINDING & RELATED WORK
METROPOLITAN ENVIRONMENTAL	WALDORF	899954	84	305	F	200	G	54162001	ENVIRONMENTAL CONSULTING SVCS
COMCAST CABLE	WALDORF	484101	84	8409	F	200	H	51521001	CABLE & OTHER SUBSCRIPTION PROGRAMMING
MARYLAND INDEPENDENT	WALDORF	271101	92	9408	F	200	G	51111003	NEWSPAPER PUBLISHERS
SOUTHERN MARYLAND OIL INC	LA PLATA	517206	99	9908	F	200	J	42472014	OTHER PETROLEUM MERCHANT WHOLS
WILLS GROUP INC	LA PLATA	517206	0	5	F	200	J	42472014	OTHER PETROLEUM MERCHANT WHOLS
LOWE'S	WALDORF	525104	3	307	F	195	G	44413005	HARDWARE STORES
HOME DEPOT	WALDORF	521138	1	108	F	195	H	44411002	HOME CENTERS
J C PENNEY CO	WALDORF	531102	94	9408	F	185	G	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
SO MD TRI COUNTY COMM ACTION	HUGHESVILLE	835101	91	9207	F	170	E	62441003	CHILD DAY CARE SVCS
LA PLATA CTR	LA PLATA	805101	84	8409	F	160	E	62311016	NURSING CARE FACILITIES
APPLIED ORDNANCE TECHNOLOGY	WALDORF	871111	88	9207	F	150	G	54133016	ENGINEERING SVCS
KEN DIXON CHEVROLET CADILLAC	WALDORF	551102	84	9306	F	150	G	44111001	NEW CAR DEALERS
SOUTHERN MARYLAND OIL	LA PLATA	517206	84	8409	F	150	I	42472014	OTHER PETROLEUM MERCHANT WHOLS
SAM'S CLUB	WALDORF	531110	99	9912	F	141	G	45211204	DISCOUNT DEPARTMENT STORES
KOHL'S DEPARTMENT STORE	WALDORF	531102	97	9708	F	140	G	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
RELIABLE	WHITE PLAINS	179403	84	8409	F	135	F	23891006	SITE PREPARATION CONTRS
GIANT FOOD INC	WALDORF	541105	84	8409	F	130	G	44511003	SUPERMARKETS & OTHER GROCERY STORES
CHOPP & CO INC	WALDORF	521142	98	9901	F	130	F	44419044	OTHER BUILDING MATERIAL DEALERS
WALDORF HEALTH CARE CTR	WALDORF	805101	96	9609	F	125	E	62311016	NURSING CARE FACILITIES
TARGET	WALDORF	531102	96	9811	F	125	G	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
WARDS	WALDORF	531102	99	9908	F	120	F	45211101	DEPARTMENT STORES, EXCEPT DISCOUNT
SHOPPERS FOOD WAREHOUSE	WALDORF	541105	98	9901	F	120	G	44511003	SUPERMARKETS & OTHER GROCERY STORES
SAFEWAY	LA PLATA	541105	84	9509	F	120	G	44511003	SUPERMARKETS & OTHER GROCERY STORES
WALDORF ASPHALT	WALDORF	295101	95	9802	F	120	H	32412101	ASPHALT PAVING MIXTURE & BLOCK MFG
SPRING DELL CTR	LA PLATA	839905	1	207	F	110	G	81331103	HUMAN RIGHTS ORGANIZATIONS
OUTBACK STEAKHOUSE	WALDORF	581208	96	9609	F	110	D	72221105	LIMITED-SERVICE RESTAURANTS
BENNIGAN'S GRILL & TAVERN	WALDORF	581208	1	207	F	100	D	72221105	LIMITED-SERVICE RESTAURANTS
GREAT AMERICAN STEAK & BUFFE	WALDORF	581208	97	9711	F	100	D	72221105	LIMITED-SERVICE RESTAURANTS

The Future of the Washington Area Economy – Growth Sectors, 2000-2020

Center for Regional Analysis
George Mason University
2004

The Future of the Washington Area Economy—
Growth Sectors, 2000-2020

The Washington area economy is cushioned from the full impact of the national business cycle with the performance of its primary core industries being shaped by federal government spending and the interdependencies among national capital functions. Building on this foundation, economic gains in the Washington area will be measured by job growth in the private sector with technology-intensive and knowledge-based activities leading the economy's future. The basic forecast for the Washington region is presented in Table 1.

Table 1

The Forecast for the Washington Metropolitan Area: 2000-2020
(GRP in billions of 2004 $s; jobs & population in millions)

Economic Activity	2000	2020	% Change
Gross regional Product	$269.0	$480.4	78.6
Total Employment	3.472	4.808	38.5
Private Sector Jobs	2.775	3.927	41.5
Population	4.951	6.360	28.4

Sources: NPA Data Services, Inc.; GMU Center for Regional Analysis

The population of the Washington area is projected to increase to 6.3 million by 2020 for a gain of 1.4 million people or 28.4 percent. During this same period, the region's employment base is projected to grow by 1.336 million workers for a gain of 38.5 percent. The gain in jobs will be almost as great as the gain in population. This means that labor force participation will likely increase, especially among women, and that increasingly the Washington region will depend on residents of adjacent metropolitan areas and jurisdictions to supply its labor requirements.

Most important in this forecast is the magnitude of growth projected for the economy's output. GRP is projected to increase by $211.4 billion or 78.6 percent even though the area's employment base is only expected to grow by 38.5 percent.

GRP is projected to growth twice as fast as jobs over the 2000-2020 period. How can that be? Gains in output occur because there are gains in the number of workers and/or

because the added workers work more productively than the workers already in the economy.

What these forecasts show is that the Washington area economy is projected to grow and evolve, becoming more productive; that is, its growth will be led by high value added sectors. The jobs being added will be predominately "good" jobs and the existing job base will shift increasingly towards higher value added economic activities.

What types of new jobs will emerge and drive the economy's growth over the coming two decades? The answer to that question is already becoming apparent in the job growth patterns that have emerged in the last several years. These will be discussed and are illustrated in the following pages.

Sector Growth Patterns

The service sector accounted for 45 percent of the region's jobs in 2001 and is projected to add 781,600 new jobs by 2020, representing 60 percent of the area's total job growth during the 2001-2020 period. No other significant sector will grow at a faster rate than the average rate for total employment growth. While all sectors are projected to add jobs, the largest sectors will account for the bulk of the gains. Services, government, and retail trade accounted for 74 percent of total employment in 2001 and will add 1,065,100 new jobs over the 2001-2020 period accounting for 82 percent of the job growth.

Table 2

Employment Growth in the Washington Area by Sector, 2001-2020*
(Jobs in thousands)

Sector	2001	2020	% Change
Total Employment	3503.9	4808.4	37.2
Services	1588.5	2370.1	49.2
Government	696.2	880.2	26.5
Retail Trade	313.3	412.8	31.8
FIRE	265.9	328.3	23.5
Transport/Utilities	229.1	305.4	33.3
Construction	212.8	283.8	33.4
Manufacturing	105.9	107.4	1.4
Wholesale Trade	74.6	105.1	40.9

Sources: NPS Data Services, Inc.; GMU Center for Regional Analysis
*reflects NAICS classifications available beginning in 2001 and going forward.

The sources of future growth in the Washington area will remain the same as they have been in the past: the growth of the federal government and the area's population. The region's national capital functions will drive growth in the service sector; also, the federal government work force is projected to increase by 110,000 for a 32 percent increase over the 2001-2020 period. Additionally, the area's population growth (28%) will drive job gains in the retail sector; the retail sector will also benefit from the gains in the area's visitor industry. Projected growth of local government jobs (72,560 or 26.7%) will also be tied to the area's population increase.

With gains in the service sector driving the Washington region's growth and with the total value of the region's economy growing faster than its increase in jobs, these new jobs must have greater productivity, higher value added, and above-average incomes than the job base that existed in 2000. From the accompanying charts that describe the composition of the Washington area employment base in 2003, it is clear that the future of the Washington area economy will be technology-intensive and knowledge-based work. As a result of the evolution of the area's economy over the past two decades, the Washington area economy already has significant specialization in technology-intensive sub-sectors and these have contributed to its continued growth during the national recession and subsequent slow recovery in 2002 and 2003. Most important, these specializations have positioned the Washington region for continued strong growth into the future.

Summary of Sector Trends and Comparative Performance

What can be inferred about the future from the region's recent economic performance? Referring to the attached figures, the key findings are as follows:

Figure 1: The principal difference between the Washington area economy and others is the dominance of professional and business services as a source of job growth; during the 1990-2003 period, it generated 43 percent of the Washington area's new jobs while nationally it accounted for only 25.2 percent. With the exception of the information and other services sectors, the contribution of the economy's other major sectors to the Washington area's job growth was smaller than at the national level. In short, the Washington area has been generating a higher proportion of high value added, technology-intensive, knowledge based jobs than the nation.

Figure 2: The historic pattern of strength revealed in Figure 1 is seen in the most recent twelve-month job growth data; the region's more important sectors (those accounting for

the greatest number of jobs) are growing faster locally than nationally and the Washington area's least important sectors, in terms of the number of jobs for which they account, have under-performed their respective national sectors. In term of sectors having greater potentials for job generation. the Washington area continues to build on strength and is shifting away from its weaker sectors.

Figure 3: The Washington area economy's principal core industry is the federal government; it accounts directly for almost one-third of the economy's total output. Growth in federal spending is not cyclical although during the 2001-2003 period, it performed in a counter-cyclical fashion helping to off set the cyclical weaknesses in non-federally related business activities during the national recession. The interdependencies among the economy's principal sectors further protect the area's economy from the full impact of national business cycles.

Figure 4: The benefit of these sectoral interdependencies is seen in the growth of the federal market for technology sales in the Washington area. As federal procurement spending was increasing, the percentage of these outlays that purchased technology services also increased. In 2000, technology purchases by the federal government from local contractors totaled $18 billion; in 2002, these technology purchases totaled $23 billion. This two-year increase of $5 billion in federal technology purchases underpinned the area's technology sector as its commercial markets contracted in the dot com bust.

Figure 5: Due to the growth of federal technology purchases over the last twenty years, the Washington area economy has become specialized in a wide range of technology-intensive sub-sectors. Overall, 23.9% of the area's total payroll employment are classified as technology workers; nationally, only 8.1% are similarly classified. The Washington area has a higher percentage of its work force in each of the technology sub-sectors than does that national work force.

Figure 6: While the Washington area accounts for 2.2% of the nation's employment base, its share of each technology sub-sector is well above this average; in contrast, manufacturing is substantially under represented in the Washington economy. This pattern of job distribution is what was implied by the term "the new economy."

The supporting employment data for these technology sub-sector comparisons between the Washington area and the nation are presented in Table 3.

Table 3

Employment in Technology Subsectors

(Jobs in thousands)	WASHINGTON			UNITED STATES			
	Jobs	% of Total Technology	% of Total Employment	Jobs	% of Total Technology	% of Total Employment	WASHINGTON as % of US
Information							
Telecommunications	35.6	5.31%	1.26%	1,083	10.30%	0.83%	3.29%
Internet Service Providers	24.2	3.61%	0.86%	408	3.88%	0.31%	5.94%
Professional Business Services							
Professional, Scientific, and Technical Services	382.8	57.14%	13.55%	6,624	63.01%	5.10%	5.78%
Computer Systems Design & Related	124.1	18.53%	4.39%	1,109	10.55%	0.85%	11.19%
Management, Scientific and Technical Consulting	58.8	8.78%	2.08%	747	7.11%	0.58%	7.87%
Scientific Research & Development	44.4	6.63%	1.57%	542	5.16%	0.42%	8.19%
Total of Technology Sectors	669.9	100.00%	23.71%	10,512	100.00%	8.09%	6.37%
Total Employment	2,825			129,931			

Figure 7: In 2003, the Washington area had almost 600,000 jobs in the professional and business service category (this number excludes self-employed workers, employees of start-up firms established in 2003, contract workers, part-time and undocumented workers, and uniform military personnel). Still, the only metropolitan areas to have a larger number of workers in this category were New York and Chicago, the number 1 and 3 economies among metropolitan areas nationwide. Los Angeles, the 2nd largest metropolitan area economy, had fewer jobs in professional and business services than the Washington area economy. This is the job classification where most of the federal contractors would be located and is inclusive of technology-intensive sub-sectors.

Figures 8-11: The Washington area ranks first among the nation's top ten metropolitan areas in the number of jobs in professional, scientific, and technical services; computer systems design and related services; management, scientific and technical consulting services; and scientific research and development services; its employment is these sub-sectors also substantially exceeded the San Jose metro (silicon valley) area's employment in these same sub-sectors.

Figure 12: The Washington area has the lowest number of manufacturing jobs among the ten largest metro areas. What the Washington area economy is and is not is abundantly clear in these job comparisons by sector. Among all the major metropolitan areas, the Washington area has the largest concentration of technology-intensive jobs and the lowest dependency on manufacturing activities. This cluster of technology services is the foundation of the region's economy going forward.

Conclusions

The growth of the Washington area economy will continue to be closely linked to federal spending and the national capital functions linked directly and indirectly to the federal government. This spending will support job growth that exceeds the region's ability to supply workers from within its resident population. As a result of net in-migration generated in response to continued above-average job growth, the regional economy will reflect a two-pronged growth pattern going forward: (1) high-end job growth (professional and business services with a technology-intensive and knowledge-base foundation) supported by federal spending and related national capital functions and (2) population-serving job growth supported by increases in population combined with growth of purchasing power; these jobs will be seen largely in retail trade, construction, and health and education services.

This combination of job growth (sector mix) will support above-average multipliers as the breadth of residentially based services will capture a significant proportion of the spending potential generated by personal earnings resulting from employment growth in the non-residentially supported sectors. Both categories of jobs are projected to grow with the important distinction between these two categories being their average salaries; the wage differentials between the residentially supported jobs and non-residentially supported jobs ranges up from 200% and, at the upper end of the professional and business service category, could be 400% or more.

There will be 1.34 million new jobs added to the Washington economy by 2020. Half of these new jobs will be high value added and technology intensive with well above-average earnings while the other half will have a below-average salary scale. It is not whether there will be enough jobs in the future (there will be almost as many new jobs as new residents) but rather the important question for economic development planning it is how these jobs will be distributed across the Washington area jurisdictions.

FIGURE 1: 1990 - 2003
Share of Job Growth By Sector – U.S. vs PMSA

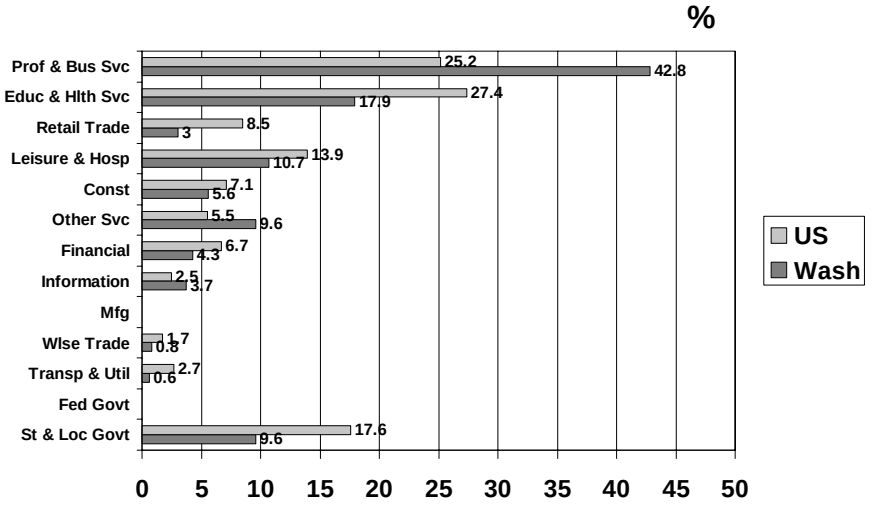


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FIGURE 2: Mar 03 – Mar 04
% Job Change By Sector - PMSA v U.S.

(Ranked by Size of Sector in PMSA)

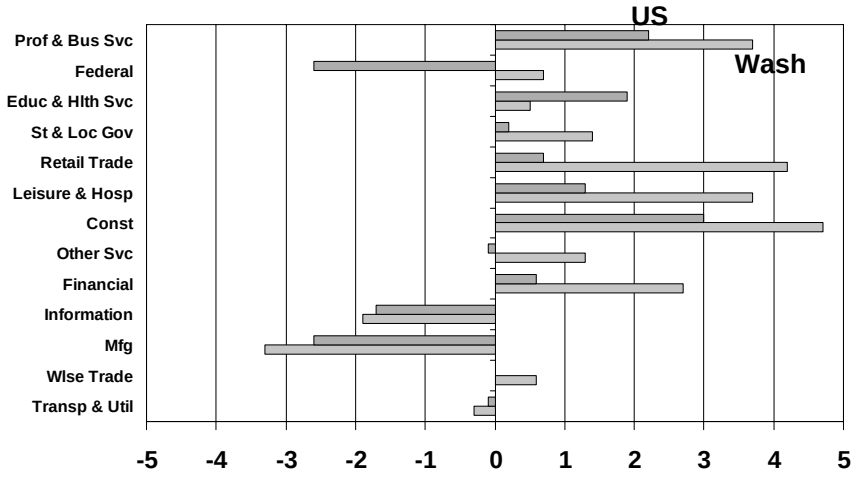

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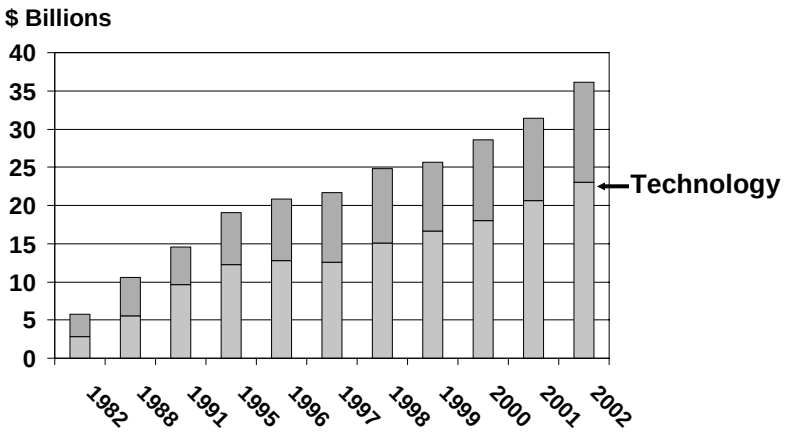
FIGURE 3: Washington Area Core Industries Outlook

Core Sector	Value 2002	Annual % Chg 95 - 00	% Chg 2002	% Chg 2003	% Chg 2004
Federal Govt Total	$87.5	4.0	10.4	7.0	6.5
Fed Procurement	36.1	7.0	14.9	10.0	8.0
Technology	41.5	12.0	1.0	1.5	4.5
Building Indus.	20.2	6.0	-8.0	-3.0	-3.0
International	15.8	3.0	1.5	2.0	3.0
Hospitality	6.4	2.0	17.0	3.0	3.5
Overall GRP (2004 $B)	271.2	3.2	2.8	3.6	4.0

FIGURE 4: Total Federal and Technology-Intensive Procurement in the Washington Metro Area: 1982-2002



Total Federal Procurement Spending In Washington MSA 1982-2002 = $373 B

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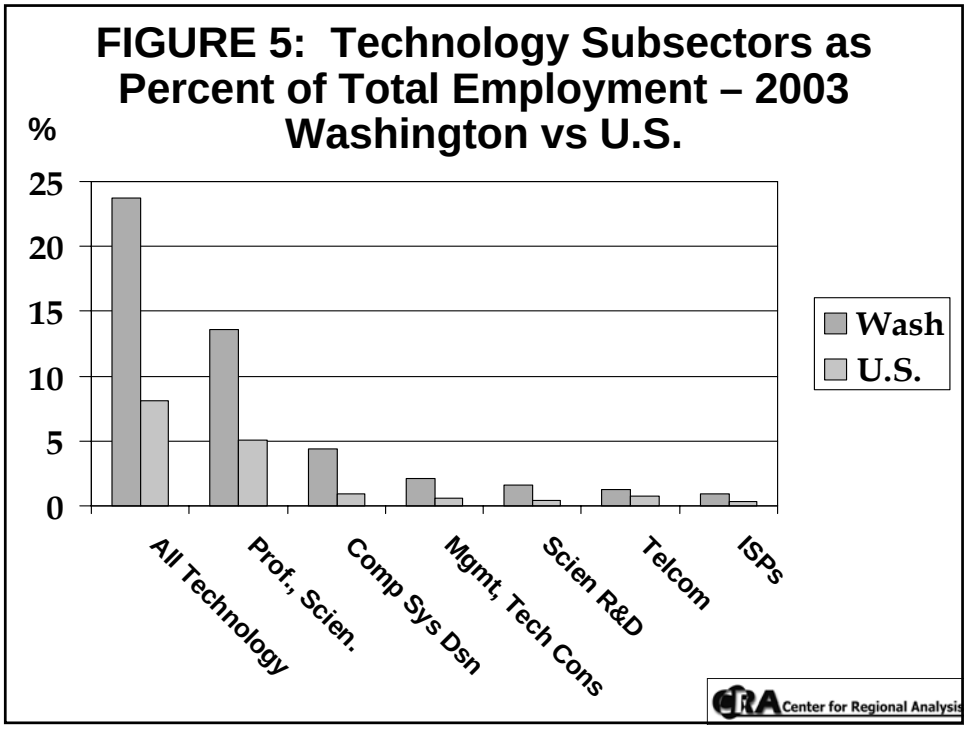


FIGURE 5: Technology Subsectors as Percent of Total Employment – 2003
Washington vs U.S.
%
25
20
15
10
5
0
Wash
U.S.
All Technology
Prof., Scien.
Comp Sys Dsn
Mgmt, Tech Cons
Scien R&D
Telcom
ISPs
Center for Regional Analysis

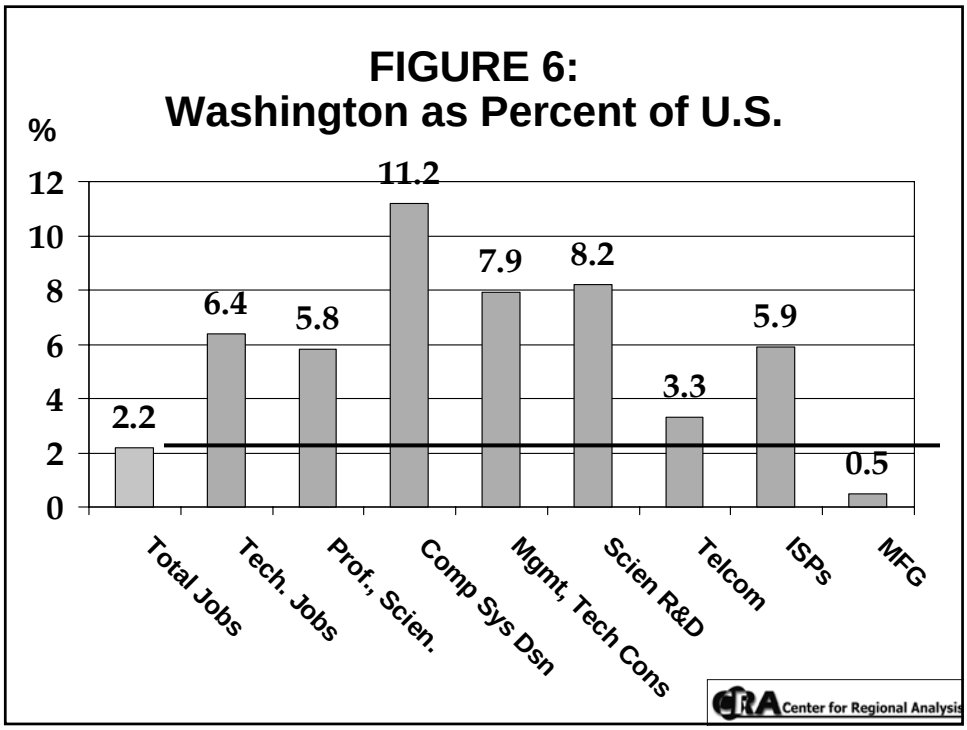


FIGURE 6:
Washington as Percent of U.S.
%
12
10
8
6
4
2
0
2.2
6.4
5.8
11.2
7.9
8.2
3.3
5.9
0.5
Total Jobs
Tech. Jobs
Prof., Scien.
Comp Sys Dsn
Mgmt, Tech Cons
Scien R&D
Telcom
ISPs
MFG
Center for Regional Analysis

FIGURE 7: Jobs in Professional and Business Services, 2003

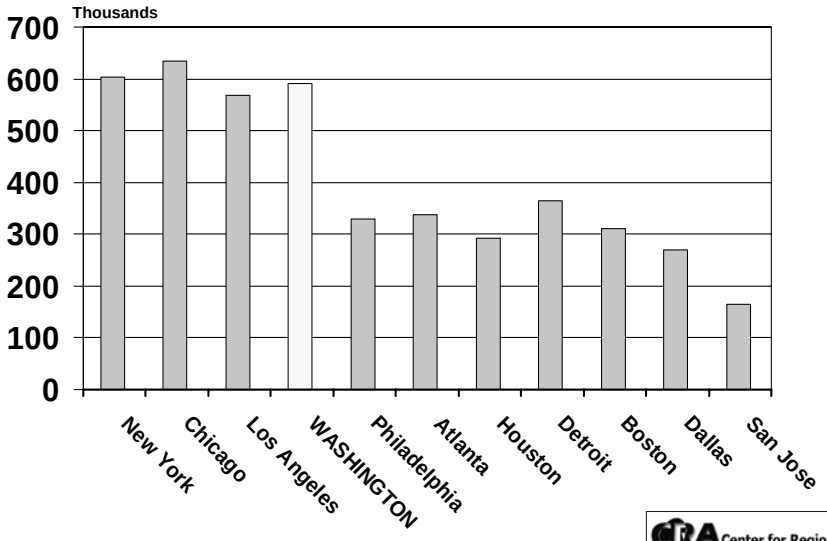


FIGURE 8: Jobs in Professional, Scientific and Technical Services, 2003

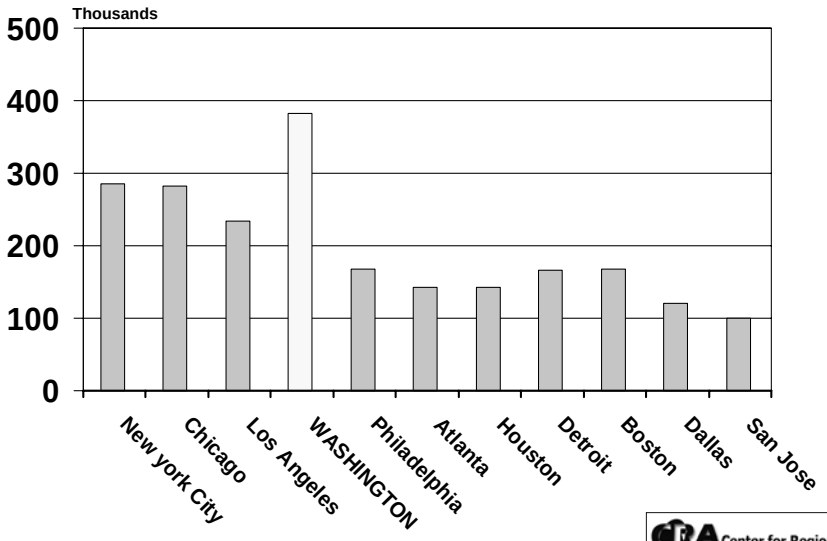


FIGURE 9: Jobs in Computer Systems Design and Related Services, 2003

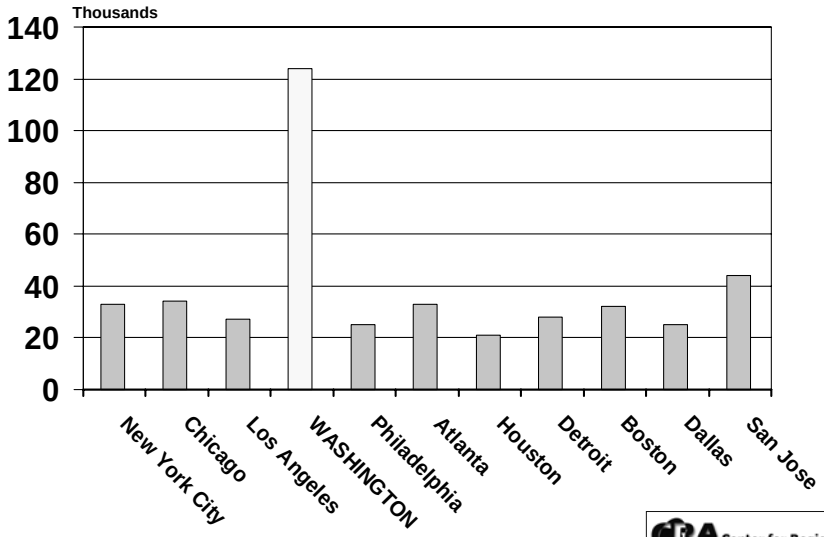


FIGURE 10: Jobs in Management, Scientific and Technical Consulting Services, 2003

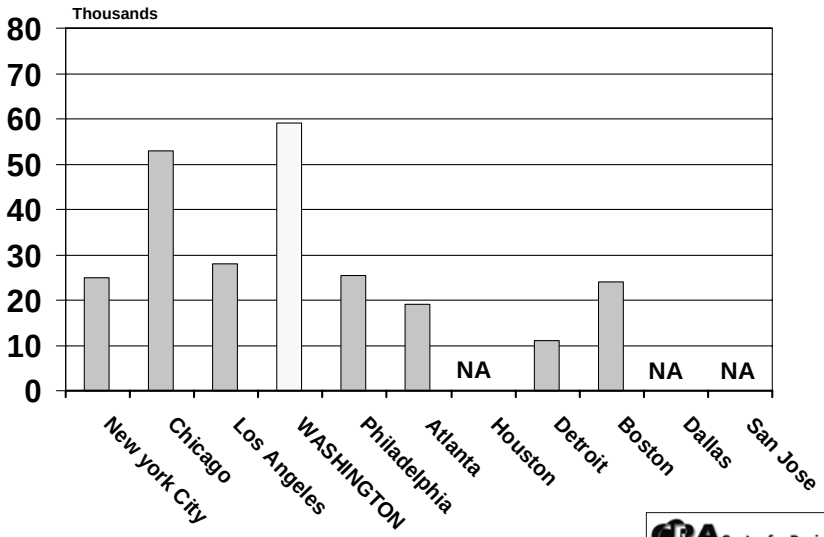


FIGURE 11: Jobs in Scientific Research and Development Services, 2003

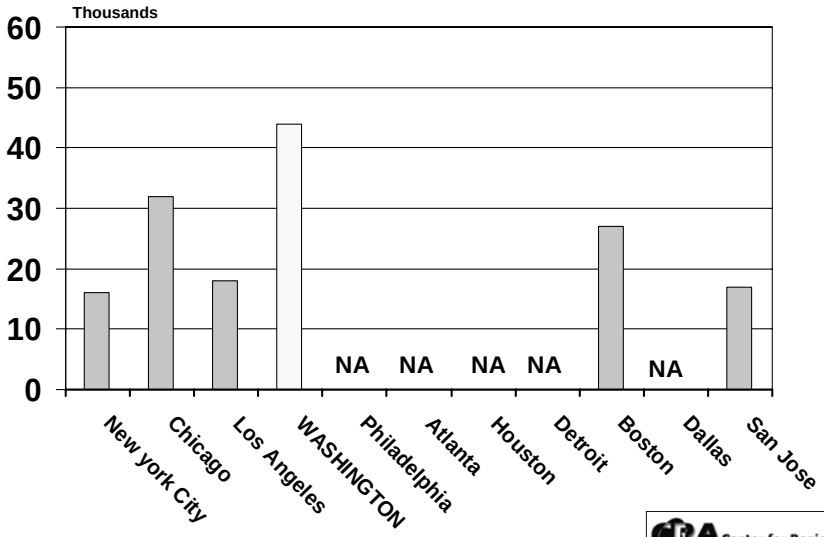
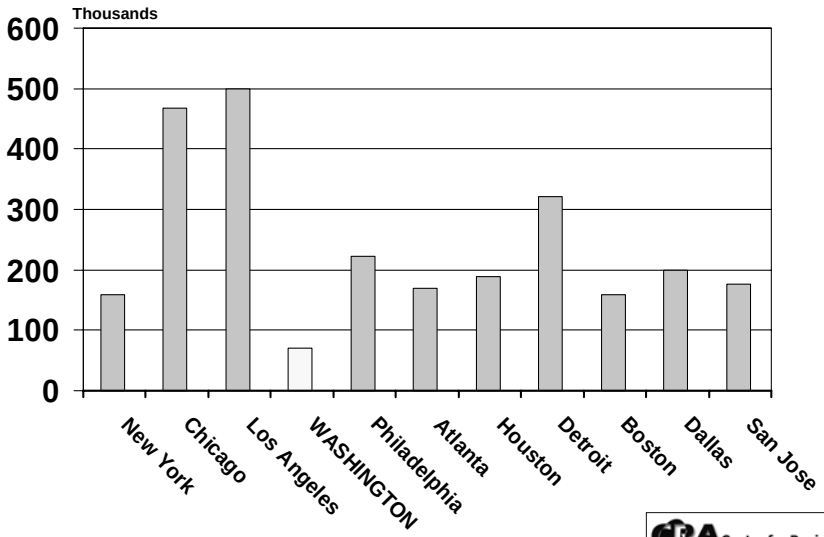


FIGURE 12: Jobs in Manufacturing, 2003



Charles County Peer Analysis

Center for Regional Analysis
George Mason University
2004

Charles County Peer Analysis

How does Charles County compare to the jurisdictions in the Washington metropolitan area with which it may compete for economic development and business investment? To answer this question, understanding the comparative economic conditions and their trends over time will help to define the similarities and differences among competing jurisdictions and help identify relative strengths and weaknesses in Charles County's economy that can be the basis for or barriers to future economic development and growth.

The peer counties selected for this analysis reflect a wide range of economic scales and sectoral mixes. Several criteria determined the jurisdictions selected. First, the counties included were judged to offer alternatives locations to Charles County for firms attracted to the Washington metropolitan area because of the area's market opportunities and national and global reputation. These counties would offer the same approximate relative locational assets and accessibility to the District of Columbia. The counties would necessarily include adjacent jurisdictions in Southern Maryland—Calvert and St. Mary's. Anne Arundel County, while varying greatly from north to south was included in this analysis because it was judged to offer competing locations with comparable or superior accessibility to those in Charles County. Additionally, other counties that comprise the third tier of jurisdictions elsewhere in the metropolitan area were included. These offer generally similar locational conditions and have experienced somewhat similar development patterns over the past three decades. Several of these jurisdictions—Frederick County, MD and Prince William County, VA—also represent a more advanced stage of development and may provide a time-lapse comparison that could be helpful in thinking about Charles County's economic future and the progression of economic change that could be expected to take place going forward.

The first step in this analysis was to assemble comparative data describing Charles County and the seven peer counties for 1970 and 2000 to establish a measure of the types and magnitudes of change that have occurred during this period. These economic changes have been qualified using several income and dependency measures. The supporting data for these comparisons are presented in Tables 1-5 and are summarized in the following two text tables. The conclusions offered here are simplified using rankings and ratios to present what otherwise would be too data intensive to see the big picture.

So how does Charles County measure up? A comparative ranking across six data points is presented in the table below. Among the eight jurisdictions, Charles County was the 5th largest (four counties had fewer residents in 2000); it also ranked fifth in total number of jobs. However, the wage structure of the County's jobs were less favorable—it ranked third—and, as a result, the value of the County's total output (its GCP) was lower than its ranking on the basis of jobs. These lower income-related rankings suggest a less advanced economic structure; that is, one that is more dependent on residentially-generated demand or internal demand than on exports or external markets. Two measures

are offered to clarify this dependency. One is a ratio of jobs to residents. For this ratio, Charles County ranks third; that is, it has a lower number of jobs to residents than its other reference ratings. In the Washington metropolitan area there are 7 jobs for every 10 residents. In Charles County, there are four jobs for every ten residents. Frederick County has five jobs for each 10 residents where Calvert County has 3 jobs per 10 residents. Counties with a lower jobs-to-population ratio tend to have a larger commuting base; that is, they have a higher dependency on jobs located outside county. One measure of this dependency is the value of personal income generated by commuters relative to the income generated within the local economy. Commuter dependency is also affected by the transportation system and accessibility to major employment centers outside of the home county. Where in Charles County 41.0 percent of personal earnings is derived from residents commuting out to work (ranks 4th) in Frederick county this percentage is 27.1. In Calvert, this percentage is the highest at 47.1 (ranks 8th, the most dependent).

How Does Charles County Rank Against Its Peers?

Peer Counties	Population(1)	Jobs(2)	Wages (3)	GCP(4)	Dependency(5)	
					Jobs/Pop	Commuter
Charles	5	5	3	4	3	4
Fauquier (VA)	1	1	1	2	5	5
Calvert (MD)	2	2	2	1	1	8
St. Mary's (MD)	3	4	7	5	7	1
Stafford (VA)	4	3	4	3	2	7
Frederick (MD)	6	6	5	6	6	3
Prince Wm (VA)	7	7	6	7	4	6
Anne Arundel (MD)	8	8	8	8	8	2

Sources: NPA Data Services, Inc., GMU Center for Regional Analysis
(1) 1 = smallest); (2) 1 = fewest; (3) 1 = lowest; (4) gross county product, 1 smallest; (5) ratio of jobs to population (Washington PMSA = 0.70), 1 = lowest; commuter = % of GCP attributable to commuters, 1 = lowest percentage or least commuter dependent

What types of business activities, and how diverse or specialized they are, describe the counties' economies and helped determine their inherent strengths and weaknesses and comparative positions relative to each other and the other jurisdictions comprising the metropolitan area economy. A simple method of displaying the relative strengths and weaknesses of each peer county's economy, disaggregated by major sector, is provided by the location quotient (LQ). The LQ compares the relative size of each sector—the number of employees it has as a percentage of all jobs—to the respective percentage for the Washington metropolitan area. Ratios greater than 1 indicate a higher-than-average

concentration of jobs—a specialization—while a value lower than one would identify sectors with below-average share of jobs. A value below one in a declining sector would be good while a value below one in a growth sector would indicate a weakness.

The location quotients for all peer counties are arrayed in the following table for 2000. After each number is a minus (-) or (+) indicating whether the number has increased or decreased since 1970; that is, is the sector becoming more specialized (+) or less specialized (-). When no minus or plus is indicated its level of specialization has not changed significantly over the 1970-2000 period.

With a few exceptions, all peer counties are highly specialized in construction and retail trade. Some counties have other specializations reflecting their economic history (that's the story behind manufacturing), the movement to back office functions in insurance and banking to less expensive suburban locations, the presence of a military base, state offices, and so on. However, the dominance of construction and retail trade employment is consistent with these counties' stages of economic development; that is, their bedroom status (commuter dependency) in the Washington metropolitan area. Anne Arundel is the outlier among the peer counties as its northern portion has an established economy tied to Baltimore and its central portion includes Annapolis with its State capital functions and the Naval Academy. Hence, its LQ is relatively high. The other larger economies in Frederick and Prince William Counties reflect greater diversification with sector specialization in two or three additional sectors.

Location Quotients for Major Sectors, 2000

(Washington metropolitan area = 1; + trending higher, - = trending lower)

Peer Counties	Const.	Mfg	TCPU	Wlse	Retail	FIRE	Services	Gov't
Charles	1.91-	1.00-	1.04	0.86-	2.04+	0.97+	0.97+	0.82-
Fauquier	2.33+	1.62+	0.64	1.12+	1.20+	1.06+	0.84-	0.62-
Calvert	1.83-	1.53-	1.80+	0..40-	1.51+	0.93-	0.78-	0.67-
St. Mary's	0.95+	0.55+	1.28+	0.46+	1.13+	0.78+	0..84-	1.42-
Stafford	1.61	0.74-	0.79+	2.71+	1.09-	2.71+	0.53-	0.94+
Frederick	1.87+	2.47-	0.60-	1.44+	1.40	1.25+	0.75-	0.68+
Price Wm	2.12+	1.13+	0.83	1.06+	1.70+	0.66-	0.68+	0.96-
An Arundel	1.09+	1.68-	1.30+	1.31+	1.20+	0.84+	0.72+	1.26-

Source: GMU Center for Regional Analysis; Location quotients greater than 1 indicate that the respective sector's share of the County's total jobs is greater than that sector's share in the Washington metropolitan area; that is, it is more specialized; values less than 1 indicate less specialization than in the Washington metropolitan area.

Summary of Findings (see Tables 1-5)

- All peer counties experienced rates of job growth that exceeded their corresponding rate of population growth during the 1970-2000 period.

- Employment more than doubled in Charles County as well as Calvert, Stafford, Fauquier, Frederick and Price William Counties. These same counties experiences population growth rates exceeding 100 percent.

- In St. Mary's and Anne Arundel Counties the population did not double while their employment bases more than doubled during the 1970-2000 period.

Table 1

Population and Employment Change in Peer Counties, 1970 and 2000
(in thousands)

Peer Counties	Population			Employment		
	1970	2000	% Change	1970	2000	% Change
Charles	48.2	121.3	151.6	14.8	49.5	233.6
Calvert	20.9	75.2	259.8	5.4	25.7	371.9
Stafford	24.7	93.6	279.1	3.5	32.9	833.5
Fauquier	26.5	55.6	109.7	9.8	25.5	157.5
St. Mary's	47.8	86.5	81.0	18.0	48.6	169.7
Frederick	85.3	196.6	130.5	30.8	103.1	235.1
Prince Wm	112.4	329.6	193.3	33.9	141.2	316.4
Anne Arundel	299.8	491.4	63.9	129.1	297.3	130.4

Sources: NPA Data Services, Inc., GMU Center for Regional Analysis

- Charles County is the only county among the eight peer counties that experienced a decline in the real dollar value (inflation adjusted) of the mean salaries and wages of its county-based jobs.

- All peer counties enjoyed a real gain in mean salary and wages ranging up from 19 percent in Calvert County to 36 percent in St. Mary's County.

- All peer counties had smaller real gains in mean salaries and wages than experienced in the Washington metropolitan area in aggregate and their mean

values ranged from 20% (in Anne Arundel County) to 40% (in Calvert County) lower than the metropolitan average.

Table 2

Average Salary in Peer Counties, 1970-2000
(in 2004 $s)

Peer Counties	1970	2000	% Change
Charles	$32,657	$30,158	- 7.6
Calvert	25,120	29,903	19.0
Stafford	26,523	32,697	23.3
Fauquier	23,683	28,957	22.3
St. Mary's	30,064	40,888	36.0
Frederick	27,502	33,647	22.3
Prince Wm	28,388	34,008	19.8
Anne Arundel	32,856	40,367	22.9
Washington Area	36,060	52,006	44.2

Sources: NPA Data Services, Inc., GMU Center for Regional Analysis

- During the 1970-2000, the Washington metropolitan area population increased by approximately 50 percent, its employment base grew by 100 percent and its gross regional product gained 200 percent indicating a substantial increase in the percentage of the population holding jobs and that the job base had shifted to higher value-added work supporting higher salaries.

- The historic pattern of population, jobs and output growth is not as defined among the peer counties. As the rates of employment growth did not double the population growth and the mix of jobs did not shift to high-wage activities, the economies of the peer counties remained small and with their growth tied largely to their residential growth. Anne Arundel County is an exception but is also the most urbanized. It actually consists of two different economies; an older economy in the north tied to the Baltimore economy and its industrial past and a mid- and south-county economy that has taken on a more suburban and commuter- dependent character linked to the Washington metropolitan area.

- Counties in which the Gross County Product's substantially exceeded the rate of job growth have economies in which the job mix has shifted to higher value-

added output—more exports relative to residentially-based jobs. While all peer counties under-performed the metropolitan area by this measure, those with the highest percentages (Fauquier, St. Mary's, Anne Arundel) have different sectoral structures that the others as is apparent in Table 4.

Table 3

Gross County Products in Peer Counties, 1970-2000
(in billions of 2004$s)

Peer Counties	1970	2000	% Change	GCP Gain/ Job Gain*
Charles	$0.735	$2.715	269.3	15.3
Calvert	0.253	1.525	502.8	35.2
Stafford	0.177	1.924	987.0	18.4
Fauquier	0.468	1.678	258.5	64.1
St. Mary's	0.766	3.044	297.4	75.2
Frederick	1.342	5.833	334.6	42.3
Prince Wm	1.426	7.970	458.9	45.0
Anne Arundel	5.783	19.194	231.9	77.8
Washington Area			214.6	92.8

Source: GMU Center for Regional Analysis *this percentage is a measure of job productivity; the more than gains in total output exceed gains in jobs, the more favorable the mix of higher value-added jobs being generated in a jurisdiction.

An examination of each peer county's major sectors in 2000 (sectors accounting for at least 5% of total jobs) and these sectors' degree of specialization provides a framework for the sectoral strengths and weakness in these economies.

- The peer counties are highly specialized in construction and retail trade.
- The peer counties, with one or two exceptions, are underspecialized in government, services, manufacturing, transport/utilities, and wholesale trade.
- Financial services (including insurance and real estate) are specialized in three counties and is either not a major sector or is under-specialized in the others.

- This pattern of specialization is typical of an economy in transition from a rural to suburban land use pattern, one undergoing rapid residential development with the concomitant growth of residential services, principally retail business and personal services.

- The weakness in this pattern of specialization is: (1) the narrowness of specialization or lack of sectoral diversification; and (2) the under-specialization in the sectors having the greatest growth potential of higher value-added jobs.

Table 4

Sector Specialization in Peer Counties By Major Sectors* in 2004

Peer Counties	*Major Sectors (5% or more of employment base)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Charles	1.82				2.12		.78	.87
Calvert 1.69				1.44		1.01	.68	
Stafford	1.66			3.18	.99	2.48	.68	.96
Fauquier	2.29				1.43	1.05	.89	.59
St. Mary's	.93		1.01		1.15	.84	.93	1.42
Frederick	1.85	2.44			1.51	1.27	.84	.70
Prince Wm	2.17				1.82	1.46	.69	.94
Anne Arundel	1.43	1.79	1.05		1.20		.79	1.24

Source: GMU Center for Regional Analysis. Notes: location quotients greater than one indicates a greater percentage of jobs in a local sector compared to the same sector in the Washington metropolitan area, such sectors are have a concentration or specialization; values less than one indicate sectors that are underspecialized in a given county. Sectors: (1) construction, (2) manufacturing, (3) transport/utilities, (4) wholesale trade, (5) retail trade, (6) financial services including insurance and real estate, (7) all other services, (8) government.

The forecast for the 2000-2015 period indicates that the economic structure that currently exists and that has been shaped by strong residential growth and the growth of the retail market will continue into the future; that is, the current sectoral specializations will be maintained or, may even strengthen in some counties and the current sectoral weaknesses will also continue. This narrow specialization in local serving businesses will continue to retard income growth, both salaries and wages and gross county product. In order to re-structure this pattern of narrow specialization, non-local serving business investment will

have been be attracted to the counties. The normal progression of economic evolution will not alter the sectoral structure of these counties within the near-term period.

Table 5

Sector Specialization in Peer Counties by Major Sector* in 2015

Peer Counties	*Major Sectors (5% or more of employment base)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Charles	1.95				2.24	1.06	.76	.85
Calvert	1.42				1.56		1.00	.68
Stafford	1.77			3.39	1.02	2.62	.68	.89
Fauquier	2.49				1.47	1.10	.81	.63
St. Mary's	.91		1.03		1.15	.95	.98	1.27
Frederick	1.93	2.24			1.53	1.46	.84	.69
Prince Wm	2.22				1.91	1.35	.71	.90
Anne Arundel	1.45		1.10		1.20	1.00	.83	1.20

Sources and Notes are the same as for Table 4.

The peer counties currently experiencing accelerated non-residentially based economic growth are Frederick and Prince William although each still remains significantly dependent on retail trade, with its lower average wage structure, and continues to lag in the development of higher value-added professional and business services. These "better" quality jobs are still being captured in the District and the close-in jurisdictions.

In conclusion, the same location conditions and internal economic drivers affect all the peer counties, with the possible exception of Anne Arundel County. Prince William and Frederick Counties appear to be better positioned for near-term gains in their mix of "better" jobs due to their respective proximity to Fairfax and Montgomery Counties and the spill over of economic growth. None of these peer counties offers a model for Charles County's future growth pattern. Still, these counties, because of their similarities and locational proximity to the District of Columbia and headquarters of the federal government, all constitute potential competitors with Charles County for future business investment. Understanding the nature of this competition—how these counties are selling themselves and what they have to offer that may appear superior to what can be offered in Charles County—will be important in formulating effective economic development strategies to identify future business development targets and program approaches.

Survey of Charles County's Businesses

Center for Regional Analysis
George Mason University
2004

Survey of Charles County's Businesses

A web-based survey of businesses in Charles County was conducted to assess their views and opinions regarding the business environment and their expectations and outlook. This survey was done using SurveyPro NetCollect software of Apian Corporation. The survey was conducted from mid-March to late April and there were a total of 110 completed surveys. The survey was designed to be easy and not time-consuming. Questions were asked in the following general areas:

- a set of questions directed at obtaining demographic information on the respondents,
- a set of questions to obtain views about their business's performance in the recent past and their outlook for the future, and
- a set of questions regarding their perspectives about the business climate and needs in Charles County.

Attached are figures showing the detailed results of the survey, which are summarized below.

Characteristics of Survey Respondents

Over two-thirds of the respondents were the owners or the Chief Executive Officer of their business and another 13 percent were senior managers (Figure 1). This indicates that the views and opinions in the latter sets of questions generally represent business leadership in the county.

The respondents businesses are primarily private, with 71.0 percent indicating they are private companies and another 18.0 percent are sole proprietors. (Figure 2) One objective in conducting the survey was to obtain responses from home-based businesses, and 26.7 percent of respondents indicated they are home-based businesses. That is probably in the range of expectations given national data, but is probably on the high end of the range. Figure 3 shows that almost a fourth of the respondents are woman-owned and 11.8 % are minority-owned.

The type of industry obtained indicates a wide spectrum, and that survey respondents represent the full range of industry types present in the county's business universe. (Figure 5) There was a large percent (38.3) who responded that their business was an "other" sector, indicating that they did not think they exactly fit any of the thirteen discrete choices given.

Government contracting work is done by a sizeable proportion of the respondents, with 39.3 % indicating they do at least some government contracting work. (Figure 6) Another 17.6 % responded that they do not do government contracting work now but would like to.
As might be expected, most respondents are in small businesses which are the nature of the business mix in Charles County. (Figure 7) One of six responded there is only one full-time

employee (self proprietors), a fourth has 2-4 employees, and 58.8 % have fewer than ten employees. There were a few respondents of the larger companies present in Charles County.

The businesses make significant use of part-time help, with 75.5 % having at least one part-time employee. (Figure 8) Many businesses use quite a few part-time employees as almost a fourth has 5-9 part-time employees and 13.6 % have ten or more.

Consistent with the demographic of generally small businesses, one-third of respondents have annual revenues less than $250,000. (Figure 9) Regarding location in the county, two-thirds gave their location as Waldorf, with 15.7 % listing La Plata – so those two locations account for over 80 % of business locations. (Figure 10) Only 13.7 % indicated that they had more than one location in the county (Figure 11), although almost a third (32.4%) said that there business has locations outside Charles County.

A large majority – 88.2 % -- said that they a re headquartered in the county (Figure 13). More than half of the respondents have been in Charles County more than ten years, with just more than a fourth having been in business in the county for more than twenty years.

Business Performance and Outlook

Respondents indicated that their businesses have done fairly well in spite of the soft economy in the last few years, although some have been hurt. (Figure 15) Almost half (44.9%) indicated they have had revenue growth of more than ten percent in the last two years, with a fourth (26.5%) having growth of one to nine percent. Those who have had declines, caused either by the economy or their own business situation, represent about one in eight businesses in the county.

Their outlook for 2004 is not quite as bright as their performance has been in the last two years. While 71.4 % had revenue growth in the last two years, slightly less, 64.3%, expect to have revenue growth in 2004. More expect revenues to stay the same as in the past, and slightly fewer expect declines this year than those who experienced declines the past two years.

Longer term, many more businesses are positive about how they think their businesses will perform, as 87.7% expect annual revenue growth in the next 3-5 years. (Figure 18) Of all respondents, 41.8% expect annual revenues of more than 10 percent, and 45.9 percent expect annual revenues in the 5 percent range.

Perspectives about the Business Climate and Needs in Charles County

The need for a qualified labor force got the most votes to the questions of what they see as the most important need for their business to be able to grow and succeed in Charles County, although the margin was not great. (Figure 18) "more qualified applicants for job openings" was first with 20.6% followed by "more marketing of the county as a good place to do business and live" with 13.4% and "ability to match metro area salaries for qualified employees" with 10.3%. Three factors tied at 9.3 % each: "adequate space to expand", lower taxes", and "more support and incentives from the government". "Improved roads and transportation" was indicated as the most important factor by 7.2% of respondents. No one voted for "improved internet service availability" as their most important need.

Regarding the importance of proximity to Washington, most think it helps their business, almost a third think it has little or no effect, and 6.3% believe proximity to Washington hurts their business. (Figure 19)

As had been partly predicted at the beginning of the survey, a clear majority said that the most important factor in their decision to locate their business in Charles County was "because they live here". (Figure 20) "Access to markets" was indicated as most important by 11.7% and "low operating costs" by 10.6%. The other factors mentioned as most important with only a few votes were affordable housing, business climate, government assistance, low taxes, public services and access to capital. Not indicated by any respondents was the following:

- access to markets
- access to workforce
- schools
- entertainment opportunities.

Most are fairly satisfied with doing business in Charles County: 77% responded they are either very satisfied or somewhat satisfied. (Figure 21) Nine percent indicated they are dissatisfied and only one percent (one respondent) said "very dissatisfied". Most are also satisfied with their location in the county – 81.8%. (Figure 22)

Summary of Responses to the Open-ended Question (What is the most important thing that needs to happen for your business to more successful in Charles County?

Most respondents took advantage of the opportunity to respond to the open ended question, indicating they have some definite views about the county's business climate and directions for the future. Given below is a summary of the comments by general issue area:

Need for Better Infrastructure

Improved infrastructure: Roads and Access ways
More roads
Not enough roads to support the population growth
Fix traffic problems on rt. 301 and rt.5
Inadequate Public Transportation

Growth

Continue to facilitate growth
A more structured approach to development
Stay the course with the "Comprehensive Plan"
Expand the tax base by attracting more companies

Business Development and Assistance

Attract larger companies
Need more high tech firms
County needs to facilitate business between private and public sector
Give local firms an equal opportunity to bid on County projects,
Obtain more county business, private and government
Assistance securing government contracts
More higher paying jobs by attracting more businesses

Government Support and Role

Permit process too cumbersome / too much red tape
Less government restrictions
Lower taxes
Lower operating costs
Tax incentives for agriculture based businesses
Make Waldorf more attractive for shopping

Marketing

Better marketing of Charles County businesses
More opportunities to interact and market my services to the county citizens
People have to know I'm here
Establish a 'local' business program and attract more industry to the County
Better target market(sic) of companies
Better networking between local companies

Workforce

Problems finding qualified workers
Problems finding unskilled workers
Hard to compete with DC salaries

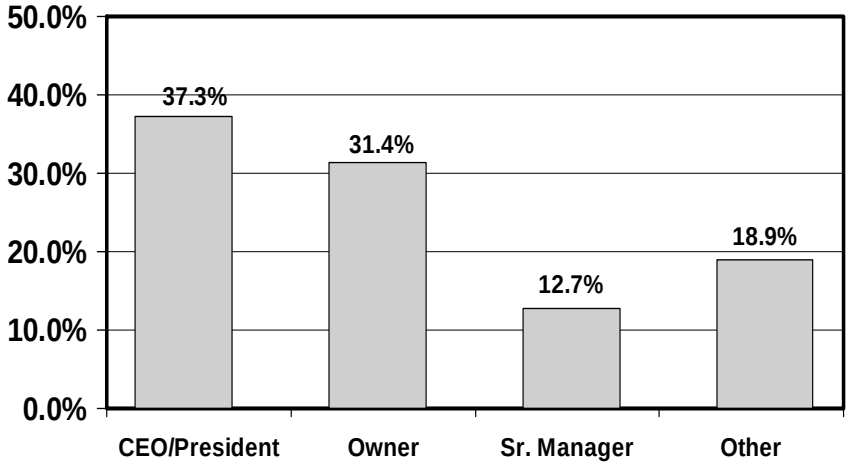
Property/Housing

More affordable housing
Attract more affluent residents
Lower property taxes

Other

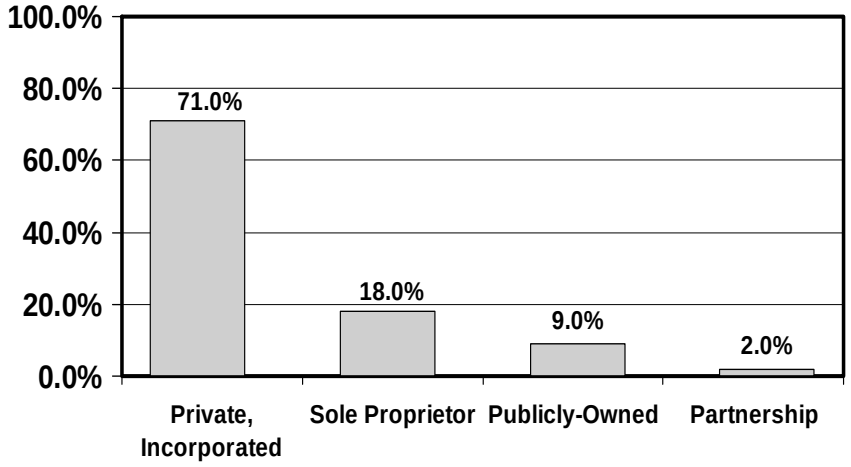
Control the crime problem, especially in Waldorf
Medical liability reform

Figure 1. What is your position within the business?



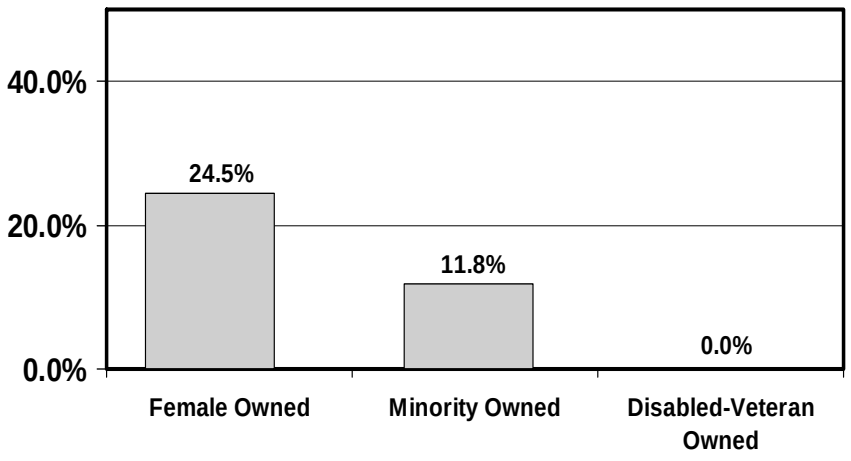
Source: GMU Center for Regional Analysis

Figure 2. What form of ownership is this business?



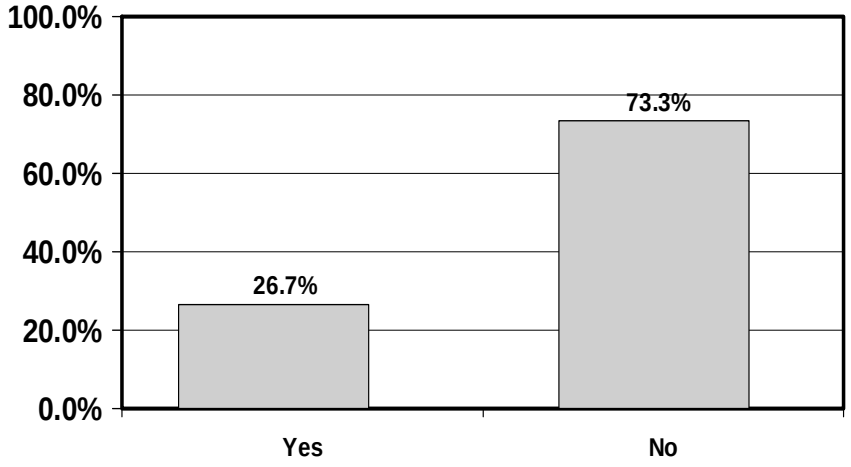
Source: GMU Center for Regional Analysis

Figure 3. Is this company (indicate all that apply)?



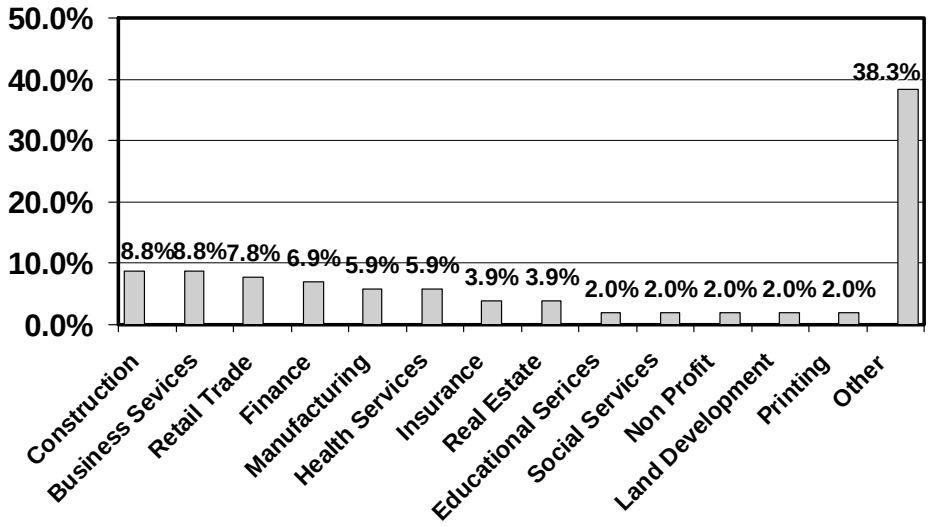
Source: GMU Center for Regional Analysis

Figure 4. Is this a home-based business?



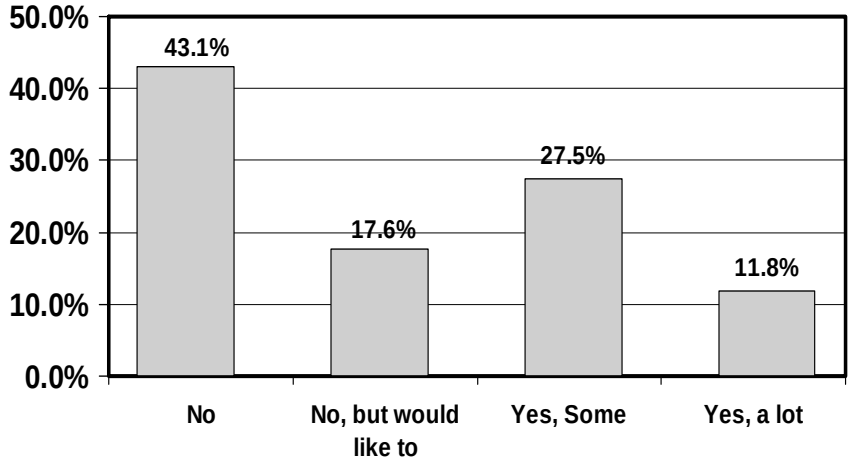
Source: GMU Center for Regional Analysis

Figure 5. In what industry is your business?



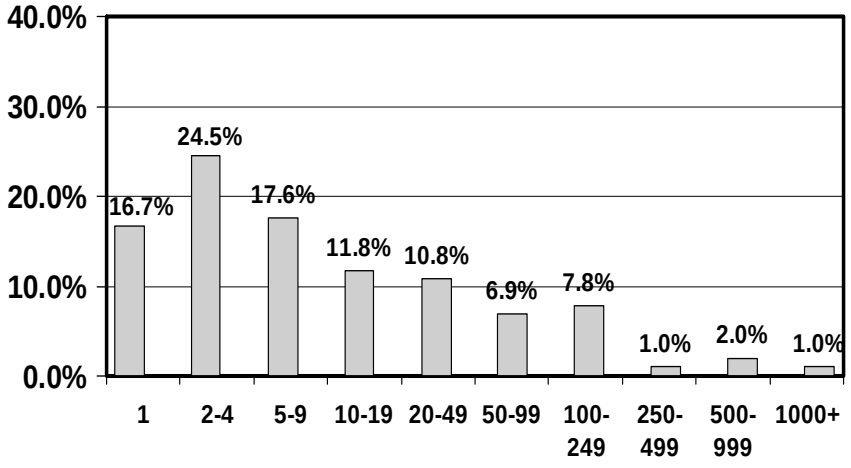
Source: GMU Center for Regional Analysis

Figure 6. Does your business do government contract work?



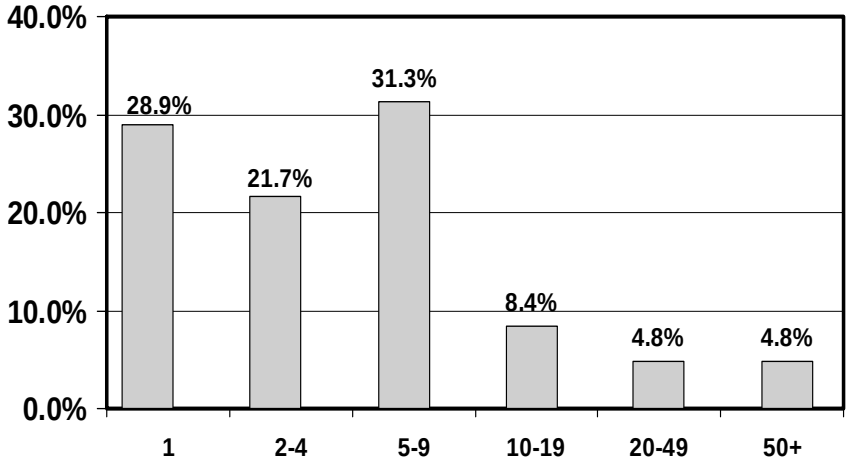
Source: GMU Center for Regional Analysis

Figure 7. How many full-time employees are there in your business?



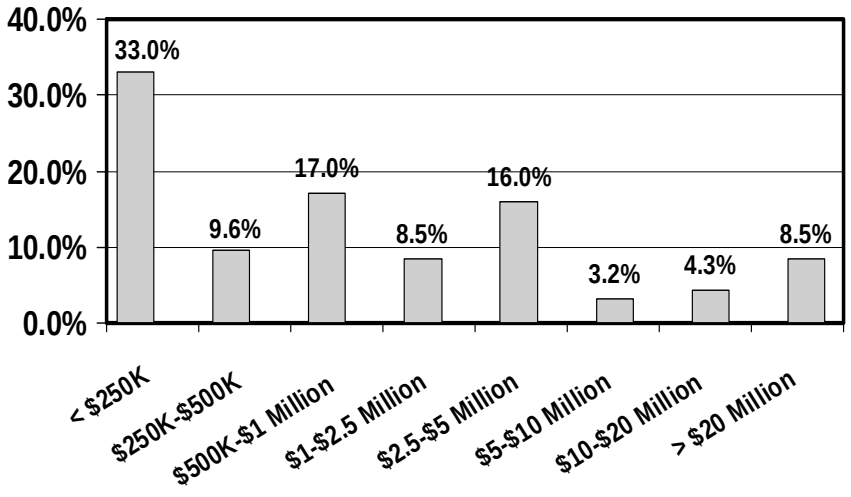
Source: GMU Center for Regional Analysis

Figure 8. How many part-time employees are there in your business?



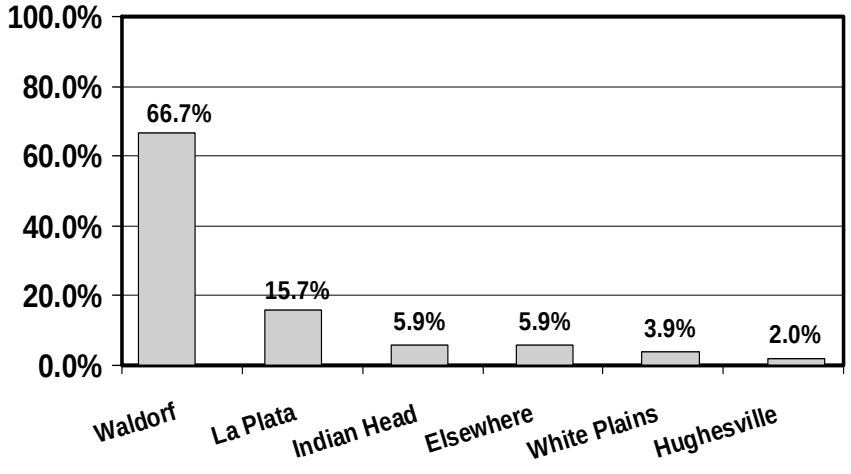
Source: GMU Center for Regional Analysis

Figure 9. What are the annual revenues of your business?



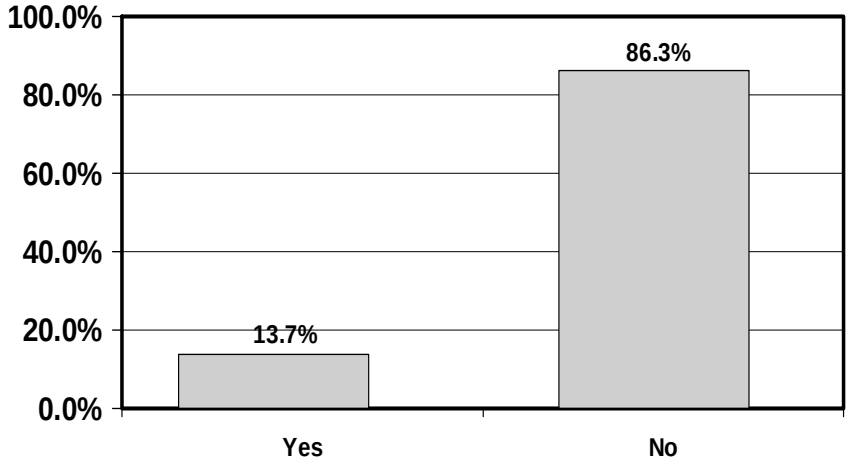
Source: GMU Center for Regional Analysis

Figure 10. Where is your business located?



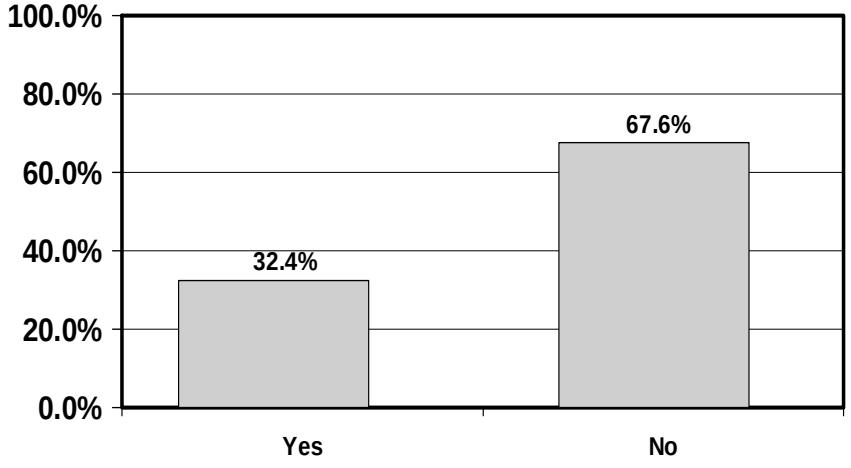
Source: GMU Center for Regional Analysis

Figure 11. Does your business have more than one location in Charles County?



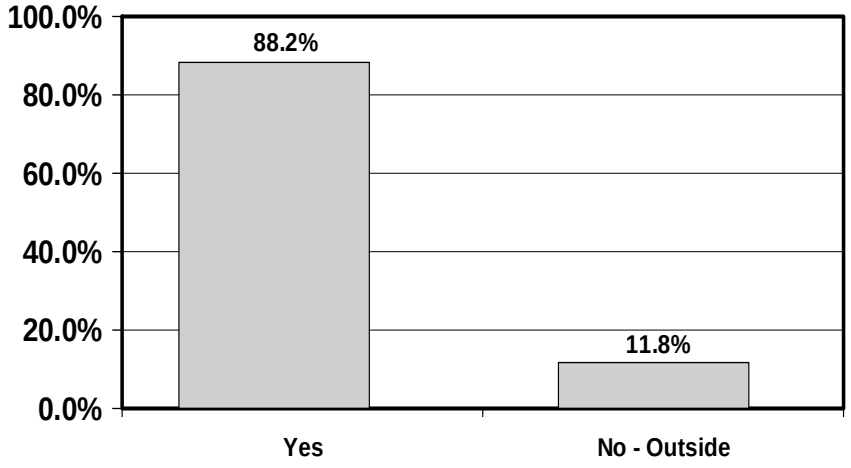
Source: GMU Center for Regional Analysis

Figure 12. Does your business have locations(s) outside Charles County?



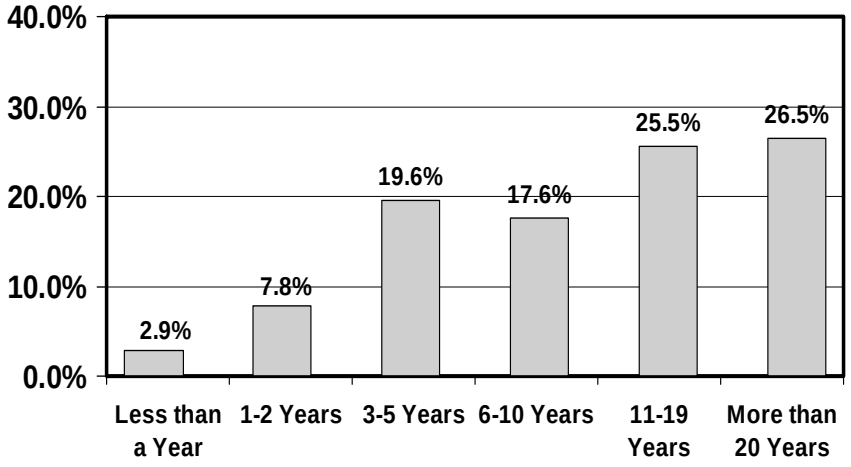
Source: GMU Center for Regional Analysis

Figure 13. Is your company headquartered in Charles County?



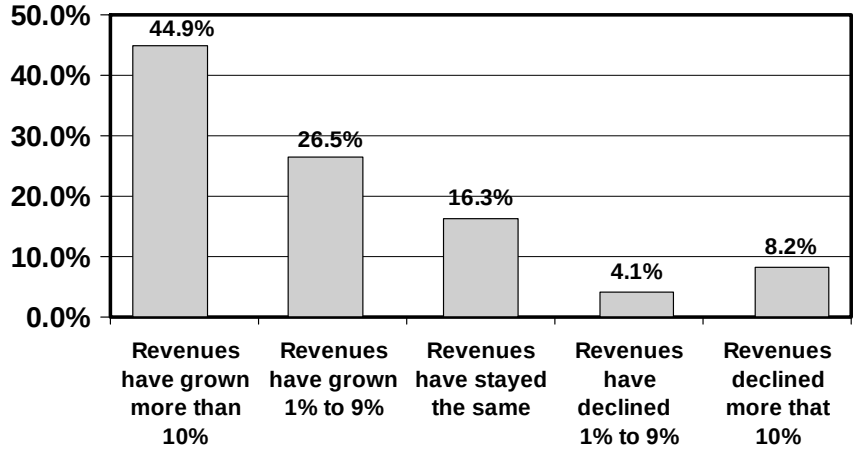
Source: GMU Center for Regional Analysis

Figure 14. How long has your business been located in Charles County?



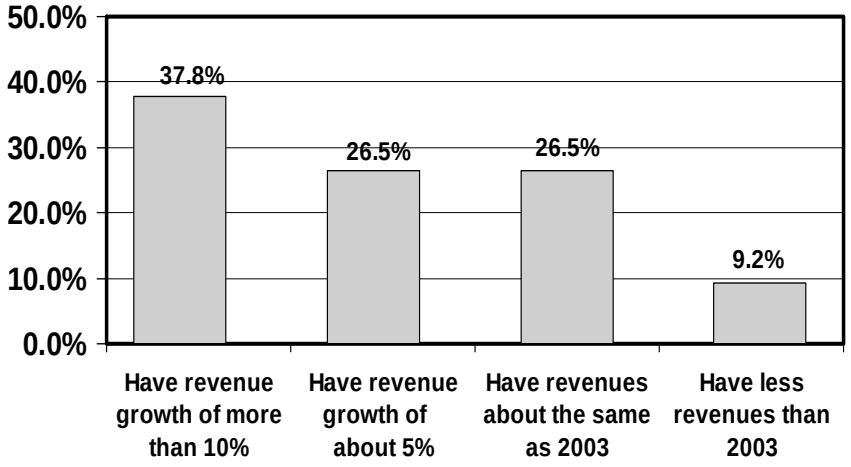
Source: GMU Center for Regional Analysis

Figure 15. How has your business performed in the last 2 years?



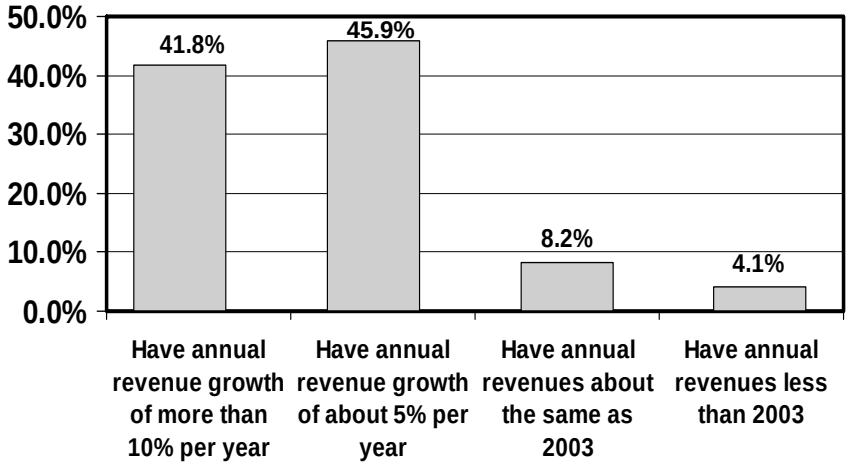
Source: GMU Center for Regional Analysis

Figure 16. Do you believe that in 2004 your business will?



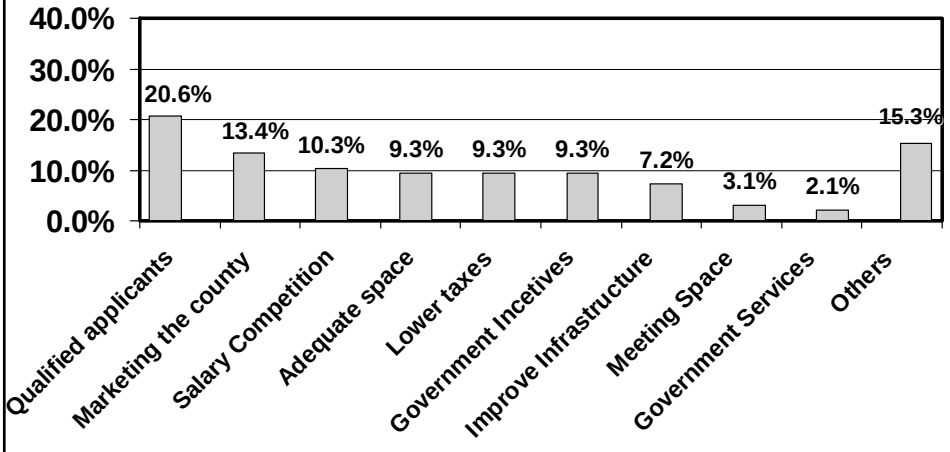
Source: GMU Center for Regional Analysis

Figure 17. Do you believe that in the next 3-5 years your business will?



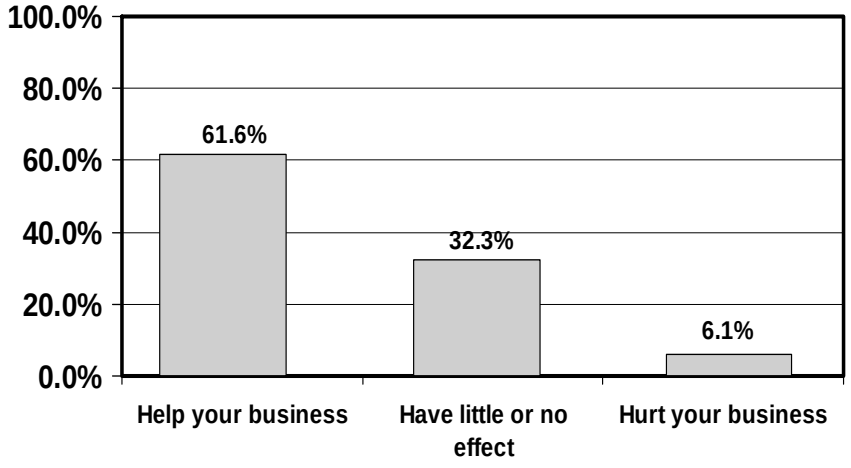
Source: GMU Center for Regional Analysis

Figure 18. What do you see as the most important needs for your business to be able to grow and succeed?



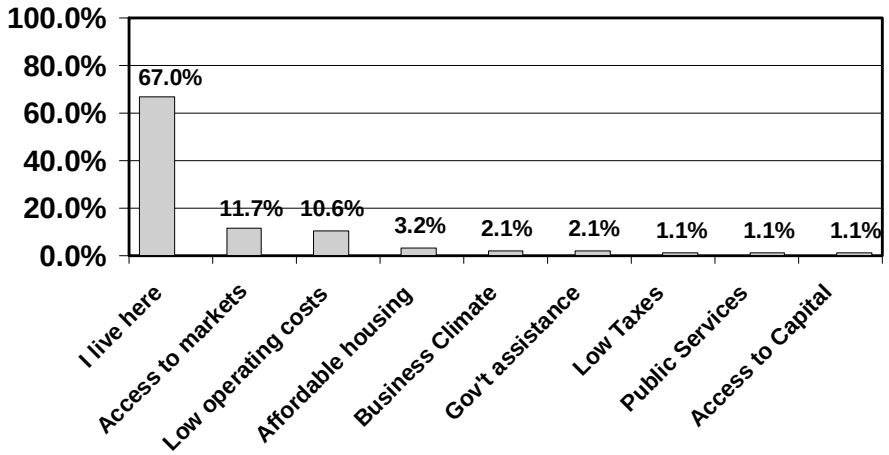
Source: GMU Center for Regional Analysis

Figure 19. Does being a part of the Washington region and its economy?



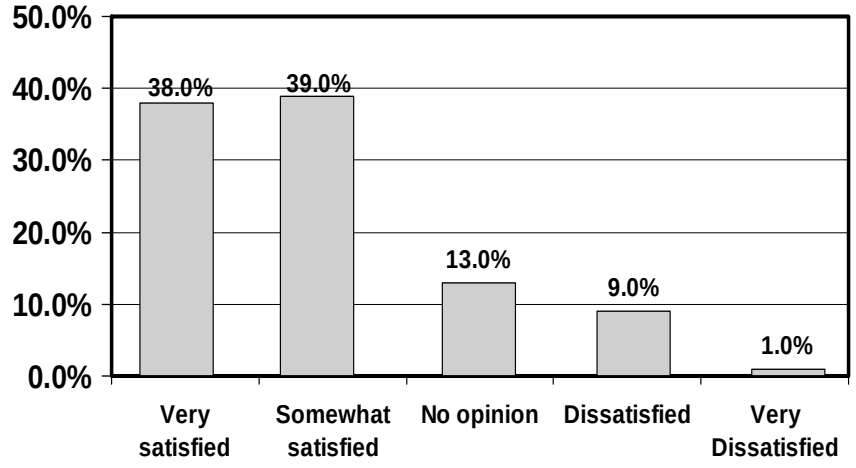
Source: GMU Center for Regional Analysis

Figure 20. What were the three most important factors in your decision to locate in Charles County?



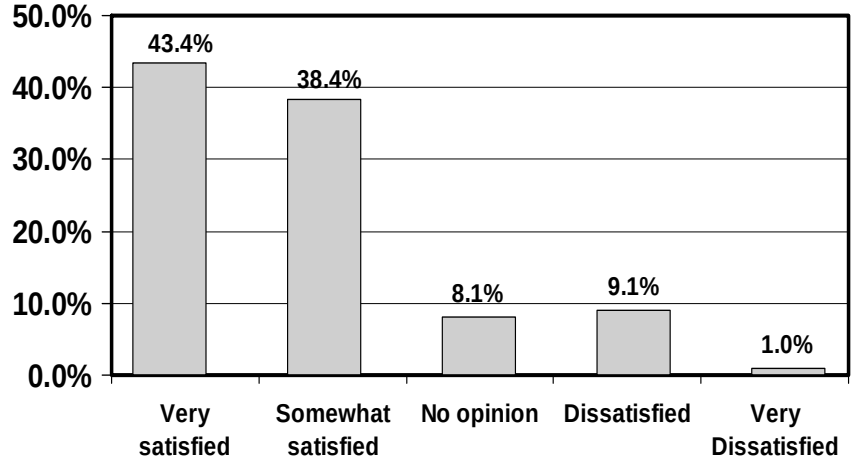
Source: GMU Center for Regional Analysis

Figure 21. What is your level of satisfaction in doing business in Charles County?



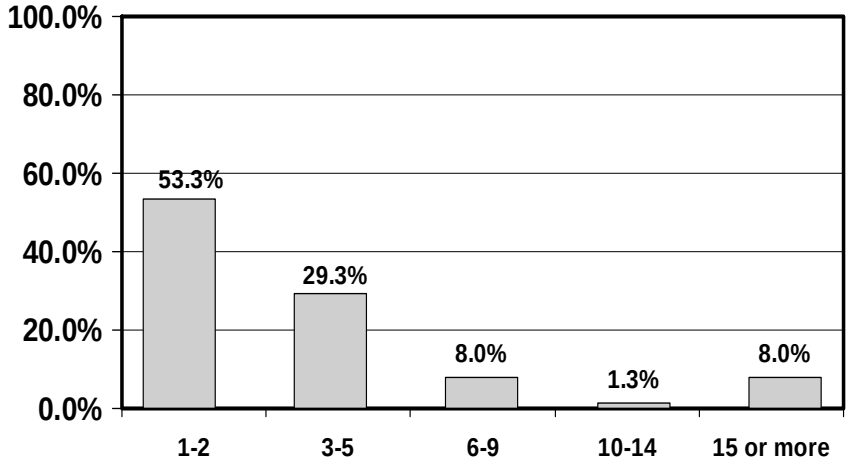
Source: GMU Center for Regional Analysis

Figure 22. What is your level of satisfaction with your current location in Charles County?



Source: GMU Center for Regional Analysis

Figure 23. If you are planning to add employees in the next year, how many do you anticipate adding?



Source: GMU Center for Regional Analysis

Summary of Expert Panel Workshop and Interviews

Center for Regional Analysis
George Mason University
2004

Summary of Results of Expert Panel Workshop and Follow-up Interviews on Target Industries and Future Economic Development Strategies for Charles County

On June 18th a panel of experts was convened in a workshop at the GMU Arlington campus to discuss possibilities regarding the outlook for the future of Charles County and its economic development. Prior to the meeting, each of the experts received a set of the working papers that had been prepared by the GMU team regarding the regional economy and growth projections, Charles County's economy and outlook, the analysis of Charles County's peers, Charles County's employment subsectors and performance over the last few years, and the report on the survey of Charles County's business conducted in the spring.

The panel consisted of the following experts:

Richard Clinch, Jacob France Center, University of Baltimore

Steve Cohn, Director of Development Services, Transwestern

Jeffrey Frank, President, Patton Harris Rust & Associates, pc

Ellen Harpel, President, Business Development Advisors

Chris Hayter, Assistant Executive Director, Center for Regional Innovation, Council on Competitiveness

Gregory Leisch, CEO, Delta Associates

Judith Meany, Lozier Partners

Mary Peterson, Cassiday & Pinkard

Ken Poole, Executive Director, American Chamber of Commerce Researchers Association

Bill Webb, Director of Research, Greater Washington Initiative

Dr. Steve Fuller and John McClain of the Center for Regional Analysis facilitated the discussion of the expert panel.

Following is a summary of the key themes and points about Charles County's current situation, its future prospects, and its possible strategies to achieve a more dynamic economy for the county. The discussion segments and the outlining of themes near the end of the session have all been organized into a set of topics for summarizing the results – by topic with general conclusions and some key quotes from the workshop and interviews.

Target Industries / Commercial Development Strategy

Having reviewed the working papers regarding Charles County's current economy and positioning, the panel made several points about the target industries that the county might pursue in an economic development strategy. As a residential/commuting county as part of the metropolitan economy, the county has more than its share of residential-supporting sectors, such as retail, and it will probably continue to grow in these sectors without intervention or other strategies needing to be implemented.

The discussion then focused on what export-based industries or sectors would work in Charles County. There was a general conclusion that these sectors should be related mostly to growth areas of the metropolitan area, but that Charles would need to be selective and not try for sectors and companies in sectors that other areas had clear competitive advantages; e.g., Northern Virginia for technology firms. Sectors identified by the panelists as possibilities included knowledge-based, intellectual property, government, digital media, education/e-learning, integration, and tourism. The panel indicated that there are no silver bullets in this group, but that they should be considered in the mix of possible targets. The one sector that drew the most attention as a possibility was federal facilities which are discussed in more detail in the next section.

Key quotes:

You need to think inside the box with about two industries and grow those industries. The core should be intellectual property, government and tourism. You should use the core to base future opportunities and growth.

It should use the strategy of satellites, like attracting a branch of the University of Maryland

The industries to watch are digital media, E-Learning and integration sectors

You could try to pull down firms from Maryland. It's very hard to draw from across the river. The best option is to try to attract from the Southeast part of DC.

You need to establish more educational institutions in the county. This will help to grow an indigenous workforce. It will also spur spin-off businesses.

Knowledge institutions could be built here from this structure and could spur other places like Pax River. These people are educated but want to continue to be educated.

Office space situation indicates a need for office condos to support residential growth, i.e., for doctors and lawyers, which would provide space for possible other kinds of industries that are more "export-based".

Federal Facilities

Most of the panelist agreed that federal facilities of some kind should be pursued as a key component of the county's economic development strategy. Charles County's proximity to the nation's capital, the expanding federal functions in the metropolitan area, and the fact that many of the county's workers are currently working for federal agencies and commuting to jobs were all reasons cited that make federal facilities a logical target.

One component of this was discussion was to target elements of federal facility operations that would benefit from the lower operating costs in the county and that do not need real close proximity to the Capitol or other central functions. Some of the panelist referred to this component as back-office functions.

One strategy discussed at some length was one of getting Maryland's political leaders to assist the county in getting some federal facilities. The example of West Virginia getting several federal facilities over the last couple of decades was noted as an example of what can be done. Also discussed in this context were the military facilities and that Charles needs to nurture them and help them grow if possible. It was also suggested that targets might be agencies that are more independent.

An obvious benefit of getting federal facilities that further enhances their contribution to the local economy beyond their direct effects is that contractors often follow and locate near the facilities.

Key quotes:

Back office locations can be built within 30 minutes of the main location. Government still wants back offices with in a close proximity. However, it does not necessarily have to be next door. Charles County can feed into this.

Back offices are vibrant industries that are essential to their main business. (Report writing, production, and accounting)

The functions are those that do not require face-to-face meetings so you can do it elsewhere. Charles County should get more of this.

If you ask people in West Virginia they say it can happen quickly and they are not doing back office work. The Federal government has relocation options and has moved to WV sites in the Shenandoah Valley.

Government agencies that are more independent might be a good option.

You would you think Charles County could become a defense center...especially because it's so close to the Pentagon.

Maybe Charles County can market itself to attract satellites. Maybe government back offices can move to Charles County to expand.

Maybe increased concentrations of Homeland Security could help Charles County.

The county should also pursue a "Robert Byrd" strategy – i.e., getting MD political leaders to actively lobby for federal facilities in Charles. The county might also be able to assist/help existing military bases (Indian Head, e.g.) build up and grow.

Targets should be government back office functions, military spin-offs, and federal Continuity of Operations sites.

Federal Contracting

The logical procession of the discussion regarding federal facilities was the conclusion to also pursue federal contractors. Existing county residents are working for them and commuting out of the county to their locations. Federal contracting is a major part of the projected growth in the metropolitan economy in the coming years, and Charles County should be positioned to get a share of this economic force.

There were two elements of this target strategy noted: to get federal contractors to locate in the county and to assist existing county companies to get more federal contracting work.

Key Quotes:

Attracting Federal contractors should be a key part of economic development strategy especially since some of workforce is already working for them and such companies will more and more follow their workforce.

Business owners want help getting Federal contracts.

Should get an activist lobbying strategy to get some contracts.

Contracting can build on existing contracting. Use what you already have and add on.

The federal government has contracting to women and minority-owned firms as a key goal. The survey of area companies indicated a strong presence of these in the county already…this should be built upon and a strategy should be to help them get some federal work.

Residential Development Strategy

A lot of discussion of the panelists focused on a future "residential development strategy" as a key (if not The Key) recommended element of the county's economic development efforts. This conclusion evolved in the discussion and was brought up in discussion of other topics. The logic of the discussion went approximately as follows:

- It was noted that there are no silver-bullet target sectors.
- It was noted that the now successful economic jurisdictions in the region were not always so – Fairfax and Montgomery were once bedroom communities whose economies were dominated by population-serving sectors, and it took a long time for them to develop the other sectors and the vibrant employment centers they no have.
- It was noted that residential development provides a work force that then attracts employers.
- It was noted that Charles has major natural assets for quality residential development that will attract residents looking for an environment that promotes their lifestyle.

In concluding that a residential development strategy is important, the panelists also noted that parts of the strategy needed to be actions that would assist development of a strong residential component. These included attention to enhancing a quality school system, identifying land available for quality residential development, and several comments were made that the county needed to revisit its land use plan in the context of a new residential development strategy.

Key quotes:

You need a deterministic scheme. We cannot go to a company and say locate here and have them make that decision very easily, but we can correctly prepare the area and situation for choices to be made…need a range of housing and retail for those industry location choices to be in Charles County. There are no silver bullets.

People are attracted by jobs and the potential of future jobs…and the people there will determine what businesses are created in the future.

Location decisions are driven by people who live there. The future of an area depends on what you already have. Skills sets are important

When residential growth happens you need to have a plan in advance. The growth in the local economy only comes when people live there and it's dense enough. The school system is so important for a county.

If your strength is residential, you'll eventually get jobs. The schools and services are fundamentals that the county can improve on by itself. How you market the county is

important. In this instance you can think outside the box because small details in a community matter, like golf and recreation.

Need to look toward back office because they pull from the population. There are a lot of part time workers in Charles County. Some of these are women who might want to find full time work when their children grow up

Having military personnel is an asset because of the issue of turnover in back office branches

In the future you'll see people locating closer to jobs. Firms will also locate closer to people

Charles County's waterfront gives it a unique advantage; they could use it for retirement communities. Retirement would be a good option because Charles County is close to the metro, has a higher standard of living.

Prince William and Dale City people live there and commute out. Conversely, in Lake Manassas, expensive housing was built and new employment areas grew up.

Growth in the region is inevitable. The county needs to position itself competitively. Patterns of change are hard to alter. There is a sequence of growth, residential come before retail. The process takes a long time.

It's the rise of the creative class. It's going to be about locating\moving somewhere that accommodates your lifestyle.

You need to give people many options because higher skilled workers want things more tailored to their interests.

Part of the plan should involve an aspect of retirement living.

A residential strategy makes sense…one problem has been the planning/zoning, the no-growthers, and land getting piece-mealed…has limited availability of large areas in attractive places to do quality residential developments.

The growth boundary is very limiting…land use plan from Glendening years a part of the problem…could focus some growth on attractive areas like LaPlata and Port Tobacco – but can't because of the land use plan.

Growth from Within: Retention and Expansion

While much of the discussion of the panel focused on getting new companies and looking at targets and strategies for that, there were several comments and conclusions that an important part of the county's overall strategy must be to help existing companies grow and expand. This was noted above regarding federal contracting, and it was also

concluded more generally as a very basic strategy for economic development in the county.

Key Quotes:

The county shouldn't forget its existing businesses in all this...they are the core for the future.

It took Fairfax a long time to develop a real office market and employment centers and in the early stages most of the growth was from within…it takes a long time for these things to evolve. It takes patience: there are no silver bullets.

Economy of the future evolves from what we already have, grow what you have.

Image/Identity

The question of Charles County's image/identity/recognition was raised by members of the panel with a consensus view that the county needs a more clearly defined identity and an image that helps position the county for future economic development. Part of this discussion mentioned there being no clear central area, like a Fredericksburg. Another theme in this matter were suggestions that the county's residents can help in creating this, and they need to be a part of helping to create a clearer identity by activities to get their buy-in.

Key Quotes:

Location decisions are driven by people who live there. The future of an area depends on what you already have.

Economy of the future evolves from what we already have, grow what you have.

You could create a unique identity for Charles County that sets it apart from other counties.

You need a "place place"

There might be 2 visions: becoming part of DC, line Northern VA -- or making yourself distinct from DC but have the close location to the city.

Another necessary part is that you need a center point, an amenity identity to attract young people. There need to be social places that carry an identity.

Counties did not create this phenomenon of a "place place." It is hard to produce and takes time, but it is necessary. Reston came from cornfields. Most centers have a long established history.

It's the rise of the creative class. It's going to be about living in or moving somewhere that accommodates your lifestyle.

You need to be comfortable letting people into the Charles County community. You need to inform current residents what the plan is and how it will unfold so they will all buy-in to what the county wants to become and help sell it.

Infrastructure Factors/Issues

The panel also concluded that infrastructure factors need to be incorporated into the economic development strategies of the county. This includes transportation accessibility, water/sewer availability, broadband availability, and the school system. All of these infrastructure elements are needed in order to attract residents as wells as facilities and companies.

Key Quotes:

Decisions to locate depend on transportation ease and infrastructure.

Even with the big jump to West Virginia people are only commuting to Loudon, not DC. It takes longer for this commute than to go from Charles County to DC.

What must be done to position Charles County?
Build the 301 bridge and tie it to existing military facilities.

You need to look at the school system and think about what the county can do for itself. Schools are home grown and they are attractive to outside businesses

Water/sewer availability has been limiting and a factor in preventing Charles to capture some of the Pax River spin-offs…should have been possible given some good locations in the county that are half way between Pax River and Crystal City.

Broadband availability and cost is an issue.